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(as amended by NBU Board Resolution  
No. 304 dated 31 May 2018)

**COMPREHENSIVE PROGRAM  
OF UKRAINE FINANCIAL SECTOR DEVELOPMENT  
UNTIL 2020**

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The following abbreviations are used in the Comprehensive Program of Ukraine Financial Sector Development Until 2020 (hereinafter referred to as the “Program”):

Basel Committee on Banking Supervision – BCBS

Compulsory insurance against civil liability in respect of the use of land motor vehicles - CICL

Construction Financing Fund – CFF.

Core Principles for Effective Deposit Insurance Systems of the International Association of Deposit Insurers – IADI Core Principles

Deposit Guarantee Fund - DGF

European Bank for Reconstruction and Development – EBRD

European Union – EU

German-Ukrainian Fund – KfW

Independent Association of Ukrainian Banks – IAUB

International Association of Insurance Supervisors – IAIS

International Monetary Fund – IMF

International Organization of Securities Commissions – IOSCO

Ministry of Economic Development and Trade of Ukraine – MoEDT

Ministry of Finance of Ukraine – MoF

Ministry of Justice of Ukraine – MoJ

Ministry of Social Policy of Ukraine – MoSP

Motor (Transport) Insurance Bureau of Ukraine – MTIBU

National Bank of Ukraine – NBU

National Commission for Regulation of Financial Services Markets of Ukraine – NCFS

National Securities and Stock Market Commission – NSSMC

Pension Fund of Ukraine – PFU

USAID Financial Sector Transformation Project – USAID FST

## I. Objective of the Comprehensive Program of Ukraine Financial Sector Development Until 2020 and Reform Principles

The **main objective** of the Program<sup>1</sup> is creating a financial system that can ensure sustainable economic growth through efficient redistribution of financial resources in the economy on the basis of a proper competitive market environment in accordance with EU standards.

The Program's objective is to be achieved through the implementation of a number of interrelated actions aimed at a comprehensive reform of the financial sector. The Program is guided by the following **core principles**:

- regulatory approximation of financial services in Ukraine to the EU rules and regulations
- liberalization of financial markets and obtaining internal market treatment in the area of financial services in the EU
- ensuring a balance of economic interests through a competitive market environment
- independent and efficient regulators' activities, risk-based supervision
- transparency and high standards of information disclosure by both financial sector participants and the regulators
- responsibility and confidence among the financial sector parties and regulators
- integrity of the financial system, comprehensive protection of rights of creditors, consumers and investors.

Keys to **successful implementation of the Program** are as follows:

- reaching the macroeconomic stabilization, as well as low and stable inflation (from 2019 5% ± 1 pp of annual CPI change), eliminating imbalances in the external sector, resuming economic growth
- economic deregulation and tax reform to stimulate the inflow of national and foreign capital to the economy
- strict observance of property rights and the principle of liability for damages by implementing the judicial reform and the law enforcement reform
- building up trust of customers to the financial sector participants, consumer rights protection and improving their financial awareness.

The reform will involve all segments of the financial sector such as the banking sector, the non-bank financial institutions' sector and on capital markets etc. The reforms will be effective, if the following comprehensive changes are implemented regarding:

- **regulators of the financial sector** i.e., enhancing the institutional capacity of the regulatory authorities and the DGF, and setting conditions for effective supervision and corrective measures, fostering sustainability of the financial sector, and improving the lending and investment prospects of the country
- **financial sector participants (of different forms of ownership)** i.e., removal of “dead weight” and problem institutions from the market, improving the financial soundness and solvency of the participants, restoring and improving trust to the market players, fostering development, transparency and competition in all segments, ensuring a level playing field for all the financial sector participants.

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<sup>1</sup>The Program was drafted in line with the Sustainable Development Strategy for Ukraine Until 2020, the Association Agreement between the European Union and Ukraine, the Memorandum of Economic and Financial Policies with the International Monetary Fund, and the Coalition Agreement of parliamentary factions *European Ukraine* etc.

## II. Current Status and Pending Financial Sector Issues

**In 2009 – 2014, the financial sector developed intermittently and disproportionately.** The banking system grew at a faster pace than other segments of the financial sector, specifically the issuing operations in the stock market, corporate bonds and securities of co-investment institutions. Lack of effective laws, systems of regulation and prudential supervision constrained the development of the non-bank financial sector creating numerous captive financial institutions and financial pyramids, holding back the development of the financial services market and aggravating the distrust of the financial sector in general.

Internal shocks, mainly the military conflict in the eastern Ukraine, negatively affected the economic development, undermined trust of consumers of financial services in the banking sector, and resulted in imbalance in the financial markets. Diminished economic activity and trade imbalances contributed to depreciation and accelerated inflation. This resulted in deteriorating quality of credit portfolios of banks calling for the balance sheet cleanup that started in 2014 and required from banks additional capital increase to create significant provisions against credit exposures. In 2014, provisioning became the main driver of the banking system losses. The situation with problem bank balance sheets was further aggravated by lack of effective protection of creditor and consumer rights, especially guarantees for property rights, and unbiased judiciary.

### **Signs of systemic issues in the financial sector of Ukraine at the beginning of 2015:**

- a spike in troubled assets in banks' balance sheets i.e. the share of troubled assets in the banking sector increased from 12.9% at the beginning of 2014 to 24.7% at the end of Q1 2015
- a considerable outflow of deposits from the banking sector: (-45.4%) of FX deposits for 2014 and Q1 2015, and (-17.9%) of hryvnia deposits
- strict administrative measures (including on deposit withdrawal and FX operations) introduced in response to the escalating military conflict and economic crisis
- high level of dollarization of loans and deposits of 55.9% and 53.4% respectively as of the end of Q1 2015
- banks' asset–liability mismatch: the loan to deposit ratio peaked at 226.7% in 2009 and at the end of Q1 2015 accounted for 158.8%
- from Q1 2014 to Q2 2015, 47 banks, including one systemically important bank, were declared insolvent
- insufficient equity and regulatory capital of banks due to impairment of loans and other assets and additional exposure provisions since the beginning of 2014
- exit from Ukrainian financial sector of numerous top European players i.e. after the crisis of 2008–2009 about 10 European banks sold their subsidiary banks in Ukraine and ceased retail banking
- no initial public placement of shares of Ukrainian companies on national and foreign stock markets during 2013–2014
- a decrease in trading operations on national stock markets (except government bonds) by 38% in 2014 down to UAH 76 billion, including shares and derivatives trading – by 46% down to UAH 36 billion
- no efficient mechanism and infrastructure to promote funding of investment projects for small and medium enterprises (SMEs) holding back loans from international financial institutions for a rapid resumption of economic growth and a boost in the domestic output
- a low and stable throughout 2008–2014 share of insurance companies in the financial sector structure i.e. from 2.6% to 3% of the total assets
- a low asset level in the pension system of UAH 2.5 billion or 0.2% of GDP at the end of 2014.

**At the beginning of 2015 the financial services market was fragmented and undercapitalized** due to unstable conditions for business, inadequate protection of the property rights and poor corporate governance. Besides, the following factors hampered further financial sector development:

- financial institutions operating in the market that fail or have no intention to provide financial intermediary services and generate significant systemic risks to the sector
- insufficient or no safeguards for protecting rights of financial services’ consumers (including borrowers) and creditors
- low standards of banks’ solvency and liquidity management
- a large share of related-party loans in banks’ balance sheets
- operational dependency of state-owned banks on the government
- high asset concentration of in systemically important banks
- inadequate infrastructure in capital markets, as well as the stock market
- limited number of financial instruments, as well as no hedging option
- compulsory membership in the payment systems for non-bank financial institutions providing money transfer service
- ineffective tax laws of Ukraine with regards to taxation of investment income and taxes levied on the financial sector participants
- abuse of loan agreements’ conditions by a number of financial institutions
- lack of effective procedures for preserving and recovering assets of insolvent banks
- low financial literacy
- inefficient banking supervision and supervision of other financial institutions that failed to ensure early risk prevention
- limited powers and independence of the regulator for imposing corrective measures on financial sector participants
- lack of effective instruments for resolving troubled non-bank financial institutions.

**After the ongoing deepening of crisis events in 2015, the years of 2016 and 2017 became the period of macroeconomic stabilization in Ukraine.** Thus, revival of economic growth by 2.3% and 2.5% in 2016 and 2017, respectively, replaced the 9.8% downturn in economic growth in 2015; it was mainly driven by recovering consumer and investment demand as well as favorable external commodity market conditions and the trade priorities shifting to new markets, primarily to EU countries. Gradual economic upturn and improved business outlook of enterprises contributed to the recovery of labor demand in the beginning of 2016, however, unemployment level remained high during 2016 – 2017 due to the disproportions between labor demand and supply as well as increasing migration. In 2015, headline inflation accelerated to a record figure since 1995 - 43.3%. Nevertheless, in 2016 – 2017, high inflation rates were curbed. Currently, the NBU sets its medium-term target for consumer price inflation at 5%. Fiscal policy also contributed to the macroeconomic stabilization. Fiscal policy in 2016 was relatively moderate and aimed at ensuring the sustainability of public finances despite increases in subsidies and expansion of support to the Pension Fund in connection with a reduced single social security contribution (SSC). However, in 2017, the government met the target for the state budget deficit by pursuing a tight approach to fiscal policy for most of the year. Overall, gradual macroeconomic stabilization and the continued cooperation with international creditors, first and foremost with the IMF, resulted in surplus of the overall balance of payments that persisted for three consecutive years, and in the increase of international reserves to USD 18.8 billion or 3.6 months of future imports as of end-2017.

**2015 – 2017 became the years of resiliency trial for the financial sector.** The banking system has come a long way of cleanup and capital increase. The new goals on the agenda include adaptation to the changes in financial and prudential disclosures, adherence to the new prudential requirements. In 2017, banks brought their activity to the normal course of business and gained operational profit. The bank lending began its revival first from the retail sector. The NBU expects corporate lending to pick up already in 2018. Banks shifted to the new standards of credit risk assessment, started more extensive disclosure of their financial and prudential reporting, went through the preparation for IFRS 9 implementation. To ensure financial stability, one of the systemically important banks was nationalized. As a result, the state’s share of the banking sector assets exceeded 50%.

Powers of the DGF as a provisional administrator and liquidator have been strengthened as well as its role in preparation of the removal of insolvent banks from the market. A special facility for sale of banks' assets through online trading *ProZorro.Sales* system has been implemented. An electronic register of all assets accounted on the balances of insolvent banks has been created as well as a virtual data room that makes it very easy for potential buyers to obtain information on assets for sale from the banks that are being liquidated. In 2017, a new automated payment system was launched where a depositor can address any agent bank to obtain the guaranteed amount of refund.

Constraining factors for further effective development of the banking system include a lack of progress in creditor rights protection, considerable amounts of non-performing loans, dominance of state-owned banks in the market. To restore the resilience of the banking system it is extremely important to pass a number of important draft laws on creditor rights protection aimed at streamlining debtor's bankruptcy procedures, restructuring foreign currency mortgage loans to households, and addressing non-performing loans resolution.

The key indicators of the non-bank financial services market demonstrate growth. At the end of 2017, equity of financial institutions reached the amount of UAH 56.2 billion (+4%), assets – UAH 173.3 billion (+7.7%), which was 5.8% of GDP. The amount of loans granted by pawnshops, credit unions, and financial institutions reached UAH 45.5 billion (+23%). The number of non-bank financial groups under consolidated supervision of the National Commission for the State Regulation of Financial Services Markets was 15 at the end of 2017 (compared to five in 2016). In 2017 compared with 2016, the following increased: gross insurance premiums (+23.5%) as well as insurance payments (+19.2%), pension contributions (+ 0.4%) and payments (+13.1%), amount of financial services provided by financial institutions (+ 87.2%), number of financial loans with collateral granted by pawnshops (+2.4%), amount of property management contributions to the construction financing fund (+24.6 %), value of financial leasing agreements (+31.4%), lending by credit unions (+5.7%), contributions of credit union members to deposit accounts (+12.6%).

To achieve a proper transformation and increase the role of the non-bank financial service market in the Ukrainian economy the following important steps need to be taken:

- to pass a number of draft laws to establish a legal framework for insurance markets, credit cooperation, non-state pension provisioning, pawnshop services
- to introduce effective mechanisms to remove any problem non-bank financial institutions from the market that fail or have no intention to discharge their obligations under agreements on provision of financial services and create significant systemic risks for the market
- to develop a compensation system for protection of consumers of non-bank financial services
- to strengthen the prevention of violations in the financial services markets
- to consolidate the regulation of the financial services market.

#### **Key changes in the financial sector of Ukraine:**

- reduction of the number of existing banks from 147 at the end of 2014 to 82 at the end of 2017, primarily due to withdrawal from the market of insolvent banks and banks with non-transparent ownership structure in the process of the rehabilitation of the banking system of Ukraine
- a substantial change in the banking sector structure: increase of the share of state-owned banks in net assets to 54.9% in 2017, compared with 28% in 2015
- an increase in the share of banks with foreign capital from 30.3% to 34.3%
- revaluation of the share of non-performing loans in banks' portfolios - 54.5% as of the beginning of 2018
- additional provisioning of state-owned banks and increasing the reserve coverage of non-performing loans to 81% in December 2017
- a decrease in the level of dollarization of loans and deposits - 43.9% and 44.4% respectively at the end of 2017
- the share of banks with non-transparent ownership structure decreased from 44% to 0%

- the transparency of the banking system reached the level of 99.7% of the capital of banks (0.3% - the share of minority holders, information about which is not subject to disclosure)
- 20 banking groups were recognized, and the recognition of 5 banking groups was discontinued (as of the end of Q1, 29 banking groups were recognized in Ukraine)
- introduced licensing and regulation of activity of CIT companies providing collection services to banks. As of the end of Q1, 7 legal entities have licenses for provision of collection services to banks
- the number of non-bank financial institutions decreased (from 2,255 institutions in 2016 to 1,993 in 2017), including due to the withdrawal from the market of non-bank financial services of unreliable participants, in particular, in 2017: 117 financial companies (in 2016 - 106), 85 credit unions (in 2016 - 131), 55 pawnshops (56 in 2016), 52 lessors (89 in 2016), 45 auditors (in 2016 - 1), 20 insurance companies (in 2016 - 57) and 5 insurance brokers (in 2016 - 1)
- ensured the possibility of entering into internal electronic CICL contracts
- improved protection of victims of road accidents by improving the system of compensation for losses suffered by victims, increasing the insurance amounts under the CICL contracts to UAH 100,000 per victim for damage caused to the property of victims, and UAH 200,000 per victim for damage caused to life and health of the victims
- new licensing conditions for the provision of financial services (except for professional activity in the securities market) have been adopted, based on a standardized approach to all participants in non-banking financial services markets
- new requirements concerning adequacy, diversification and quality of assets of the insurer have been approved
- requirements for registration system of pawnshops have been strengthened. Equity for pawnshops is set at not less than UAH 500,000 (instead of UAH 200,000), and if they have standalone units - not less than UAH 1 million
- provision of actuarial reports by insurers is introduced to ensure adequate recognition of insurance liabilities for future insurance payments and / or payments of redemption amounts under insurance contracts, and costs associated with the execution of such contracts. The qualification requirements for individuals entitled to engage in actuarial settlements are improved.
- additional requirements for life insurance contracts have been introduced, which will facilitate the fulfillment by insurers of obligations under life insurance contracts in full and reduce the number of complaints of consumers of insurance services
- plan for the gradual transformation of the credit co-operation market is developed. The implementation of this plan will facilitate the restructuring of the credit cooperative market, expand the functions and tasks of credit unions, improve the system of management of the credit union, introduce a system of financial rehabilitation of credit unions and a system for guarantee of deposits of credit union members, the introduction of effective mechanisms for withdrawal of insolvent credit unions from the financial services market.

#### **Key changes in cashless settlements (2015–2017):**

- the level of cash in the economy (M0 to GDP ratio) fell by 3.2 pp (from 14.6% in 2015 to 11.4% in 2017)
- a share of cashless settlements via payment cards issued by the Ukrainian banks grew to 39.3% in 2017, being 8.1 pp more than in 2015
- in 2017 versus 2015, the number of cashless settlements increased by nearly 80%, while their volume almost doubled (up by 117%)
- at the end of 2017, the number of payment terminals per 1 million of population was 6,000, being 33% more than in 2015
- conditions were created to ensure the transparency of transactions on accepting cash payments
- the licensing requirements for a NBFIs providing domestic currency transfer services without opening accounts became stricter, in particular, in terms of the transparent ownership structure, financial standing, and business reputation, and the list of grounds for refusal of issuing the license was extended

- changes to the Ukrainian laws were initiated to expand the circle of providers of money transfer services
- the NBU requirements for carrying out trade finance transactions by banks were updated (rules governing letters of credit were adapted to the Uniform Customs and Practice for Documentary Credits (UCP 600); requirements for bank guarantees were adapted to the Uniform Rules for Demand Guarantees (URDG 758)); the requirements for e-document flow were improved; and the number of formal instructions when conducting trade finance transactions was reduced
- issues related to the use of bank guarantees in public procurement procedures were solved
- Ukraine created environment for operation in its territory of online payment providers that use e-money issued by nonresidents
- the requirement for banks limiting customer responsibility in case of suspicious transactions executed through a payment card was set
- at the end of 2017, 49 out of 82 banks of Ukraine were NPS PROSTIR's participants, making 60% of the total number of banks (at the end of 2015, the respective share was 43%)
- as compared with the beginning of 2016, the number of payment terminals of NPS PROSTIR grew by 51% to 213,900 (85% share of the total number of payment terminals in the market). In 2015–2017, a share of self-service bank machines accepting NPS PROSTIR's cards increased from 60% to 89%
- NPS PROSTIR implemented the following:
  - servicing of PROSTIR payment cards with EMV chip in the payment infrastructure of participating banks
  - contactless payments with PROSTIR cards in the interbank mode (including contactless fare payments in Kyiv Metro)
  - payment for goods/services online through the largest payment aggregators.

**Key changes in the stock market, including improvement of corporate governance and protection of investors' rights:**

- steps taken to ensure the status of a signatory to the IOSCO Memorandum for the NSSMC. As a result, in 2016, the IOSCO included the NSSMC in Appendix B to the IOSCO Memorandum, having recognized Ukraine as ready for accession subject to changes in the domestic laws
- with the EBRD support, we started to develop a target model for depository, clearing, and settlement infrastructure reform in capital markets
- measures were taken to enhance financial soundness and reliability of the stock market professionals, mainly through the improvement of prudential requirements for them. In particular, standardized approach to calculation of prudential ratios now applies to the stock market professionals, as well as requirements for the internal risk management system under all professional activities in the stock market, which would ensure more stable functioning of the stock market infrastructure
- the NSSMC started its shift to a functional governance model, bringing business processes into compliance with the best world practices, developing the responsibility system, introducing clear segregation of duties, and developing the internal control system
- in terms of counteracting trade in junk securities, trading in securities of 100 issuers has been banned, 39 of these issuers were added to the List of Suspected Shell Issuers
- new requirements now apply for securities listing in stock exchanges, leading to a decrease in the number of listing companies. At the same time, ceasing trade in shell instruments in stock exchanges significantly influenced the pricing process, affecting the volume of stock exchange contracts and listing companies capitalization that dropped by 97% at the end of H1 2017
- the requirements for the operation of stock market professionals became stricter. Close supervision over stock market professionals was implemented, causing a 30% decrease in the number of professionals in all activity types and a 46% decrease in the number of audit firms entitled to audit stock market professionals
- a number of legislative changes has been made in the corporate governance area, which enabled Ukraine to move up 31 positions, from 101 to 70, in the Doing Business ranking by the World Bank Group under Protecting Minority Investors topic.

### III. Vision for the future

Performing the tasks and accomplishing the objectives of the Program, we expect to create preconditions for sustainable economic growth and turn the Ukrainian financial sector into a competitive environment with a good investment and innovative climate by 2020. **The financial sector reform program aims to achieve the following objectives by 2020.**

#### **Financial stability and sustainable growth:**

- the financial system has got rid of non-viable institutions or such structures that fail to perform the functions of a financial intermediary
  - the banking sector operates with a sufficient profitability and has restored its investment attractiveness, the banking sector has become more consolidated and diversified its structure, the system is more competitive and less fragmented
  - an effective creditor rights protection mechanism has been implemented, lending has recovered and is increasing at a pace sufficient to deliver the desired economic growth, but not posing threats of inflationary pressure and systemic risks
  - the financial institutions have cleansed their balance sheets of distressed assets, have created the risk provisions in time and in full, and fully comply with the lending limits for large borrowers and related parties
  - deposits flow consistently into the banking system, share of deposits with a maturity of over 9 months constantly grows. New sources of long-term bank financing come to the domestic market. Credit to deposit ratio in the banking system is at the level of 110% – 130%
  - macroprudential as well as microprudential supervision based on assessment of existing and potential risks (risk-based supervision) has been implemented
- The financial system has become resilient to macroeconomic shocks and has ensured the countercyclical regulation of the financial sector. Insolvency resolution approaches have been improved through change of the applied insolvency criteria
- capital adequacy ratio for the banking system exceeds 10% in accordance with Basel III, additional capital buffers have been introduced. Banks perform a proper credit risk assessment and create the required provisions against exposures in accordance with IFRS 9 Financial Instruments
  - new SME investment facility (acceptable for the EU and international financial institutions) and infrastructure have been implemented through the available long-term credit resources in the domestic currency based on the KfW operation model
  - insurance reserves and pension assets demonstrate a steady growth. New sources of long-term financing for insurance companies and pension funds are found in the domestic market
  - EU rules on free movement of capital are being implemented; foreign exchange legislation has been liberalized; permanent and temporary FX restrictions are gradually lifted or eased; current procedures for foreign exchange operations are regularly revised for optimization and simplification (red tape reduction)
  - hedging mechanism for foreign exchange risks has been implemented – dollarization of the Ukrainian banks' liabilities is below 40%
  - the share of state-owned banks in the banking sector as well as their impact on the economy has been reduced; the state-owned banks have defined their mission, business lines, and instruments; corporate governance standards have been increased through implementation of the private sector practices in the public sector
  - role and function of supervisory councils of banks and non-bank financial institutions have been increased; new requirements to internal audit and control systems in banks and non-bank financial institutions have been introduced;
  - recovery and insolvency resolution procedures for banks have been implemented in accordance with the EU acquis and the Core Principles of the International Association of Deposit Insurers (IADI)
  - transparency and efficiency of the banking system have been raised among other things due to implementation of digital technologies and paperless business processes, use of innovative IT technologies, simplification and optimization of activity of the financial sector participants, implementation of new reporting standards

**Financial sector infrastructure:**

- depository, settlement and clearing infrastructure has been improved and modernized in accordance with the IOSCO standards and the world best practices. The Central Depository ensures custodial accounting of all registrable securities
- share of cash settlements and share of cash in money supply have been reduced due to implementation of advanced technologies, attraction of innovative providers of payment services and creation of favorable conditions for the use of electronic means of payment. Competitive environment for introduction and use of innovative payment services has been created
- ineffective insurance companies have been removed from the market. The long-term investments to the economy of Ukraine have grown due to long-term reserves of life insurers
- a “second level” institution (the cost-sharing) has been added to the financial sector infrastructure to support SME financing via financial institutions applying the KfW model
- conditions for issue of reliable and liquid instruments of stock market have been created for placement of funds from insurance reserves and pension funds
- the stock market infrastructure has been improved, new requirements to stock listings of securities have been introduced
- requirements to professional participants of the securities market have been increased, particularly new approaches have been implemented to overcome any manipulations on the financial markets (stock market, in particular) and the use of insider information.

**Institutional capacity of regulators and the DGF:**

- regulatory functions of the financial sector authorities have been transformed and re-distributed; organizational structures have been optimized; internal processes of the regulators have been simplified; communication between the regulators and market participants has improved
- effective consolidated supervision over the financial sector has been implemented according to IOSCO, IAIS, EIOPA, BCBS principles which enables to identify and prevent emerging of system risks and measure any real and potential effects of shocks on the financial sector and its participants
- the regulator has ensured the institutional and financial soundness of the capital markets in accordance with the IOSCO and IOPS principles
- regulation on prevention and counteraction to legalization (laundering) of the proceeds from crime, terrorism financing and financing proliferation of weapons of mass destruction is risk-based in order to determine if measures taken by entities of primary compliance monitoring comply with restrictions (mitigation) of risks during their operation pursuant to FATF recommendations
- the DGF’s mandate has been broadened in accordance with the EU acquis and the IADI Core Principles
- the legal framework necessary for application of advanced technologies in banking has been implemented with reinforced KYC methods
- IFRS have been implemented in the banking sector. The single information data system has been created to generate statistical, regulatory, and fiscal reporting; uniform standards for e-workflow have been implemented
- cooperation between the NBU and the DGF has been established for early intervention measures and insolvency resolution.

**Consumer and creditor rights protection:**

- the NBU has created a credit register and established cooperation with the DGF on management of the credit register
- compensation of losses on credit operations through fast sale of collateral has been enabled
- loss compensation guarantees have been introduced for investors, depositors and borrowers for cases of law violations by banks and non-bank financial institutions

- consumer rights protection for users of insurance services for civil liability of owners of land transport means has been strengthened by increasing the limits of insurer liability
- the guaranteed reimbursement amount is paid within the timeframes of the EU acquis due to the efficient deposit guarantee system
- consumer right protection for users of financial services is ensured and the financial ombudsman institution has been established to implement efficient mechanisms of out-of-court settling of disputes between financial sector participants and consumers of financial services
- a reimbursement guarantee system for long-term agreements on life insurance and pension administration has been implemented
- the National Strategy for Financial Literacy has been developed and is being implemented
- procedure for the DGF's participation in out-of-the court settling of disputes between the DGF (banks that are being removed from the market or liquidated) and consumers of financial services.

## IV. Stages and Components of Program Implementation

The Program implementation will have three stages:

**I. Financial sector cleaning:** resolving problems of the past, withdrawing unscrupulous players from the market, disclosing the owners of financial sector participants.

**II. Financial sector restart:** ensuring transparency and equality in the shareholder-management-client chain, eliminating all administrative constraints caused by the crisis, increasing capitalization of financial sector participants, enhancing protection of borrower, creditor, and investor rights.

**III. Creating preconditions for long-term sustainable development of the financial sector:** ensuring stability and reliability of the financial sector in the long term, approximating the standards regulating banks' solvency and liquidity to the Basel Committee recommendations, introducing contribution pension provisioning, promoting insurance and other financial services markets and infrastructure and financial sector instruments development, providing additional guarantees for financial reliability in the event of economic recession, increasing reliability of systemically important banks, increasing institutional capacity of regulators and the DGF.

**During the Program implementation period, the NBU will complete the transition to inflation targeting.**

The NBU monetary policy target is to reduce inflation to  $5\% \pm 1$  pp per year in the medium term.

To meet the target the NBU will take measures regarding:

- strengthening the role of its key policy rate as a monetary policy benchmark
- building-up international reserves that will strengthen stabilizing potential of the NBU
- maintaining the flexible exchange rate as an important tool for smoothing external economic shocks.

To reach Program objectives, progress shall be made in **three key areas:**

- A. Ensuring financial sector stability and dynamic development
- B. Developing institutional capacity of financial sector regulators and the DGF
- C. Protecting the rights of financial services consumers and investors.

**A. The following actions should be taken to ensure financial sector stability and dynamic development:**

1. Create equal competitive conditions in the financial sector
2. Create conditions for the free movement of capital (including lifting of all administrative restrictions imposed in connection with the crisis)
3. Strengthen control and responsibility for transactions with related parties
4. Toughen the requirements with respect to solvency and liquidity of financial sector participants (including through implementing recommendations of Base III and Solvency II)
5. Implement special requirements for capital, liquidity, and other indicators of systemically important banks and other financial institutions
6. Improve systems for financial sector regulation and supervision
  - 6.1. Ensure better regulation and supervision of non-bank financial institutions (NBFIs)

- 6.2. Continue improvement of the licensing procedures for banks and NBFIs
7. Ensure operational and reporting transparency of financial sector participants.
  - 7.1 Implement the OECD recommendations on base erosion and profit shifting and introduce a common standard for financial information sharing
8. Improve the system for prevention and counteraction to legalization (laundering) of the proceeds from crime, terrorism financing and financing proliferation of weapons of mass destruction
9. Ensure further development of cashless settlements, financial market infrastructure and oversight
10. Improve the corporate governance of financial sector participants
  - 10.1. Develop the comprehensive strategy for state-owned banks and ensure its implementation.
11. Implement effective mechanism for protecting creditor rights
12. Stimulate infrastructure development to ensure effective management of distressed assets, including improve taxation of operations associated with bad debt recovery
13. Implement new and develop available financial instruments (including derivatives)
14. Introduce tier II of the pension system
  - 14.1. Streamline laws on regulating tier III of the pension system
15. Stimulate development of financial sector infrastructure
  - 15.1. Create conditions for financial leasing development
  - 15.2. Create conditions for developing the non-bank lending market
16. Encourage the FinTech market development
17. Develop the infrastructure ensuring effective accumulation and exchange of information about borrowers' credit history
18. Encourage the comprehensive development of the insurance services market
19. Ensure upgrading, consolidation and development of the stock exchange, settlement, and clearing infrastructure of the commodity and capital markets
20. Ensure development of the rating agency institution
21. Provide tax incentives and harmonize the taxation system of financial sector instruments
22. Increase the banking system efficiency
23. Introduce early intervention and insolvency resolution measures

**B. The following actions should be taken to develop institutional capacity of financial sector regulators and the DGF:**

1. Ensure institutional and financial independence of regulators and the DGF
2. Enhance institutional control of regulators
3. Increase the efficiency of regulators' enforcement instruments applied to financial sector participants
4. Bring about transformation of regulators
  - 4.1. Develop the strategy for NBU's entrance into the international market of monetary units production
  - 4.2. Redistribute the regulators' functions (SPLIT)
5. Bring about a gradual shift to the risk-based supervision
6. Enhance internal control of regulators
7. Establish communication of regulators and the DGF with consumers and financial sector participants
8. Increase the efficiency of counteracting corrupt practices in the financial sector
9. Improve the effectiveness of regulators and the DGF for handling problem participants of the financial sector

10. Improve coordination among financial sector regulators
11. Improve coordination between self-regulatory organizations, professional unions and regulators
12. Implement common reporting and information sharing standards
13. Encourage financial sector participants to apply advanced information technologies.

**C. The following actions should be taken to protect the rights of financial services consumers and investors:**

1. Improve financial literacy, culture, and inclusion of the public
2. Raise the standards for information disclosure by issuers of securities and NBFIs
3. Increase the efficiency of the system for exercising investors' rights
4. Enhance the effectiveness of protection of financial services consumers and investors rights.

## V. Comprehensive Plan for Implementation of the Program

In order to achieve the objectives of the Program, and recognizing the importance of an effective system of rules and practices for their implementation in the field of financial services, the NBU is planning to implement a cooperation program with the EU, IMF, World Bank, EBRD, EIB, BCBS, IOSCO, IAIS and other international financial institutions, associations and regulators in the field of financial markets and services.

No.	Measures	Actions	Start Date	Deadline	Responsible Agency	
<b>A. Ensuring financial sector stability and dynamic development</b>						
A.1	Create equal competitive conditions in the financial sector	(i) Develop and implement a plan for amending laws and regulations that provide for: - Equal access to the provision of financial services (entry into the market and guaranteeing level playing field for professionals in the financial services market) * - equal access to clearing systems and official financing and refinancing facilities available under normal business conditions equal access of investors, creditors to financial services providers participation of all banks in the deposit guarantee system	1 July 2015	31 December 2019	NBU, IAUB, NCFS, NSSMC.	
			1 July 2015	31 December 2019	DGF, MoF	
A.2	Create conditions for the free movement of capital	(i) To develop and approve the FX liberalization concept, which envisages a gradual lifting of temporary and permanent FX restrictions (linked to macroeconomic preconditions), and the roadmap for its implementation*: - liberalization of the conditions for current account transactions and foreign direct investment (FDI) - liberalization of portfolio investment and lending by legal entities - development of the FX market, improvement of its tools and increasing of liquidity - liberalization of the conditions for carrying out operations for investing abroad and the placement by individuals of currency valuables on accounts outside Ukraine - improvement of the procedure for issuance by NBU of individual licenses allowing the residents (legal entities and individuals) to deposit FX valuables on accounts abroad - optimization of treatment of the accounts of non-residents in Ukraine	1 July 2015	31 December 2019	NBU, NSSMC, MoF	
		(ii) Develop and implement a new FX legislation of Ukraine that will comply with the EU legislation and international obligations of Ukraine. This action requires: - drafting a law on currency* - approval of the draft Law of Ukraine "On Currency"				
		(iii) To amend the regulations of the NBU and other authorities in order to simplify / reduce red tape of processes related to currency transactions*				
		(iv) Improve the procedure of the use of foreign currency in insurance activities	1 January 2018	31 December 2019	NCFS, NBU	

No.	Measures	Actions	Start Date	Deadline	Responsible Agency
A.3	Strengthen control and responsibility for transactions with related parties	(i) To improve the legal framework and access to information contained in single and state registers on the disclosure of beneficiaries and the identification of related parties of financial institutions	1 January 2015	31 December 2019	NBU, NCFS, NSSMC, MoJ
		(ii) Improve the rules for conducting financial transactions with related parties and initiate access to transactions of the customers of banks conducted through the electronic payment system			
		(iii) Improve reporting of financial institutions, including banks as regards related party transactions, and conduct prudential analysis of such reports			
		(iv) To develop and implement a plan of action to reduce the volume of transactions with related parties and monitor its implementation at the level of individual financial institutions and the financial sector as a whole. To work on the improved mechanism for responding to a failure to comply with the above plan by financial institutions			
		(v) to establish personal, administrative and criminal liability of owners and managers of the banks for action or inaction that led to damage to the bank*			
A.4	Toughen the requirements with respect to solvency and liquidity of financial sector participants	(i) to develop and introduce new requirements for capitalization, solvency and liquidity of banks according to Basel III, and respective EU requirements	1 January 2015	31 December 2019	NBU
		(ii) To develop and introduce the requirements for capitalization, solvency and liquidity of insurance companies under requirements of Solvency II principles and other EU requirements			31 December 2019+
		(ii) To develop a strategy for macroprudential policies aimed at minimizing systemic risks*		31 December 2017	NBU
		(iv) Establish a system for the regular assessment of the quality of banks' assets in order to determine the need for restructuring, capital adequacy and liquidity, to ensure regular stress tests and implementation of capitalization plans*		31 December 2019+	NSSMC
		(iv) Establish a system for the regular assessment of the quality of assets of non-bank financial institutions to determine the capital adequacy and liquidity			
A.5	Implement special requirements for capital, liquidity, and other indicators of systemically important banks and other financial institutions	(i) To develop and make amendments to the regulations on identification of systemically important non-bank financial institutions	1 January 2015	31 December 2019+	NCFS, NSSMC
		(ii) Identify specific regulatory and supervisory requirements for systemically important banks *			31 December 2018
		(ii) Identify specific regulatory and supervisory requirements for systemically important non-bank financial institutions*		31 December 2019+	NSSMC
		(v) Arrange systematic monitoring of activities of systemically important banks*		31 December 2019+	NSSMC
		(v) Arrange systematic monitoring of activities of systemically important non-banking financial institutions			
A.6	Improve systems for financial sector regulation and supervision	Transfer the focus in further development of supervisory function at financial market from compliance based supervision to risk based supervision, including:	1 April 2015	31 December 2019	NBU
		- Inspection of participants in banking groups, parent companies of banks, legal entities that have the same controlling institution with banks, etc.			
		- use of professional judgment by supervisors and extrapolation of the results of credit risk assessment			

No.	Measures	Actions	Start Date	Deadline	Responsible Agency
		(ii) Continue to bring the regulations on financial sector supervision in line with the best international practices (iii) Continue dialogue with financial sector participants by clarifying amendments to regulations on supervision (iv) Improve the legislation on mergers of financial sector participants *	1 April 2015	29 April 2017	
A.6/1	Ensure better regulation and supervision of the non-banking financial institutions	(i) Develop and support draft laws on: - improvement of the system of regulation and supervision of pawnshop activity - termination of provision by financial institutions of services for the administration of financial assets for the purchase of goods in groups (ii) Improve the means of consolidated supervision over the activities of non-bank financial institutions (iii) Improve the approval procedure for acquiring qualifying holding in a non-bank financial institutions (iv) Improve the requirements for business reputation for owners and managers of non-bank financial institutions on the basis of unified approaches (v) Improve the regulatory environment for reporting, accounting and auditing in non-bank financial services markets (vi) Improve the conditions for entering and remaining of securities in the listing (vii) Ensure equal conditions for placing bids and drawing stock exchange contracts *	1 April 2015	31 December 2019	NCFS
		(ii) Improve the means of consolidated supervision over the activities of non-bank financial institutions (iii) Improve the approval procedure for acquiring qualifying holding in a non-bank financial institutions (iv) Improve the requirements for business reputation for owners and managers of non-bank financial institutions on the basis of unified approaches (v) Improve the regulatory environment for reporting, accounting and auditing in non-bank financial services markets (vi) Improve the conditions for entering and remaining of securities in the listing (vii) Ensure equal conditions for placing bids and drawing stock exchange contracts *	1 April 2015	31 December 2019	NCFS, NSSMC
		(vi) Improve the conditions for entering and remaining of securities in the listing (vii) Ensure equal conditions for placing bids and drawing stock exchange contracts *	1 April 2015	31 December 2019	NSSMC
A.6/2	Continue improvement of the licensing procedures for banks and NBFIs	(i) Carry out a comprehensive review of the legal regulation of registration and licensing of banks by approving a new version of the Regulation on Registration and Licensing of Banks (ii) Ensure the publication on the official NBU web-page of comprehensive information on the ownership structures of banks and the composition of banking groups, bank managers, managers and qualifying holders in banks that were liquidated not at the initiative of owners* (iii) To introduce an electronic register of general licenses for FX transactions, as well as a register of licenses issued to financial companies and other legal entities (except banks) on the NBU web-site (iv) Develop and implement a new concept for the licensing of money transfer and registration of payment systems that will harmonize Ukraine's legislation and NBU regulations on relevant issues with international standards, in particular with the requirements of EU Directive 2015/2366 (PSD II), including in terms of: - improvement of the list of documents submitted by applicants for obtaining a license for transferring domestic currency without opening accounts, registration of payment systems, payment system participants and payment infrastructure operators	1 January 2018	31 December 2019	NBU

No.	Measures	Actions	Start Date	Deadline	Responsible Agency
		- improvement of requirements for applicants who apply to the NBU for obtaining a license for transferring domestic currency without opening accounts, registration of payment systems, payment system participants and payment infrastructure operators			
		- Improvement of the procedure for reviewing documents submitted to the NBU for obtaining a license for transferring domestic currency without opening accounts, registration of payment systems, payment system participants and payment service operators			
		(v) Improve the procedure for maintaining the State Register of Financial Institutions and other registries, licensing, withdrawal from the market of non-bank financial institutions, application of corrective measures	1 April 2016	31 December 2019	NCFS
A.7	Ensure operational and reporting transparency of financial sector participants	(i) Transfer of financial market participants to preparing financial statement under IFRS	1 January 2015	31 December 2015	NBU, NCFS, NSSMC, MoF
		(ii) Improve and unify reports submitted to regulators by financial market participants		31 December 2018	
		(iii) Introduce FINREP reporting standard. Improve the reporting system used for supervision in the financial sector in line with the COREP reporting standard		31 December 2019	NBU, NSSMC.
		(iv) Ensure the implementation of the OECD <i>Agreement on Exchange of Information on Tax Matters</i> and comply with the <i>Ten Key Principles on Information Sharing</i> issued by the G-7 Finance Ministers	1 January 2015	31 December 2019	NBU, DGF, NSSMC MoF
		(v) Implement the IFRS 9 standard “Financial Instruments”	1 September 2016	31 December 2018	NBU, DGF, NSSMC MoF
		(vi) Improve approaches to information disclosure by financial sector participants	1 January 2017	31 December 2019	NBU, NCFS, NSSMC, MoF
A.7/1	Implement the OECD recommendations on base erosion and profit shifting and introduce a common standard for financial information sharing	(i) Improve control over transfer pricing	1 May 2016	31 December 2019	MoF, NBU, NSSMC
		(ii) Introduce the reporting rules with breakdown by countries for groups of international companies			
		(iii) Join the automatic exchange of tax information under the CRS standard			
		(iv) Introduce taxation rules for controlled foreign companies			
		(v) Introduce rules limiting expenses on financial transactions with related parties			
		(vi) Implement the rules for taxation of permanent representation and measures to prevent the abuse of double taxation treaties			
A.8	Improve the system for prevention and counteraction to	(i) Improve the national law on prevention and counteraction to legalization (laundering) of the proceeds from crime, terrorism financing, namely through implementing the FATF AML/CFT standards and the respective EU regulations	1 July 2015	31 December 2018	MoF, NBU, NCFS, NSSMC

No.	Measures	Actions	Start Date	Deadline	Responsible Agency
	legalization (laundering) of the proceeds from crime, terrorism financing and financing proliferation of weapons of mass destruction	(ii) Enhance cooperation between financial sector regulators and law enforcement agencies in the area of AML/CFT*			
A.9	Ensure further development of cashless settlements, financial market infrastructure and oversight	<p>(i) Develop a cash circulation policy aimed at the efficient, smooth and safe conduct of cash transactions, as well as a gradual reduction of cash circulation share in favor of cashless circulation*</p> <p>(ii) Create conditions for the entrance of international online payment service providers to the payment market of Ukraine *</p> <p>(iii) Create conditions necessary for the expansion of cashless payments through the launch of innovative payment products and the development of e-payments and their infrastructure</p> <p>(iv) Ensure further development of the Ukrainian payment market infrastructure by bringing the legislation of Ukraine and NBU regulations in line with the EU Directive 2015/2366 (PSD II)</p> <p>(v) Ensure the development of the Ukrainian payment market on the basis of international standards, including by:</p> <ul style="list-style-type: none"> <li>- implementation main provisions of ISO20022 and ISO 13616 (IBAN)</li> <li>- modernization and further development of the NBU System of Electronic Payments</li> </ul> <p>(vi) Develop proposals for improvement of the control over adherence to the limits of maximum settlement amounts in cash</p> <p>(vii) Ensure the liberalization of tax legislation for traders to foster the development of cashless settlements</p> <p>(viii) Improve the payment system oversight in terms of risk management and extend it to other financial market infrastructure, taking into account the BIS Principles for Financial Markets Infrastructure</p> <p>(ix) Ensure development of the national payment system PROSTIR</p> <p>(x) Analyze the feasibility of issuing electronic money by the NBU (e-hryvnia)</p> <p>(xi) Implement unified standards for making payments using QR codes for market participants</p>	1 April 2015	31 December 2019	NBU, MoF
			1 April 2015	31 December 2019+	NBU
			1 September 2016	31 December 2019+	NBU, MoF, NSSMC, MoJ
				31 December 2019	
			1 September 2016	31 December 2019+	NBU
				31 December 2019	
A.10	Improve the corporate governance of financial sector participants	(i) Improve the requirements for the level of corporate governance of financial sector participants, including by strengthening the role of supervisory boards, adjusting the functions of the supervisory boards, committees of supervisory boards, adjusting the criteria for the independence of the members of the supervisory boards, developing the institution of independent directors, introducing a corporate secretary, determination of the grounds and originators of internal and independent audit	1 April 2015	31 December 2019	NSSMC, NBU

No.	Measures	Actions	Start Date	Deadline	Responsible Agency
		(ii) Introduce international standards of external and internal audit of financial sector participants*			
		(iii) Tighten requirements to risk management of financial sector participants			
		(iv) Ensure an assessment of the level of effectiveness of the functioning of the governing bodies (executive body, supervisory board)			
		(v) Introduce the standards for corporate governance for financial sector players			
A.10/1	Develop comprehensive strategy for state-owned banks and ensure its implementation	(i) Develop comprehensive strategy for state-owned banks development and roadmap for its implementation	1 April 2015	30 September 2017	MoF, NBU
		(ii) Develop and ensure the implementation of strategies for individual public sector banks in accordance with the updated Strategic Reform of the Public Sector Banks, which will include:	21 February 2018	31 December 2019	MoF, NBU
		- improving the governance model of public sector banks through the establishment of independent supervisory boards and committees			
		- development and implementation of approaches to NPL management			
		- a gradual withdrawal of state capital from public sector banks			
A.11	Implement effective mechanism for protecting creditor rights	(i) Improve legislation on enforced collection of arrears and alienation and sale of collateralized property, as well as to make shorter alienation procedures for collaterals to the benefit of creditors	1 January 2015	31 December 2019	MoF, NBU, DGF, NSSMC, MoJ, IAUB
		(ii) Simplify legislation on bankruptcy of debtors and financial market participants through shortening bankruptcy procedures and increasing creditor claims repayment ratio			
		(iii) Ensure moratorium cancellation regarding collection of mortgage property			
		(iv) Improve mortgage lending mechanisms through regularization of relations between developers and buyers in new homes market			
		(v) Introduce mechanisms for protecting banks' rights in legal proceedings, including by out-of-court counselling			
		(vi) Ensure the possibility of out-of-court debt resolution			
A.12	Stimulate infrastructure development to ensure effective management of distressed assets, including improve taxation of operations associated with bad debt recovery	(i) Implement and ensure establishing private bailiff services, including ensure relevant changes in laws*	1 April 2015	31 December 2017	MoJ, NBU
		(ii) Analyze and implement international experience on out-of-court settlement; offer incentives to restructure arrears that may be rehabilitated*	1 April 2015	31 December 2019+	MoF, NSSMC, NBU
		(iii) Ensure the development of legislation as regards selling debts to financial companies			
		(iv) Establish an assets securitization institution			

No.	Measures	Actions	Start Date	Deadline	Responsible Agency
		(v) Ensure legislative support for the out-of-court settlement mechanism, including by envisaging tax privileges, in particular, for writing off distressed assets and streamlining enforcement mechanism for failed restructuring			
		(vi) Adopt amendments to the tax legislation, which encourage the transfer of problem assets from banks, including via assets transferring to special companies		31 December 2019	
		(vii) Optimize the taxation of transactions on selling assets and collateral in favor of the creditors of financial institutions that are under liquidation, and other creditors, as well as other operations related to liquidation	1 January 2015	31 December 2018	MoF, NBU, DGF
A.13	Implement new and develop available financial instruments (including derivatives)	(i) Legislate operation of the market of derivatives, derivative securities, and other new financial instruments	1 January 2015	31 December 2019+	NSSMC, NBU
		(ii) Develop a regulatory framework to regulate transactions in the derivative instruments (derivatives) market			
		(iii) Streamline the procedure for getting permission for access of foreign issuers' securities to the territory of Ukraine*			
		(iv) Reconcile transactions on securities lending and lending on collateral of securities in the stock market.			
		(v) Facilitate developing the corporate debt securities market by improving the protection of rights of their holders			
		(vi) Develop a legal framework for introducing special bonds that may be subject to bail-in procedure or written off in case bank's financial health becomes poorer (COCOs).	1 January 2015	31 December 2019	NBU, NSSMC
		(vii) Ensure resolving the issues related to agrarian receipts and warehouse receipts	1 July 2015	31 December 2019+	NSSMC
		(viii) Develop the rules to maintain a centralized register of drawn bills and introduce the register	1 June 2018		
		(ix) Improve the mechanism for converting banks' FX liquidity into the hryvnia one, introduce instruments for hedging interest and exchange rates	1 July 2015	31 December 2019	NBU
		(x) Design a model for cryptocurrency functioning and prepare relevant changes to the laws, based on FATF recommendations	1 June 2018	31 December 2019	NSSMC, MoF, NBU
A.14	Introduce tier II of the pension system	(i) Contribute to introduction of tier II of the defined contribution pension system within the framework of the action plan approved by the government	1 July 2017	31 December 2019+	MoSP, NSSMC, NCFS, NBU
A.14/1	Streamline laws on regulating tier III of the pension system	(i) Develop and support the draft law On Amendments to the Law of Ukraine On Non-State Pension Provision (revised version) and Other Legislative Acts, which provides for resolving the following issues:	1 July 2015	31 December 2019+	NCFS, NSSMC, MoSP, NBU
		- responsibility of the council members of the non-state pension fund			
		- expansion of powers of the council of the non-state pension fund			

No.	Measures	Actions	Start Date	Deadline	Responsible Agency
		- duties and responsibility of a manager of the non-state pension funds, persons managing assets, and a custodian			
		- implementation of EU legislation on activities and supervision of institutions for occupational retirement provision, in particular, with respect to investment activities with the assets of the non-state pension fund			
A.15	Stimulate development of financial sector infrastructure	(i) Analyze possibilities to improve methodological base for long-term interbank lending and stimulate development and deepening of the interbank market	1 January 2015	31 December 2019	NBU, MoF, MoEDT
		(ii) Give incentives to develop a market of local syndicate and consortium agreements			
		(iii) Stimulate bank operations in the domestic government bond market, including through the development of mechanisms on providing liquidity by NBU against domestic government bonds*			
		(iv) Facilitate establishment of benchmark system for local FX market and money market*			
		(v) Introduce deposits without the right to early withdrawal *			
		(vi) Facilitate creating an insurance mechanism for export credits and investments to implement instruments of government support to export *	1 January 2015	31 December 2018	MoF
		(vii) Develop and approve the Strategy for KfW Development until 2020 and a schedule for KfW transformation into Agency for SMEs development based on the cost-sharing principle (the “second level” institution)	1 June 2018	1 October 2018	NBU, MoF, MoEDT
		(viii) Amendments to laws of Ukraine to ensure implementation of government programs to provide financial support to SMEs via KfW/Agency for SMEs Development		1 December 2018	
		(ix) Complete transformation of KfW into Agency for SMEs Development	1 October 2018	31 December 2019	
		(x) Simplify the conditions for foreign investments to access local capital markets through bilateral correspondent relations (NBU Depository – international depository)	1 January 2015	31 December 2019 +	NBU, MoF
		(xi) Stimulate expanding of sources and amounts of local long-term financial resources (including through transformation of NBU depository activity)			
		(xii) Stimulate development of the local public debt market to attract additional foreign investments and investments of Ukrainian companies, individuals, and institutions			
		(xiii) Intensify the fight against use of counterfeited financial instruments *	1 January 2015	31 December 2017	NSSMC
		(xiv) Transform the Settlement Center into a non-bank financial clearing institution that will perform clearing operations in capital markets and commodity markets; abolish the Settlement Center’s monopoly on settlements on securities transactions	1 January 2018	31 December 2019 +	NBU, NSSMC
A.15/1	Create conditions for financial leasing development	(i) Create a legal framework for expanding possibilities of using financial leasing by economic entities	1 January 2015	31 December 2019	NCFS

No.	Measures	Actions	Start Date	Deadline	Responsible Agency
		(ii) Regulate the procedure for submission of reports by financial companies and institutions, legal entities who are economic entities and have no legal status of a financial institution, and possibility to provide financial leasing services			
A.15/2	Create conditions for developing the non-bank lending market	(i) Exclude credit unions in Ukraine from the scope of Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, and Regulation 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms	1 January 2016	31 December 2019	NCFS
		(ii) Create a legal framework for development of credit unions	1 January 2015	31 December 2019	
		(iii) Improve requirements for credit unions	1 January 2015	31 December 2019	
		(iv) Set the requirements to credit intermediaries and their operation *	1 December 2016	12 September 2017	
A.16	Encourage the FinTech market development	(i) Ensure regulation of the payment market infrastructure concerning the activity of FinTech companies	1 January 2015	31 December 2019	NBU
		(ii) Ensure creation of “regulatory sandboxes” to stimulate development of FinTech companies	1 June 2018	31 December 2019	NBU
		(iii) Ensure development of crowdfunding and regulate its scope of operation in accordance with the laws of Ukraine	1 June 2018	31 December 2019	NBU, NSSMC
A.17	Develop the infrastructure ensuring effective accumulation and exchange of information about borrowers' credit history	(i) Create the NBU's Credit Register *	1 April 2015	31 December 2018	NBU
		(ii) Establish cooperation between the NBU and the DGF on management of the credit register			NBU, DGF
		(iii) Develop an efficient software to maintain the credit register			
A.18	Encourage the comprehensive development of the insurance services market	(i) New legal framework for regulation of insurance business:	1 April 2015	31 December 2019 +	NCFS
		- improve legal framework on regulation of insurance relations taking into account IAIS standards and EU laws on the taking-up and the pursuit of the business of insurance and reinsurance			
		- regulate the issue of obligatory types of insurance			
		- improve regulation of actuary activity and strengthen the role of actuaries and actuary reports in the insurance market			

No.	Measures	Actions	Start Date	Deadline	Responsible Agency
		- improve the reporting procedure for insurers and the audit of insurer activity			
		- improve the procedure for creation and placement of insurance provisions			
		(ii) Ensure regulation of government support to agricultural insurance:			
		- regulate the legal framework for quality improvement of insurance protection for agricultural producers through development of a draft law and its further support			
		- regulate the issues of insurance management of the agricultural produce with the government support		31 December 2018	
		(iii) Ensure regulation of compulsory insurance against civil liability in respect of the use of land motor vehicles:	1 April 2015	31 December 2019 +	
		- ensure regulation of insurance of civil liability in respect of the use of land motor vehicles through development of a draft law and its further support. The draft law aims at bringing the laws of Ukraine in line with the EU laws on insurance of civil liability in respect of the use of land motor vehicles and enforcement of the obligations on such insurance			
		- improve protection of injured or aggrieved persons in motorized vehicle accidents through improvement of system of compensation for damages inflicted on the victims *		21 January 2016	
		- increase the insured amounts under agreements of compulsory insurance against civil liability in respect of the use of land motor vehicles		31 December 2019	
		- ensure the possibility of signing internal electronic agreements of compulsory insurance against civil liability in respect of the use of land motor vehicles *		16 January 2018	
		(iv) Ensure regulation of the development of the universal life insurance market *:		24 January 2018	
		- introduce additional requirements to life insurance agreements		1 June 2017	
		- introduce the methodology to define the buyback amount when signing life insurance agreements		24 January 2018	
		(v) Ensure regulation of distribution in the area of insurance of intermediary business in insurance through development of a draft law and its further support that aims at bringing the laws of Ukraine in line with the EU laws on sale of insurance products	1 April 2016	31 December 2019	
		(vi) Improve regulation in the market of nuclear insurance through improvement of rules on formation, placement, and accounting of insurance reserves on compulsory insurance against civil liability for nuclear damage	1 April 2015	1 January 2019	
		(vii) Revise the requirements for assets accepted as coverage for insurer reserves	1 January 2015	31 December 2019	
A.19	Ensure remodeling, consolidation and development of stock exchange, settlement and clearing infrastructures of	(i) Ensure practical implementation of the calculation cycle T+2 and optimal calculation models as regards transaction with securities in line with the security delivery against payment principle with the concurrent building of an effective system of risk management	1 April 2015	31 December 2019 +	NSSMC, NBU, MoF
		(ii) Ensure legal and technological reforming of the stock exchange infrastructure of commodity and capital markets to ensure transparent pricing and investor right protection through gradual			

No.	Measures	Actions	Start Date	Deadline	Responsible Agency
	commodity and stock markets	<p>implementation of the international operation standards for capital market infrastructure, particularly, MIFID II, MIFIR, and PFMI requirements</p> <p>(iii) Ensure technological and operational modification of depository accounting system of the Central Depository and further transfer of securities, which falls within the scope of the NBU's powers pursuant to the Law of Ukraine On Depository System of Ukraine, to depository service of the Central Depository</p> <p>(iv) Improve settlement and clearing infrastructures of commodity markets, ensure settlements on transactions with financial instruments and commodities with the central bank's money through gradual implementation of the international standards for capital market infrastructure, particularly, CSDR, EMIR, and PFMI requirements</p> <p>(v) Ensure preconditions for proper operation of the central counterparty in capital markets and commodity markets</p> <p>(vi) Improve conditions for foreign investors to access the local securities market through implementation of the nominal holder function</p> <p>(vii) Stimulate the development of securities management, particularly, implement the collective investment in securities practice under agreements on securities management</p> <p>(viii) Bring the activity of institutional investors in the area of asset management in line with UCITS, AIFMD, and VCF operation rules</p> <p>(ix) Introduce the consolidated system of transaction reports standardized for different asset classes taking into consideration the EU legal requirements, particularly, MMSR, EMIR, MIFIR, SFTR, CSDR, and REMIT</p> <p>(x) Regulate the issues of finalization of settlements and liquidation netting</p>			
A.20	Ensure development of the rating agencies	(i) Regulate the functioning rules for rating agencies and the use of ratings	1 April 2015	31 December 2019 +	NSSMC, NBU
A.21	Provide tax incentives and harmonize the taxation system of financial sector instruments	<p>(i) Ensure harmonization of taxation systems for transactions with financial instruments and improve the laws of Ukraine on taxation of non-bank financial institutions and consumers of their services</p> <p>(ii) Improve the laws of Ukraine on operation of tax agents during imposition of taxes on transactions with securities</p> <p>(iii) Support setting up a favorable taxation system for the market of derivatives</p> <p>(iv) Develop a mechanism of tax incentives for long-term investment</p> <p>(v) Support setting up a favorable taxation system for the market of crowdfunding</p>	1 April 2015	31 December 2019 +	MoSP, NSSMC, NCFS, NBU
			1 April 2015	31 December 2019 +	MoF, NSSMC

No.	Measures	Actions	Start Date	Deadline	Responsible Agency
A.22	Increase the banking system efficiency	(i) Facilitate interaction of banks with regulatory authorities to eliminate obstacles for implementation of digital technologies including such areas as digital signature, Know Your Customer, electronic transactions, execution of agreements and reporting	1 September 2016	31 December 2019	IAUB, NBU
		(ii) Simplify processes in offices (branches) of banks and optimize their networks in offices (branches) through principles of economical workflow, centralization at the level of regional or national centers, etc.			
		(iii) Support banks in the transfer of their transactions into electronic channels through expanding functionality of remote channels, development of the electronic payment infrastructure, development of a single payment standard for payments for public utility services and salary transfers, and training customers to use electronic channels, etc.			
		(iv) Facilitate further consolidation of the banking sector and development of the outsourcing market infrastructure (creation of a joint infrastructure in the areas of collection, ATMs and POS-terminals network management, data processing and hosting, etc.)			
A.23	Introduce early and insolvency resolution measures	(i) Define an interaction mechanism for early intervention in a bank's operation to prevent problems	1 June 2016	31 December 2019 +	DGF, NBU
		(ii) Revise the current resolution mechanisms for banks and credit unions through change of criteria to launch such regulation	1 June 2018	31 December 2019 +	DGF
		(iii) Reduce the time lapse before the start of payment of the guaranteed reimbursement amount pursuant to EU acquis			
		(iv) Change the list of parties (exclude persons that are blocked by AML/CFT) who are entitled to such reimbursements (include small enterprises)			
		(v) Increase the reimbursement amount			
		(vi) Include credit unions to the DGF participants			
<b>B. Development of institutional capacity of financial sector regulators and the DGF</b>					
B.1	Ensure institutional and financial independence of regulators and the DGF	(i) Amend the Ukrainian laws that regulate the activity of financial sector regulators, aimed at enhancing their autonomy and independence	1 January 2015	31 December 2019 +	NSSMC, NBU, NCFS, DFG
		(ii) Ensure independence of regulators regarding their budget			
		(iii) Ensure independence of profit distribution between regulators			
		(iv) Improve the DGF financing model	1 January 2015	31 December 2019	DGF, MoF, NBU
B.2	Enhance institutional control of regulators	(i) Enhance the role of the supervisory board (or a different collegial body) of each regulator by posing on the board (or a different collegial body) the responsibility for the internal control	1 April 2015	31 December 2019 +	NBU, NSSMC
		(ii) Create audit committees at the level of regulators' supervisory boards (or other collegial bodies)			
		(iii) Continue to carry out independent external audits			
B.3	Increase the efficiency of regulators' enforcement	(i) Analyze regulators' enforcement instruments, including the restrictive ones, in terms of their preventive application	1 April 2015	31 December 2019 +	NBU, NSSMC, NCFS

No.	Measures	Actions	Start Date	Deadline	Responsible Agency
	instruments applied to financial sector participants	(ii) Develop and introduce efficient enforcement instruments to ensure the same efficiency level among enforcement measures, including the restrictive ones, that the regulators can take in different segments of the financial sector			
B.4	Bring about transformation of regulators	(i) Detail the strategy for reforming the financial sector to separate it into the strategies of separate regulators (ii) Develop a program and a roadmap for the transformation of financial sector regulators (iii) Decompose the transformation program into specific projects with the supervised objectives and implementation schedules * (iv) Ensure implementation of the program of regulators' transformation by means of a centralized management of the program's projects at the level of specialized regulators' committees * (v) Transform the process of drafting regulations and connecting them with the strategy of a financial sector regulator	1 April 2015	31 December 2019 +	NBU, NSSMC, NCFS
B.4/1	Develop the strategy for NBU's entrance into the international market of monetary units production	(i) Analyze the international practice in monetary units production * (ii) Develop the strategy for the NBU to enter the international market of monetary units production *	1 April 2015	31 December 2017	NBU
B.4/2	Redistribute the regulators' functions (SPLIT)	(i) Identify the target model of regulators' operation based on a detailed strategy, including by considering the redistribution of functions among regulators (ii) Develop, approve and implement a comprehensive plan of action for transferring of the NCFS functions to the NBU and NSSMC (iii) Harmonize regulations, internal procedures and instructions of regulators following the redistribution of functions among regulators	1 April 2015	31 December 2019	NBU, NSSMC, NCFS
B.5	Bring about a gradual shift to the risk-based supervision	(i) Analyze international practices and established standards based on risk assessment, in particular: - Basel Committee's Core Principles for Effective Banking Supervision * - core insurance principles of the International Association of Insurance Supervision - objectives and principles of the International Organization of Securities Commissions - FATF (Financial Action Task Force) international standards on counteraction to legalization (laundering) of the proceeds from crime, terrorism financing and financing proliferation of weapons of mass destruction * (ii) Harmonize regulations, internal procedures and instructions of regulators with the international supervision standards (iii) Perform training of supervision personnel on risk-based supervision, establish the experience sharing with international regulators (iv) Implement gradual shift to risk-based supervision	1 July 2015	31 December 2019	NBU, NSSMC, NCFS
B.6		(i) Analyze the existing decision-making structures, procedures and systems			

No.	Measures	Actions	Start Date	Deadline	Responsible Agency
	Enhance internal control of regulators	(ii) Develop the system of specialized committees for each of the regulators, that would allow for efficient and timely collegial decisions based on authority, delegated by the boards (iii) Determine all key processes of the activity of financial sector regulators and set the regulation for them, perform the re-engineering of key decision-making processes with the goal of eliminating duplication of functions, building an efficient system of internal control, and improving the quality of analytics for making efficient decisions (iv) Change organizational structures of regulators in order to strengthen the independence of supervision and analytical functions, separate the functions that may cause conflicts of interest, strengthen internal control and implement effective personnel policy (v) Carry out the organizational and functional centralization *	1 April 2015	31 December 2019	NBU, NSSMC, NCFS
B.7	Establish communication of regulators and the DGF with consumers and financial sector participants	(i) Ensure that a communication unit receives critical information for securing the transparent and efficient communication (ii) Develop communication tools and channels, establish a process of continuous systemic communication in order to increase the transparency of regulators' actions * (iii) Ensure transparency in decision-making on the monetary policy of the NBU via disclosure of reasons and grounds for the decisions made * (iv) Launch the new NBU website	1 January 2015	31 December 2019	NBU, DGF, NSSMC, NCFS
			1 January 2015	31 December 2015	NBU
			1 January 2016	30 December 2018	
B.8	Increase the efficiency of counteracting corrupt practices in the financial sector	(i) Enhance liability for FX and stock markets manipulations, and for abuse of insider information (ii) Enhance liability for fraud on financial markets, including liability of beneficiaries and managers of financial institutions, whose actions led to financial descend of their institutions, and to the financial data distortion (iii) Review and enhance the efficiency of authority of regulators and the DGF regarding the detection of financial sector abuses, in particular as to granting the powers to investigate fraud (iv) Improve the institutional capacity of regulators and their interaction (data exchange) on identification of related parties in financial sector, improve the instruments of control over deals with the related parties	1 January 2015	31 December 2019 +	NSSMC, DFG, NBU
					NSSMC, DFG, NCFS, NBU
B.9	Improve the effectiveness of regulators and the DGF for handling problem participants of the financial sector	(i) Enhance efficiency of identification system of potentially problem participants of the financial sector (banks, non-bank financial institutions, insurance companies, etc.) (ii) Amend the Ukrainian legislation to provide for the prevention of admission of similar counterclaims (including debt repayments at the expense of deposit funds) prior to the procedure for bank withdrawal from the market (iii) Create legal conditions to ensure the overriding and definite right of the NBU to satisfy claims under refinancing loans when withdrawing insolvent banks from the market (iv) Improve the efficiency of processes of credit risk management (including collateral management), adopted by regulators during the rehabilitation of an insolvent bank or its withdrawal from the market	1 April 2015	31 December 2019	DGF, NBU, NSSMC, NCFS
			1 April 2015	31 December 2019 +	DGF, NBU

No.	Measures	Actions	Start Date	Deadline	Responsible Agency
		<p>(v) Increase the efficiency of processes of managing and selling assets of insolvent banks in the course of their withdrawal to secure the partial reimbursement and the sale of assets under the most favorable market conditions</p> <p>(vi) Establish within the DGF structure a consolidated office to form the unified system of managing and selling the assets *</p> <p>(vii) Ensure the single mechanism of efficient and transparent sale of assets of insolvent banks *</p>			
B.10	Improve coordination among financial sector regulators	<p>(i) Establish the Financial Stability Board *</p> <p>(ii) Determine mechanisms for cooperation among financial sector regulators when developing and implementing new legislative initiatives</p> <p>(iii) Improve the system of law enforcement against financial sector participants by strengthening the interaction among regulators, including when the restrictive preventive measures are applied, and in terms of counteraction to the financial sector abuses</p> <p>(iv) Ensure efficient interaction among regulators of Ukraine and other countries, in particular within the relevant international organizations (IOSCO, EBA and others)</p> <p>(v) Improve cooperation between regulators of financial services markets and law enforcement agencies in order to increase the efficiency of their interaction in case of detection of violations that qualify as offences</p> <p>(vi) Ensure the interaction between regulators of financial services markets and other public authorities to establish channels for information exchange on financial market participants, their main shareholders and managers, which is necessary for regulators of financial services to perform the functions assigned to them</p>	<p>1 January 2015</p> <p>1 January 2015</p> <p>1 January 2017</p> <p>1 June 2018</p>	<p>31 May 2016</p> <p>31 December 2019</p> <p>31 December 2018</p> <p>31 December 2019</p>	<p>NBU, NSSMC, NCFS</p> <p>NCFS NSSMC</p> <p>NBU, NCFS NSSMC, DFG</p>
B.11	Improve coordination between self-regulatory organizations, professional unions and regulators	<p>(i) Improve the efficiency of a dialogue with self-regulatory organizations of the financial sector participants, engage representatives of market participants in discussions of all planned major changes *</p> <p>(ii) Help the function expansion and the efficiency improvement of self-regulatory organizations, in particular for a more efficient discussion of Ukrainian legislation and supervision issues</p> <p>(iii) Develop and implement, jointly with the market participants, the requirements to leading specialists of financial sector, including with the implementation of the standardized codes of ethics and the institution of membership in professional organizations *</p>	<p>1 July 2015</p> <p>1 July 2015</p>	<p>31 December 2017</p> <p>31 December 2018</p>	<p>NSSMC, NBU</p> <p>NSSMC, NCFS</p>
B.12	Implement common reporting and information sharing standards	<p>(i) Analyze technical requirements of XBRL implementation and assess technical capacities of regulators for the shift to exchanging the information as per XBRL standard</p> <p>(ii) Draft proposals on implementation of XVR standard, in line with the measures for the implementation of the best international practices in terms of information disclosure according to reporting standards of FINREP and COREP</p> <p>(iii) Establish infrastructure for the information exchange between banks and public registers for the purpose of credit risks reduction</p>	<p>1 July 2015</p> <p>1 July 2015</p> <p>1 June 2018</p>	<p>31 December 2018</p> <p>31 December 2019</p> <p>31 December 2019</p>	<p>MoF, NBU, NSSMC, NCFS, MoEDT</p> <p>IAUB, NBU PFU,</p>

No.	Measures	Actions	Start Date	Deadline	Responsible Agency
					MoF, MoJ
B.13	Encourage financial sector participants to apply advanced information technologies	<p>(i) Ensure harmonization of legal framework for the use of innovative information technologies</p> <p>(ii) Introduce legislative changes to set forth the uniform formats and uniform layout of e-documents to organize the workflow of e-documents among financial institutions</p> <p>(iii) Implement the e-document workflow system, ensure the shift for all internal processes to be documented electronically</p> <p>(iv) Support the introduction of procedures for the identification of clients without their physical presence, using the latest information technologies and reliable technological tools</p> <p>(v) Provide for the collection of data generated by each regulator in a single data storage, which ensures an adequate historization</p> <p>(vi) Introduce new formats of data disclosure and mechanisms of control over quality, relevance and openness of such data *</p> <p>(vii) Set up an internal reporting system to enhance the efficiency of information preparation for management decisions</p> <p>(viii) Centralize IT solutions, if appropriate, to improve data management and quality, and to cut spending</p> <p>(ix) Ensure control over the implementation of relevant IT security standards by financial sector participants</p> <p>(x) Establish the NBU system of information exchange on prevention and counteraction of cybercrime in the banking system of Ukraine with the involvement of financial sector participants, self-regulatory organizations and law enforcement agencies in the use of the system</p> <p>(xi) Develop a uniform system for e-document workflow and data exchange between banks and executive services, banks and pension and social services</p>	1 July 2015	31 December 2019	NBU, NSSMC, NCFS, IAUB
<b>C. Protection of rights of financial consumers and investors</b>					
C.1	Improve financial literacy, culture and inclusion of the public	<p>(i) Draft the national strategy for improving financial literacy that shall include, inter alia:</p> <ul style="list-style-type: none"> <li>- strategy for the improvement of financial literacy</li> <li>- action plan that establishes instruments and channels for improving the financial literacy of different target audiences</li> <li>- methods of assessing efficiency of the national strategy for the improvement of public financial literacy</li> </ul> <p>(ii) Take measures for improving financial literacy of the population, and amend the Ukrainian legislation in terms of the corresponding authority of the NBU</p> <p>(iii) Implement mechanism for using the methods of assessing efficiency of the national strategy for the improvement of financial literacy</p>	1 April 2015	31 December 2019 +	NBU, DGF, NSSMC, NCFS
			1 April 2018	31 December 2018	
			1 January 2019	31 December 2019	

No.	Measures	Actions	Start Date	Deadline	Responsible Agency
		(iv) Introduce mechanism for constant monitoring of the financial literacy level		31 December 2019 +	
C.2	Raise the standards for information disclosure by issuers of securities and NBFIs	<p>(i) Promote the information disclosure practice by public joint stock companies for the sake of a greater transparency, and enhance the standards of information disclosure, in particular:</p> <ul style="list-style-type: none"> <li>- provide for the obligation and the procedure for disclosing the information on the change of a share by a shareholder (or a different entity with the voting right), to the amount that is greater or smaller than the threshold for the block of shares, or equal to it</li> <li>- provide for the obligation of an issuer to prepare the component parts of a general issuer's report – a management report and a corporate governance report, and set the requirement to their contents</li> </ul> <p>(ii) Improve the procedure for a public offering of securities to an unlimited group of investors *</p> <p>(iii) Establish a publically available data base of the National Commission for the Regulation of Financial Services Markets to grant access for consumers of financial services to the information on the activity of financial institutions, and control over adequate disclosure by financial institutions of the full and reliable information under the legislation of Ukraine</p> <p>(iv) Promote the practice of information disclosure on financial institutions by non-bank institutions</p>	1 January 2015	31 December 2018	NSSMC, NBU
C.3	Increase the efficiency of the system for exercising investors' rights	<p>(i) Introduce a mechanism for protecting the rights of minority shareholders, including through the introduction of the mechanisms for a squeeze-out and a sell-out of the shares from shareholders, as well as a concept of a collective agreement (shareholders' agreement) *</p> <p>(ii) Provide for a legal solution to the problem of “sleeping shareholders”, that do not meet their statutory obligations</p> <p>(iii) Unify terminology in Ukrainian legislation regarding the definitions for taking control, and take measures for the maximum unification of the specified procedures according to Ukrainian legislation</p> <p>(iv) Launch new mechanisms for protecting the bondholders' rights, including by legal settlement of the relations between an issuer and an investor</p>	1 January 2015	31 December 2019 +	NSSMC
C.4	Enhance the effectiveness of protection of financial services consumers and investors rights	<p>(i) Enhance capacity of financial services regulators and DGF in terms of protecting the rights of consumers and retail investors (including through the control over advertising), and develop a coordination framework for regulators' supervision activity</p> <p>(ii) Introduce mechanisms for protecting the rights of mortgage lending consumers</p> <p>(iii) Introduce mechanisms for protecting consumer rights in the course of provision of digital financial and quasi-financial services (including P2P and P2B lending, FOREX operations, etc.)</p> <p>(iv) Establish the financial Ombudsman institution, whose functions would include an alternative (out-of-court) settlement of disputes between financial institutions and their clients – the individuals</p>	1 January 2015	31 December 2019	<p>NBU, DGF, NSSMC, NCFS</p> <p>NBU, NSSMC</p> <p>USAID FST, MoJ</p>

No.	Measures	Actions	Start Date	Deadline	Responsible Agency
		(v) Enhance the speed and convenience of reimbursement to banks' depositors under the supervision of DGF through the revision of an algorithm for such reimbursement *	1 January 2015	30 June 2016	DGF
		(vi) Ensure transparent and full disclosure of the information needed for a comprehensive and full client's understanding of possible risks and total cost of provided services	1 January 2017	31 December 2019	NBU, NSSMC, NCFS, DGF
		(vii) Set forth the sanctions against participants of financial services market for the failure to provide the preliminary information on financial services, and for other consumer rights violations			
		(viii) Develop a compensation system for protection of investors and consumers of non-bank financial services, including on the markets of:	1 January 2015	31 December 2019	NCFS NBU, MoF, DGF NSSMC
		- credit unions			
		- life insurance			
		- securities			

\* Actions completed under the Comprehensive Program of Ukraine Financial Sector Development Until 2020

“+” The action will be completed under Program after 31 December 2019, following the terms for the implementations of regulations on financial services in line with the Association Agreement between Ukraine, of the one part, and the EU, and the European Atomic Energy Community and the member states, of the other part

## VI. Expected Outcomes of Program Implementation

Based on implementation of other priority reforms, effectiveness of the Program implementation will be monitored on a quarterly basis in terms of performance of the following **key indicators**:

Indicator	Indicator Calculation	1 January 2015	1 January 2020
Headline Inflation	Consumer price index	24.9%	5% ± 1 pp
FX reserves level	-	USD 7.5 billion	Pursuant to the provisions of the economic program in the context of the agreement with the IMF on the Extended Fund Facility mechanism (EFF)
Cash level in the economy	In line with the methodology, M0 to GDP ratio	17.8%	Not higher than 9.5%
Cashless settlements level	Share of cashless transactions within total transactions via payment cards	25%	55%
Number of POS terminals	Number of POS terminals to population size ratio (thousand pcs./million persons)	4.7	11.0
Loans and deposits dollarization level	In line with the methodology	46.1%	Below 40%
Level of nominal interest rates on new loans in domestic currency	In line with the methodology	17.6% p.a.	Not higher than 12% p.a.
Capital adequacy ratio	Pursuant to Basel III requirements	15.6% <sup>2</sup>	Not lower than 8%
Herfindahl-Hirschman index with respect to assets	In line with the methodology	565.65	Not lower than 800
Loan-to-deposit ratio (gross loans)	In line with the methodology	156%	Not higher than 110%
Insurance penetration level	In line with the methodology (the share of insurance payments without incoming reinsurance/GDP)	1.4%	0.75%
Share of eligible assets within total insurers' assets, total:	Share of eligible assets within total insurers' assets <sup>3</sup> total:	47% <sup>4</sup>	Not lower than 60%
AC "life"		80%	Not lower than 85%
AC "non-life"		39%	Not lower than 50%
Pension system's tier II assets	Ratio of assets to the payroll of pension system's tier II participants	0%	Not lower than 2%

<sup>2</sup> Pursuant to the NBU methodology:

<sup>3</sup> Eligible assets are qualitative and liquid assets that comply with the requirements set by the NCFS (the indicator has been calculated since 2015).

<sup>4</sup> Values of the indicator, including those in terms of AC "life" and AC "non-life" are given by the end of 2015.

<b>Indicator</b>	<b>Indicator Calculation</b>	<b>1 January 2015</b>	<b>1 January 2020</b>
Assets of public collective investment vehicles	Ratio of assets of public collective investment vehicles to GDP	[0.1]%	Not lower than 10%
Financial market of Ukraine status according to FTSE ranking	According to FTSE ranking	Without status	Advanced Emerging
Financial market development in line with the methodology for the Global Competitiveness Index calculation	According to the methodology for the Global Competitiveness Index (GCI) calculation	107th position out of 148 countries	Among top 50 positions
Stock exchanges regulation in line with the methodology for the Global Competitiveness Index calculation	According to the methodology for the Global Competitiveness Index (GCI) calculation	107th position out of 148 countries	Among top 60 positions
Index of Economic Freedom measured according to the Heritage Foundation methodology	According to the Heritage Foundation methodology	107th position out of 189 countries	Ukraine is among top 30 positions
Legal rights index according to the World Bank methodology	In line with the World Bank methodology	8	Not lower than 12
Expert assessment as regards success in regulators' activity	According to the developed methodology	No data	Not lower than 70%
Participants' assessment of financial market infrastructure development	According to the developed methodology	No data	Not lower than 70%
Society's assessment of the financial market credibility	According to the developed methodology	No data	Not lower than 70%
Index of loyalty towards the banking system	According to the developed methodology		
Implemented EU Directives for financial markets	According to the developed methodology	-	The EU Directives have been implemented.
Implementing IOSCO, IAIS, EIOPA, and BCBS principles	Expert assessment of the implementation	-	The principles have been implemented.
FX regulation and FX control liberalization	Expert assessment of liberalization of FX regulation and FX control	-	Free flow of capital has been ensured.
Introducing amendments to the laws related to transactions and services taxation	Expert assessment of the amendments	-	The laws have been amended based on experts' recommendations.
Introducing amendments to the laws related to strengthening of financial and institutional independence of financial sector regulators and to splitting of functions	Expert assessment of the amendments	-	The laws have been amended based on experts' recommendations.
Implementing international financial reporting standards and international standards on auditing	Expert assessment of implementation of international financial reporting standards and international standards on auditing	-	Experts confirmed implementation of the international standards.

Indicator	Indicator Calculation	1 January 2015	1 January 2020
Implementing the uniform international standards of electronic document management and for providing administrative services and information sharing with market players in electronic format	Expert assessment of the implementation of the uniform international standards of electronic document management	-	Electronic document management have been implemented.

## VII. Plan of Regulatory Efforts

In order to achieve the Program's objectives and perform respective tasks, some laws and regulations of Ukraine need to be reviewed and amended and some EU laws to be transposed in line with the Association Agreement between the European Union and Ukraine:

No.	Legal acts to be amended/drafted	Measure Reference	Measures	Start Date	Deadline
1	Law of Ukraine <i>On the National Bank of Ukraine</i>	A.9	Ensure further development of cashless settlements, financial market infrastructure and oversight	1 January 2015	31 December 2019
		A.17	Develop infrastructure to ensure effective accumulation and information exchange as regards borrowers' credit history		
2	Draft Law of Ukraine <i>On Currency</i>	A.2	Facilitate the free movement of capital	1 July 2015	30 September 2018
3	Law of Ukraine <i>On Banks and Banking</i>	A.1	Create equal competitive conditions in the financial sector	1 January 2015	31 December 2019
		A.6	Improve systems for financial sector regulation and supervision		
		A.10	Improve the corporate governance of financial sector participants		
		A.17	Develop infrastructure to ensure effective accumulation and information exchange as regards borrowers' credit history		
		B.3	Increase the efficiency of regulators' enforcement instruments applied to financial sector participants		
4	Law of Ukraine <i>On Amendments to Certain Laws of Ukraine on Establishing and Maintaining the Credit Register of the National Bank of Ukraine and Improving Credit Risk Management of Banks*</i>	A.17	Develop infrastructure to ensure effective accumulation and information exchange as regards borrowers' credit history	1 April 2015	31 December 2018
5	Draft Law of Ukraine <i>On Amendments to Certain Laws of Ukraine On the Consolidation of Functions of the State Regulation of Financial Markets</i>	B.4/2	Redistribute the regulators' functions (SPLIT)	1 April 2015	31 December 2019
6	Law of Ukraine <i>On Financial Services and State Regulation of Financial Markets</i>	A.1	Create equal competitive conditions in the financial sector	1 April 2016	31 December 2019
		A.3	Strengthen control and responsibility for transactions with related parties		
		A.4	Toughen the requirements with respect to solvency and liquidity of financial sector participants		
		A.5	Implement special requirements for capital, liquidity, and other indicators of systemically important banks and other financial institutions		

No.	Legal acts to be amended/drafted	Measure Reference	Measures	Start Date	Deadline
		A.6	Improve systems for financial sector regulation and supervision		
		A.16	Encourage the development of the financial sector infrastructure		
		C.4	Improve protection of rights of financial market consumers and investors		
		A.19	Ensure remodeling, consolidation and development of stock exchange, settlement and clearing infrastructures of commodity and stock markets	1 April 2015	31 December 2019+
7	Law of Ukraine <i>On Insurance</i> (revised)	A.1	Create equal competitive conditions in the financial sector	1 April 2015	31 December 2019+
		A.3	Strengthen control and responsibility for transactions with related parties		
		A.4	Toughen the requirements with respect to solvency and liquidity of financial sector participants		
		A.16	Encourage the development of the financial sector infrastructure		
		A.18	Stimulate comprehensive development of insurance services market		
8	Law of Ukraine <i>On Credit Unions</i>	A.1	Create equal competitive conditions in the financial sector	1 January 2015	31 December 2019
		A.15/2	Enable conditions for the development of the non-bank lending market		
9	Law of Ukraine <i>On Depository System of Ukraine</i>	A.19	Ensure remodeling, consolidation and development of stock exchange, settlement and clearing infrastructures of commodity and stock markets	1 April 2015	31 December 2019
		C.3	Increase the efficiency of the system for exercising investors' rights	1 January 2015	31 December 2019
10	Draft Law <i>On Investment Funds</i>	A.2	Facilitate the free movement of capital	1 July 2015	31 December 2019
		A.16	Encourage the development of the financial sector infrastructure	1 January 2015	31 December 2019
11	Draft Law <i>On Regulation of Non-Bank Lending against Tangible Collateral</i>	A.1	Create equal competitive conditions in the financial sector	1 April 2015	31 December 2019
		A.6/1	Ensure better regulation and supervision of the non-banking financial institutions		
12	Draft Law of Ukraine <i>On Capital Markets and Regulated Markets</i>	A.3	Strengthen control and responsibility for transactions with related parties	1 January 2015	31 December 2019
		A.6	Improve systems for financial sector regulation and supervision	1 April 2015	31 December 2019

N o.	Legal acts to be amended/drafted	Measure Reference	Measures	Start Date	Deadline		
		A.13	Implement new and develop available financial instruments (including derivatives)	1 January 2015	31 December 2019		
		A.16	Encourage the development of the financial sector infrastructure				
		C.2	Raise the standards for information disclosure by issuers of securities and NBFIs				
13	Law of Ukraine <i>On State Regulation of Securities Market in Ukraine</i>	A.3	Strengthen control and responsibility for transactions with related parties	1 January 2015	31 December 2019		
		A.6	Improve systems for financial sector regulation and supervision	1 April 2015	31 December 2019		
		B.1	Ensure institutional and financial independence of regulators and the DGF	1 January 2015	31 December 2019		
		B.3	Increase the efficiency of regulators' enforcement instruments applied to financial sector participants	1 April 2015	31 December 2019		
		B.5	Implement gradual shift to risk based supervision	1 July 2015	31 December 2019		
		B.8	Increase efficiency of counteracting corrupt practices in the financial sector	1 January 2015	31 December 2019+		
14	Law of Ukraine <i>On Joint Stock Companies</i>	A.10	Improve the corporate governance of financial sector participants	1 April 2015	31 October 2019		
		C.2	Raise the standards for information disclosure by issuers of securities and NBFIs	1 January 2015	31 December 2019		
		C.3	Increase the efficiency of the system for exercising investors' rights				
15	Law of Ukraine <i>On Payment Systems and Money Transfer in Ukraine</i>	A.9	Ensure further development of cashless settlements, financial market infrastructure and oversight	1 January 2015	31 December 2019		
16	Law of Ukraine <i>On Licensing of Types of Economic Activity</i>	A.9	Ensure further development of cashless settlements, financial market infrastructure and oversight	1 April 2015	31 December 2019		
17	Draft Law of Ukraine <i>On Capital Markets and Regulated Markets</i>	A.13	Implement new and develop available financial instruments (including derivatives)	1 January 2015	31 December 2019+		
18	Law of Ukraine <i>On Non-State Pension Provision</i>	A.14	Introduce level II of the pension system	1 July 2015	31 December 2019+		
		A.14/1	Streamline laws on regulation of level III of the pension system				
		A.18	Stimulate comprehensive development of insurance services market				
19	Civil Code of Ukraine	A.9	Ensure further development of cashless settlements, financial market infrastructure and oversight	1 January 2015	31 December 2019		

No.	Legal acts to be amended/drafted	Measure Reference	Measures	Start Date	Deadline
		A.15	Stimulate development of financial sector infrastructure		
		A.11	Implement effective mechanism for protecting creditor rights		
20	Law of Ukraine <i>On Collection Agencies in Ukraine</i>	A.12	Stimulate infrastructure development to ensure effective management of distressed assets, including improve taxation of operations associated with bad debt recovery	1 April 2015	31 December 2019
21	Law of Ukraine <i>On Bodies and Individuals Engaged in the Enforcement of Judicial Decisions and Decisions of Other Bodies</i> (revised)*	A.11	Implement effective mechanism for protecting creditor rights	1 April 2015	31 December 2019
22	Law of Ukraine <i>On Compulsory State Pension Insurance</i>	A.14	Introduce level II of the pension system	1 April 2015	31 December 2019+
		A.18	Stimulate comprehensive development of insurance services market		
23	Law of Ukraine <i>On Compulsory Insurance against Civil Liability in Respect of the use of Land Motor Vehicles</i>	A.18	Stimulate comprehensive development of insurance services market	1 April 2015	31 December 2019+
24	Tax Code of Ukraine	A.12	Stimulate infrastructure development to ensure effective management of distressed assets, including improve taxation of operations associated with bad debt recovery	1 April 2015	31 December 2018
		A.11	Implement effective mechanism for protecting creditor rights	1 April 2015	31 December 2019
		A.21	Provide tax incentives and harmonize the taxation system of financial sector instruments	1 January 2015	31 December 2019
		A.15	Stimulate development of the financial sector instruments and infrastructure	1 January 2015	31 December 2019
25	Law of Ukraine <i>On Restoring Debtor's Solvency or Recognizing the Debtor Bankrupt</i>	A.11	Implement effective mechanism for protecting creditor rights	1 January 2015	31 December 2019
26	Law of Ukraine <i>On Notaries</i>	A.11	Implement effective mechanism for protecting creditor rights	1 January 2015	31 December 2019
		A.9	Ensure further development of cashless settlements, financial market infrastructure and oversight		
27	Law of Ukraine <i>On Enforcement Proceeding</i>	A.11	Implement effective mechanism for protecting creditor rights	1 January 2015	31 December 2019
		A.9	Ensure further development of cashless settlements, financial market infrastructure and oversight		
28	Law of Ukraine <i>On Collateral</i>	A.11	Implement effective mechanism for protecting creditor rights	1 January 2015	31 December 2019
29	Law of Ukraine <i>On Mortgage</i>	A.11	Implement effective mechanism for protecting creditor rights	1 January 2015	31 December 2019

No.	Legal acts to be amended/drafted	Measure Reference	Measures	Start Date	Deadline
30	Code of Administrative Violations	A.9	Ensure further development of cashless settlements, financial market infrastructure and oversight	1 January 2015	31 December 2019
		B.8	Increase efficiency of counteracting corrupt practices in the financial sector	1 January 2015	31 December 2019+
31	Criminal Code of Ukraine	B.8	Increase efficiency of counteracting corrupt practices in the financial sector	1 January 2015	31 December 2019+
32	Law of Ukraine <i>On Households Deposit Guarantee System</i>	A.1	Create equal competitive conditions in the financial sector	1 April 2015	31 December 2019
		A.23	Introduce early intervention and insolvency resolution measures	1 January 2018	31 December 2019
		B.1	Ensure institutional and financial independence of regulators and the DGF		
		B.9	Improve effectiveness of regulators and DGF for handling problem participants of the financial sector	1 January 2015	31 December 2019
		C.4	Enhance the effectiveness of protection of financial services consumers and investors rights		
33	Law of Ukraine <i>On Consumers Rights Protection</i>	C.2	Raise the standards for information disclosure by issuers of securities and NBFIs	1 January 2015	31 December 2019
		C.3	Increase the efficiency of the system for exercising investors' rights		
		C.4	Enhance the effectiveness of protection of financial services consumers and investors rights		
34	Law of Ukraine <i>On Consumer Lending</i>	C.2	Raise the standards for information disclosure by issuers of securities and NBFIs	1 January 2015	31 December 2019
		C.4	Enhance the effectiveness of protection of financial services consumers and investors rights		
35	Law of Ukraine <i>On Financial Ombudsman Institution</i>	C.2	Raise the standards for information disclosure by issuers of securities and NBFIs	1 January 2015	31 December 2019
		C.4	Enhance the effectiveness of protection of financial services consumers and investors rights		
36	Draft Law of Ukraine <i>On Rating</i>	A.20	Ensure development of the rating agencies	1 January 2015	31 December 2019
37	Draft Law of Ukraine <i>On Financial Leasing</i>	A.15/1	Enable conditions for the development of financial leasing	1 January 2015	31 December 2019

No.	Legal acts to be amended/drafted	Measure Reference	Measures	Start Date	Deadline
38	Law of Ukraine <i>On the Prevention and Counteraction to Legalizing (Laundering) the Proceeds from Crime, Terrorism Financing, and Financing the Proliferation of Weapons of Mass Destruction</i>	A.8	Improve the system for prevention and counteraction to legalization (laundering) of the proceeds from crime, terrorism financing and financing proliferation of weapons of mass destruction	1 January 2017	31 December 2018
39	Law of Ukraine <i>On State Assistance to Agricultural Insurance</i>	A.18	Stimulate comprehensive development of insurance services market	1 April 2015	31 December 2019
40	Law of Ukraine <i>On Distribution in the Insurance Sector</i>	A.18	Stimulate comprehensive development of insurance services market	1 April 2016	31 December 2019

The list of EU directives and regulations on financial services to be implemented in line with the Association Agreement between Ukraine, of the one part, and the EU, and the European Atomic Energy Community and the member-states, of the other part:

No.	EU Directives and Regulations	Measure Reference	Measures	Start Date	Implementation period
1	Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC of the European Parliament and of the Council	A.1	Create equal competitive conditions in the financial sector	1 January 2015	31 December 2021
A.4		Toughen the requirements with respect to solvency and liquidity of financial sector participants			
A.5		Implement special requirements for capital, liquidity, and other indicators of systemically important banks and other financial institutions			
A.6		Improve systems for financial sector regulation and supervision			
A.7		Ensure operational and reporting transparency of financial sector participants			
A.9		Ensure further development of cashless settlements, financial market infrastructure and oversight			
A.15		Stimulate development of financial sector infrastructure			
A.10		Improve the corporate governance of financial sector participants			
2	Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU	A.6	Improve systems for financial sector regulation and supervision	1 April 2015	31 December 2019
A.13		Implement new and develop available financial instruments (including derivatives)	1 April 2015	31 December 2020	
3	Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012	A.4	Toughen the requirements with respect to solvency and liquidity of financial sector participants	1 January 2015	31 December 2021
A.6		Improve systems for financial sector regulation and supervision			
4	Directive 2002/87/EC of the European Parliament and of the Council of 16 December 2002 on the supplementary supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate and amending Council Directives 73/239/EEC, 79/267/EEC, 92/49/EEC, 92/96/EEC, 93/6/EEC and 93/22/EEC, and Directives 98/78/EC and 2000/12/EC of the European Parliament and of the Council	A.6	Improve systems for financial sector regulation and supervision	1 January 2015	31 December 2019
B.5		To implement gradual shift to risk based supervision			

No.	EU Directives and Regulations	Measure Reference	Measures	Start Date	Implementation period
5	Directive 2009/110/EC of the European Parliament and of the Council of 16 September 2009 on the taking up, pursuit and prudential supervision of the business of electronic money institutions	A.9	Ensure further development of cashless settlements, financial market infrastructure and oversight	1 January 2015	31 December 2019
6	Directive 94/19/EC of the European Parliament and of the Council of 30 May 1994 on deposit-guarantee schemes and Directive 2014/49/EU of the European Parliament and of the Council of 16 April 2014 on deposit guarantee schemes	B.1	To ensure institutional and financial independence of regulators and the DGF	1 January 2015	31 December 2019
C.4		Enhance the effectiveness of protection of financial services consumers and investors rights			
7	Council Directive 86/635/EEC of 8 December 1986 on the annual accounts and consolidated accounts of banks and other financial institutions; Directive 2001/65/EC of the European Parliament and of the Council of 27 September 2001 amending Directives 78/660/EEC, 83/349/EEC and 86/635/EEC as regards the valuation rules for the annual and consolidated accounts of certain types of companies as well as of banks and other financial institutions	A.7	Ensure operational and reporting transparency of financial sector participants	1 January 2015	31 December 2019
B.12		Implement single standards of reporting and information exchange			
8	Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC	A.7	Ensure operational and reporting transparency of financial sector participants	1 January 2015	31 December 2018
B.12		Implement single standards of reporting and information exchange			
9	Directive 2003/51/EC of the European Parliament and of the Council of 18 June 2003 amending Directives 78/660/EEC, 83/349/EEC, 86/635/EEC and 91/674/EEC on the annual and consolidated accounts of certain types of companies, banks and other financial institutions and insurance undertakings	A.7	Ensure operational and reporting transparency of financial sector participants	1 January 2015	31 December 2019
B.12		Implement single standards of reporting and information exchange			
10	Directive 2006/46/EC of the European Parliament and of the Council of 14 June 2006 amending Council Directives 78/660/EEC on the annual accounts of certain types of companies, 83/349/EEC on consolidated accounts, 86/635/EEC on the annual	A.7	Ensure operational and reporting transparency of financial sector participants	1 January 2015	31 December 2019
B.12		Implement single standards of reporting and information exchange			

No.	EU Directives and Regulations	Measure Reference	Measures	Start Date	Implementation period
	accounts and consolidated accounts of banks and other financial institutions and 91/674/EEC on the annual accounts and consolidated accounts of insurance undertakings; Council Directive 89/117/EEC of 13 February 1989 on the obligations of branches established in a Member State of credit institutions and financial institutions having their head offices outside that Member State regarding the publication of annual accounting documents				
11	Directive 2014/56/EU of the European Parliament and of the Council of 16 April 2014 amending Directive 2006/43/EC on statutory audits of annual accounts and consolidated accounts; Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC; Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC	A.7	Ensure operational and reporting transparency of financial sector participants	1 January 2015	31 December 2019
A.10		Improve the corporate governance of financial sector participants			
B.12		Implement single standards of reporting and information exchange			
12	Directive 2001/24/EC of the European Parliament and of the Council of 4 April 2001 on the reorganisation and winding up of credit institutions; Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council	A.11	Implement effective mechanism for protecting creditor rights	1 January 2015	31 December 2019
A.23		Introduce early intervention and insolvency resolution measures			
13		A.1	Create equal competitive conditions in the financial sector		

No.	EU Directives and Regulations	Measure Reference	Measures	Start Date	Implementation period
	Directive 98/26/EC of the European Parliament and of the Council of 19 May 1998 on settlement finality in payment and securities settlement systems	A.5	Implement special requirements for capital, liquidity, and other indicators of systemically important banks and other financial institutions	1 January 2015	30 December 2021
A.6		Improve systems for financial sector regulation and supervision			
A.9		Ensure further development of cashless settlements, financial market infrastructure and oversight			
A.19		Ensure remodeling, consolidation and development of stock exchange, settlement and clearing infrastructures of commodity and stock markets			
14	Directive (EU) 2015/2366 of the European Parliament and of the Council of 25 November 2015 on payment services in the internal market, amending Directives 2002/65/EC, 2009/110/EC and 2013/36/EU and Regulation (EU) No 1093/2010	A.9	Ensure further development of cashless settlements, financial market infrastructure and oversight	1 January 2015	31 December 2020
15	Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC	A.8	Improve the system for prevention and counteraction to legalization (laundering) of the proceeds from crime, terrorism financing and financing proliferation of weapons of mass destruction	1 July 2015	31 December 2018
		A.6/2	Continue improvement of the licensing procedures for banks and NBFIs		
16	Regulation (EU) 2015/847 of the European Parliament and of the Council of 20 May 2015 on information accompanying transfers of funds and repealing Regulation (EC) No 1781/2006 of the European Parliament and of the Council of 15 November 2006 on information on the payer accompanying transfers of funds	A.8	Improve the system for prevention and counteraction to legalization (laundering) of the proceeds from crime, terrorism financing and financing proliferation of weapons of mass destruction	1 January 2015	31 December 2018
17	Directive 97/9/EC of the European Parliament and of the Council of 3 March 1997 on investor-compensation schemes	C.4	Enhance the effectiveness of protection of financial services consumers and investors rights	1 January 2015	31 December 2019
18	Directive 2014/57/EU of the European Parliament and of the Council of 16 April 2014 on criminal sanctions for market abuse (market abuse directive); Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC	B.8	To increase efficiency of counteracting corrupt practices in the financial sector	1 January 2015	31 December 2019

No.	EU Directives and Regulations	Measure Reference	Measures	Start Date	Implementation period
	of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC				
19	Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies	A.20	Ensure development of rating agencies	1 April 2015	31 December 2019
20	Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (revised)	C.3	Increase the efficiency of the system for exercising investors' rights	1 July 2015	31 December 2019
		A.10	Improve the corporate governance of financial sector participants	1 January 2015	31 December 2019
21	Directive 2002/47/EC of the European Parliament and of the Council of 6 June 2002 on financial collateral arrangements	A.13	Implement new and develop available financial instruments (including derivatives)	1 January 2015	31 December 2021
22	Directive 2009/44/EC of the European Parliament and of the Council of 6 May 2009 amending Directive 98/26/EC on settlement finality in payment and securities settlement systems and Directive 2002/47/EC on financial collateral arrangements as regards linked systems and credit claims	A.9	Ensure further development of cashless settlements, financial market infrastructure and oversight	1 July 2015	31 December 2021
		A.15	Stimulate development of financial sector infrastructure		
		A.19	Ensure remodeling, consolidation and development of stock exchange, settlement and clearing infrastructures of commodity and stock markets		
23	Directive 2008/48/EC of the European Parliament and of the Council of 23 April 2008 on credit agreements for consumers and repealing Council Directive 87/102/EEC	C.1	Improve financial literacy, culture and inclusion of the public	1 January 2015	31 December 2018
		C.4	Enhance the effectiveness of protection of financial services consumers and investors rights		
24	Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards	A.7	Ensure operational and reporting transparency of financial sector participants	1 January 2015	31 December 2018
		B.12	Implement single standards of reporting and information exchange		
25	Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II)	A.4	Toughen the requirements with respect to solvency and liquidity of financial sector participants	1 January 2015	31 December 2023
		A.18	Stimulate comprehensive development of insurance services market		
26	Directive 2009/103/EC of the European Parliament and of the Council of 16 September 2009 relating to	A.18	Stimulate comprehensive development of insurance services market	1 April 2015	31 December 2024

No.	EU Directives and Regulations	Measure Reference	Measures	Start Date	Implementation period
	insurance against civil liability in respect of the use of motor vehicles, and the enforcement of the obligation to insure against such liability				
27	Directive 91/674/EEC of 19 December 1991 on the annual accounts and consolidated accounts of insurance undertakings	A.18	Stimulate comprehensive development of insurance services market	1 January 2017	31 December 2019
28	Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution (recast); Directive 2002/92/EC of the European Parliament and of the Council of 9 December 2002 on insurance mediation	A.18	Stimulate comprehensive development of insurance services market	1 January 2015	31 December 2019
		A.16	Encourage the development of the financial sector infrastructure		
29	Directive (EU) 2016/2341 of the European Parliament and of the Council of 14 December 2016 on the activities and supervision of institutions for occupational retirement provision (IORPs) Directive 2003/41/EC of the European Parliament and of the Council of 3 June 2003 on the activities and supervision of institutions for occupational retirement provision	A.14	Introduce level II of the pension system	1 July 2015	31 December 2019
		A.14/1	Streamline laws on regulation of level III of the pension system		
30	Commission Directive 2007/14/EC of 8 March 2007 laying down detailed rules for the implementation of certain provisions of Directive 2004/109/EC on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market	C.2	Raise the standards for information disclosure by issuers of securities and NBFIs	1 January 2015	31 December 2019
31	Directive 2001/34/EC of the European Parliament and of the Council of 28 May 2001 on the admission of securities to official stock exchange listing and on information to be published on those securities; Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities	C.2	Raise the standards for information disclosure by issuers of securities and NBFIs	1 April 2015	31 December 2019
		A.19	Ensure remodeling, consolidation and development of stock exchange, settlement and clearing infrastructures of commodity and stock markets		

No.	EU Directives and Regulations	Measure Reference	Measures	Start Date	Implementation period
	are admitted to trading on a regulated market and amending Directive 2001/34/EC				
32	Commission Regulation (EC) No 1569/2007 of 21 December 2007 establishing a mechanism for the determination of equivalence of accounting standards applied by third country issuers of securities pursuant to Directives 2003/71/EC and 2004/109/EC of the European Parliament and of the Council	A.7	Ensure operational and reporting transparency of financial sector participants	1 January 2015	31 December 2019
33	Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC; Directive 2008/11/EC of the European Parliament and of the Council of 11 March 2008 amending Directive 2003/71/EC on the prospectus to be published when securities are offered to the public or admitted to trading, as regards the implementing powers conferred on the Commission	C.2	Raise the standards for information disclosure by issuers of securities and NBFIs	1 January 2015	31 December 2019
34	Commission regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements Commission Regulation (EC) No 1787/2006 of 4 December 2006 amending Commission Regulation (EC) 809/2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements Commission Regulation (EC) No 211/2007 of 27 February 2007 amending Regulation (EC) No 809/2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards financial information in prospectuses where the issuer	C.2	Raise the standards for information disclosure by issuers of securities and NBFIs	1 January 2015	31 December 2019

No.	EU Directives and Regulations	Measure Reference	Measures	Start Date	Implementation period
	has a complex financial history or has made a significant financial commitment Commission Regulation (EC) No 1289/2008 of 12 December 2008 amending Commission Regulation (EC) No 809/2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards elements related to prospectuses and advertisements				
35	Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC	C.2	Raise the standards for information disclosure by issuers of securities and NBFIs	1 January 2015	31 December 2019
36	Commission Directive 2010/43/EU of 1 July 2010 implementing Directive 2009/65/EC of the European Parliament and of the Council as regards organisational requirements, conflicts of interest, conduct of business, risk management and content of the agreement between a depositary and a management company	A.3	Strengthen control and responsibility for transactions with related parties	1 January 2015	31 December 2019
37	Commission Directive 2010/42/EU of 1 July 2010 implementing Directive 2009/65/EC of the European Parliament and of the Council as regards certain provisions concerning fund mergers, master-feeder structures and notification procedure	A.6	Improve systems for financial sector regulation and supervision	1 January 2015	31 December 2019
38	Directive 2014/51/EU of the European Parliament and of the Council of 16 April 2014 amending Directives 2003/71/EC and 2009/138/EC and Regulations (EC) No 1060/2009, (EU) No 1094/2010 and (EU) No 1095/2010 in respect of the powers of the European Supervisory Authority (European Insurance and Occupational Pensions Authority) and the European Supervisory Authority (European Securities and Markets Authority) (Omnibus II)	A.14	Introduce level II of the pension system	1 April 2016	31 December 2018
		A.18	Stimulate comprehensive development of insurance services market	1 April 2016	31 December 2023
39	Directive 2014/17/EU of the European Parliament and of the Council of 4 February 2014 on credit	C.4	Enhance the effectiveness of protection of financial services consumers and investors rights	1 January 2016	31 December 2019

N o.	EU Directives and Regulations	Measure Reference	Measures	Start Date	Implementa tion period
	agreements for consumers relating to residential immovable property and amending Directives 2008/48/EC and 2013/36/EU and Regulation (EU) No 1093/2010				
40	Commission Regulation (EU) No 583/2010 of 1 July 2010 implementing Directive 2009/65/EC of the European Parliament and of the Council as regards key investor information and conditions to be met when providing key investor information or the prospectus in a durable medium other than paper or by means of a website	C.2	Raise the standards for information disclosure by issuers of securities and NBFIs	1 April 2015	31 December 2019
41	Commission Regulation (EU) No 584/2010 of 1 July 2010 implementing Directive 2009/65/EC of the European Parliament and of the Council as regards the form and content of the standard notification letter and UCITS attestation, the use of electronic communication between competent authorities for the purpose of notification, and procedures for on-the-spot verifications and investigations and the exchange of information between competent authorities	C.3	Increase the efficiency of the system for exercising investors' rights	1 July 2015	31 December 2019
42	Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories	A.13	Implement new and develop available financial instruments (including derivatives)	1 January 2015	30 June 2020
A.19		Ensure remodeling, consolidation and development of stock exchange, settlement and clearing infrastructures of commodity and stock markets			
43	Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories	A.19	Ensure remodeling, consolidation and development of stock exchange, settlement and clearing infrastructures of commodity and stock markets	1 January 2015	31 December 2021
44	Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives	A.19	Ensure remodeling, consolidation and development of stock exchange, settlement and clearing infrastructures of commodity and stock markets	1 January 2015	30 June 2020

No.	EU Directives and Regulations	Measure Reference	Measures	Start Date	Implementation period
	2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 Regulation (EU) No 1227/2011 of the European Parliament and of the Council of 25 October 2011 on wholesale energy market integrity and transparency				

## VIII. Comparison of the Program Measures with International and National Agreements and Programs

The Program is based on development and remodeling requirements of the financial sector in line with the Sustainable Development Strategy for Ukraine until 2020, the Association Agreement between the European Union and Ukraine, framework documents according to the IMA credit program Extended Fund Facility, and the Agreement on Coalition of Parliamentary Groups European Ukraine etc. as follows:

Reform measures for compliance					
N o.	Agreement	Objectives	Essence	References to Measures	Measures
1	IMF	Monetary and Exchange Rate Policy	Monetary policy will aim at achieving the inflation target under ten per cent	B.1 B.7	B.1 To ensure institutional and financial independence of regulators and the DGF B.7 Raise communication efficiency of regulators with consumers and financial sector participants
2	IMF	Monetary and Exchange Rate Policy	Monetary policy will be formulated according to inflation targets based on targeting monetary aggregates		
3	IMF	Monetary and Exchange Rate Policy	Monetary policy will reinforce signals reported according to the state of the monetary policy and assist in guiding inflation expectations		
4	IMF	Monetary and Exchange Rate Policy	Comply with the flexible exchange regime that will serve as a buffer to mitigate external shocks and at the same time to strive to a gradual recovery of buffers of foreign exchange reserves		
5	IMF	Monetary and Exchange Rate Policy	Channel efforts to complete conversion to inflation targeting		
6	IMF	Policy in the financial sector	Upgrading regulation and supervision systems to detect and reduce related-party lending	A.3 B.8	A.3 Strengthen control and responsibility for transactions with related parties B.8 To increase efficiency of counteracting corrupt practices in the financial sector
7	IMF	Policy in the financial sector	Upgrading regulation and supervision systems to enhance bank risk monitoring supported by the IMF	A.4 A.5 A.6	A.4 Toughen the requirements with respect to solvency and liquidity of financial sector participants A.5 Implement special requirements for capital, liquidity, and other indicators of systemically important banks and other financial institutions A.6 Improve systems for financial sector regulation and supervision
8	IMF	Policy in the financial sector	Review of the NBU's strategy on resolution of problem banks with simultaneous implementation of gradual reduction of RP lending	A.11 B.9	A.11 Implement effective mechanism for protecting creditor rights

Reform measures for compliance					
N o.	Agreement	Objectives	Essence	References to Measures	Measures
9	IMF	Policy in the financial sector	Resolution of banks that failed to comply with respective recapitalization plans		B.9 Improve effectiveness of regulators and DGF for handling problem participants of the financial sector
10	IMF	Policy in the financial sector	Ensuring an effective solution system for non-performing loans	A.12 A.17 A.11	A.12 Stimulate infrastructure development to ensure efficient management of problem assets, as well as, improve taxation of operations associated with collection of bad debts A.17 Develop infrastructure to ensure effective accumulation and information exchange as regards borrowers' credit history A.11 Implement effective mechanism for protecting creditor rights
11	IMF	Governance, transparency and business climate	Improving the legal framework for AML, initiating cooperation with the National Anti-Corruption Bureau of Ukraine (NABU), the NBU and the State Financial Monitoring Service of Ukraine	A.8	A.8 Improve the system for prevention and counteraction to legalization (laundering) of the proceeds from crime, terrorism financing and financing proliferation of weapons of mass destruction
12	IMF	Policy in the financial sector	Continue assurance of conditions for restoring the economic value of assets, as well as, detecting improper banking practices within insolvent banks	B.9 B.10	B.9 Improve effectiveness of regulators and DGF for handling problem participants of the financial sector B.10 Improve coordination among financial sector regulators
13	IMF	Safeguards	Securing institutional capacity and independence of the NBU	B.2 B.6	B.2 Strengthen institutional control over regulators B.6 Enhance internal control of regulators
14	IMF	Safeguards	Enhancing mechanisms of internal control within the NBU	B.6	B.6 Enhance internal control of regulators
15	IMF	Policy in the financial sector	Securing institutional and financial independence of the NSSMC	B.1	B.1 Ensure institutional and financial independence of regulators and the DGF
				B.8	B.8 Increase the efficiency of counteracting corrupt practices in the financial sector
16	EU	New financial services	Insuring capacities for EU providers of financial services similar to services provided to domestic service providers in line with national laws	A.1	A.1 Create equal competitive conditions in the financial sector
17	EU	Clearing and payment systems	Ensuring EU financial services providers established in Ukraine with access to payment and clearing systems		

Reform measures for compliance					
N o.	Agreement	Objectives	Essence	References to Measures	Measures
			operated by public sector authorities and official financing and refinancing facilities available under routine business conditions, save access to mechanisms of the lender of last resort.		
18	EU	Movement of capital	Ensuring free movement of capital associated with: receiving and repatriation of direct investments issuing loans for trade operations or services portfolio investments, financial borrowing and loans issued by the EU investors	A.2	A.2 Facilitate the free movement of capital
19	EU	Movement of capital	Finalizing liberalization of account operations, equity operations and financial account operations of balance of payments according to the degree of EU liberalization		
20	EU	Movement of capital	Take all required measures till the end of 2019 for a step-by-step implementation of the EU Party rules on free movement of capital	A.1 A.2	A.1 Create equal competitive conditions in the financial sector A.2 Facilitate the free movement of capital
21	EU	Effective and transparent regulation	Introducing main principles of effective banking supervision of the Basel Committee	A.6 A.7	A.6 Improve systems for financial sector regulation and supervision
22	EU	Effective and transparent regulation	Introducing core insurance principles of the International Association of Insurance Supervision	A.8 B.5	A.7 Ensure operational and reporting transparency of financial sector participants
23	EU	Effective and transparent regulation	Implementing objectives and principles of the International Organization of Securities Commissions (IOSCO)		A.8 Improve the system for prevention and counteraction to legalization (laundering) of the proceeds from crime, terrorism financing and financing proliferation of weapons of mass destruction
24	EU	Effective and transparent regulation	Compliance with the OECD Tax Information Exchange Agreement		B.5 To implement gradual shift to risk based supervision
25	EU	Effective and transparent regulation	Implementing provisions of the G20 Statement on Transparency and Exchange of Information for tax Purposes		
26	EU	Effective and transparent regulation	Implementing recommendations of the Financial Action Task Force (FATF)		
27	EU	Effective and transparent regulation	Compliance with the Ten Basic Principles of Information Exchange distributed by the finance ministers of G7 member states		

Reform measures for compliance					
N o.	Agreement	Objectives	Essence	References to Measures	Measures
28	EU	Institutional convergence	Evolving cooperation between different participants of the financial system, as well as, regulators and supervisory authorities	B.10 B.11	B.10 Improve coordination among financial sector regulators B.11 Improve coordination between self-regulatory organizations, professional unions and regulators
29	EU	Institutional convergence	Developing administrative potential of regulators and supervisory authorities	B.4 B.4/2	B.4 Transformation of regulators 4.2. Redistribute the regulators' functions (SPLIT)
30	EU	Institutional convergence	Interaction to provide independent and effective supervision	B.5 B.6	B.5 To implement gradual shift to risk based supervision B.6 Enhance internal control of regulators
31	EU	High level of consumer rights protection	Interaction to provide effective and proper protection of interests of investors and other consumers of financial services, to reach compatibility of consumer rights protection systems of Ukraine and the EU	C.2 C.3 C.4	C.2 Raise the standards for information disclosure by issuers of securities and NBFIs C.3 Increase the efficiency of the system for exercising investors' rights C.4 Enhance the effectiveness of protection of financial services consumers and investors rights
32	CA	Introducing effective supervision	Improving quality of the financial sector regulation for the purpose of more reasoned consolidated prudential supervision, including by transferring supervisory functions regarding the Credit History Bureau from the NSSMC to the NBU	A.6 A.17 B.4 B.5 B.10	A.6 Improve systems for financial sector regulation and supervision A.17 Develop infrastructure to ensure effective accumulation and information exchange as regards borrowers' credit history B.4 Transformation of regulators B.4.2. Redistribute of regulators' functions (SPLIT) B.5 Implement gradual shift to risk based supervision B.10 Improve coordination among financial sector regulators
33	CA	Introducing effective supervision	Harmonizing requirements to stock market payers with the EU Directives and strengthening control of compliance with prudential requirements followed by improved reliability of stock market players	A.6 B.5	A.6 Improve systems for financial sector regulation and supervision B.5 Implement gradual shift to risk based supervision
34	CA	Introducing effective supervision	Brining laws on regulating insurance undertakings in line with the EU Directives	A.6 A.18	A.6 Improve systems for financial sector regulation and supervision A.18 Stimulate comprehensive development of insurance services market
35	CA	Introducing effective supervision	Drafting legal framework for protecting rights of creditors based on the international experience in order to devise	A.11 A.12	A.11 Implement effective mechanism for protecting creditor rights

Reform measures for compliance					
N o.	Agreement	Objectives	Essence	References to Measures	Measures
			efficient mechanisms for protecting the financial system and alleviate impact of crises on financial market participants		A.12 Stimulate infrastructure development to ensure effective management of distressed assets, including improve taxation of operations associated with collection of bad debts
36	CA	Introducing effective supervision	Filling the gaps for possible tax evasion using financial instruments by introducing effective mechanisms for preventing set-up and operating, detection and liquidation of pyramid schemes, sham securities issuers, as well as, enhancing regulation of financial institutions	A.6 C.4	A.6 Improve systems for financial sector regulation and supervision C.4 Enhance the effectiveness of protection of financial services consumers and investors rights
37	CA	Introducing effective supervision	Bringing laws on merger and takeover of the financial market participants in line with the best EU practices that will expedite the consolidation procedure, streamline operations and legal consolidation processes, and address rights protection issues of depositors, borrowers, investors and payers.	A.6 C.3	A.6 Improve systems for financial sector regulation and supervision C.3 Increase the efficiency of the system for exercising investors' rights
38	CA	Introducing effective supervision	Ensuring membership of the NSSMC in the International Organization of Securities Commissions (IOSCO) and introducing international standards and principles for the Ukraine's stock market regulation	A.6 B.5	A.6 Improve systems for financial sector regulation and supervision B.5 Implement gradual shift to risk based supervision
39	CA	Introducing effective supervision	Uniform international standards for electronic workflow introduced by the financial market regulator, administrative services and electronic communication with market players	B.12 B.13.	B.12 Implement single standards of reporting and information exchange B.13. Encourage financial sector participants to apply advanced information technologies
40	CA	Promoting investments in secure instruments	Liberalization of FX regulation and FX control by cancelling outdated regulations and lifting unjustified restrictions on cross-border capital movements, streamlining procedures for foreign investors on investing in Ukraine, revenue repatriation and foreign investments Ukrainian citizens (since 2016)	A.2	A.2 Facilitate the free movement of capital
41	CA	Promoting investments in secure instruments	Evolving stock market instruments by adopting the law on derivatives and harmonizing laws on corporate bonds and taxation of return on financial instruments	A.13 A.21	A.13. Implement new and develop available financial instruments (including derivatives) A.21. Provide tax incentives and harmonize the taxation system of financial sector instruments

Reform measures for compliance					
N o.	Agreement	Objectives	Essence	References to Measures	Measures
42	CA	Promoting investments in secure instruments	Improving corporate governance	A.10	A.10. Improve the corporate governance of financial sector participants
43	CA	Developing the financial market infrastructure	Establishing cutting-edge stock market infrastructure and engaging leading foreign stock market operators and improving the settlement infrastructure to reduce risks for traders and concentrate trading operations of FX, derivatives, shares, bonds, and other financial instruments on the stock market	A.19	A.19. Ensure remodeling, consolidation and development of stock exchange, settlement and clearing infrastructures of commodity and stock markets
44	CA	Developing the financial market infrastructure	Improving laws on the commodity market to ensure pricing transparency on the commodity markets and devising an effective supervisory system	A.6 A.19	A.6 Improve systems for financial sector regulation and supervision A.19. Ensure remodeling, consolidation and development of stock exchange, settlement and clearing infrastructures of commodity and stock markets
45	CA	Developing the financial market infrastructure	Designing mechanisms to improve cost-effectiveness of funding sources for capital investment of domestic manufacturers	A.13 A.15 A.14	A.13. Implement new and develop available financial instruments (including derivatives) A.15. Stimulate development of financial sector infrastructure A.14. Introduce level II of the pension system