

# STRATEGY OF UKRAINIAN FINANCIAL SECTOR DEVELOPMENT UNTIL 2025



MINISTRY OF  
FINANCE OF  
UKRAINE



National Bank  
of Ukraine



  
**NATIONAL COMMISSION**  
for the State Regulation  
of Financial Services Markets



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# CURRENT STATE OF THE UKRAINIAN FINANCIAL SECTOR

## **1. In 2014–2016, Ukraine faced a triple crisis as the combined impact of a banking crisis and a currency crisis exacerbated a crisis in the real sector of the economy.**

Macroeconomic imbalances that had accumulated in previous years, the political crisis of early 2014, and the occupation of Crimea and some areas of Donetsk and Luhansk oblasts sent the economy into a deep crisis. At the same time, the drops in real GDP by 6.6% in 2014 and by 9.8% in 2015 were accompanied and exacerbated by several waves of the hryvnia's significant depreciation and a banking crisis that triggered a massive outflow of deposits from the banking system, leaving banks bankrupt.

## **2. Ukraine's financial sector reform of 2014–2019 has helped achieve macro-financial stabilization and strengthened the ability of regulators and financial market participants to withstand the effects of crises.**

The reform was laid out in the Comprehensive Program of Ukrainian Financial Sector Development Until 2020 approved by financial sector regulators. The reform was aimed at overcoming systemic problems in the financial sector and building a fully functional, market-driven competitive environment in line with European Union (EU) standards. The reform pursued three main objectives: ensuring the stability of the financial sector, building the institutional capacity of regulators, and safeguarding the rights of consumers and investors in the financial sector. The Strategy is an extension of the Comprehensive Program of Ukrainian Financial Sector Development Until 2020.

## **3. The reform of the NBU's monetary policy and the strengthening of its**

## **institutional capacity have been significant factors in the stabilization of the banking system of Ukraine.**

Amendments to the Law of Ukraine *On the National Bank of Ukraine* that were made in 2015 introduced into the legislation of Ukraine the globally recognized principle of central bank independence. These amendments significantly strengthened the NBU's institutional, operational, financial, and personal independence. As a result, the prerequisites were met for the central bank to pursue its mandate, which is to ensure that the domestic currency is stable. Macroeconomic stabilization was facilitated by the reorientation of monetary policy towards inflation targets and by the transition to a floating exchange rate regime. Fiscal policy, which was prudent as well, consisted in a substantial reduction of the deficits of the public and quasi-public sectors, a gradual reduction in the level of public debt, and the implementation of medium-term budget planning.

## **4. New liberal currency regulation has been implemented, but certain FX restrictions are still in place.**

The new currency regulation system is intended to deregulate investment, ease cross-border transactions with foreign currency, and expand the list of available FX transactions. New opportunities have emerged: nonresident investment funds and asset management companies acting on behalf of the latter can now open accounts with Ukrainian banks; the international securities depository Clearstream is now connected to the infrastructure of the Ukrainian stock market. The NBU's ultimate goal in currency regulation is to remove all existing restrictions and to gradually transition to the free movement of capital. The achievement

of this goal will be possible if appropriate macroeconomic conditions are met, legislation is implemented to counteract base erosion and profit shifting, and Ukraine becomes a member of the international system of automatic exchange of information on financial accounts. A decrease in the share of foreign currency borrowing and a decline in the dollarization of loans and deposits in the banking system will help increase the stability of the financial and corporate segments.

#### **5. The banking sector has been cleared of toxic and insolvent banks through new approaches to banking supervision and the enhancement of the institutional capacity of the Deposit Guarantee Fund (DGF).**

A new system for assessing banks has been introduced, which is in line with the European Supervisory Review and Evaluation Process (SREP) methodology, along with a risk-based approach to onsite and offsite banking supervision. CAMELS ratings have been complemented with a new component called Operational Risk, as well as with updated rating criteria. Regulatory principles, main goals, and requirements have been identified for building in banks a system of risk management and problem asset management and a system of internal controls. Banks now draw up their financial statements in accordance with International Financial Reporting Standards (IFRS). The following systems have been introduced: a single operational and information system of insolvent banks, an automated system of payments to depositors, a system of stress testing and early warning, and a fully functional system for the calculation of regular fees where fees are differentiated taking into account the banks' risks. The assets of insolvent banks are sold on transparent and competitive terms through electronic platforms.

#### **6. Financial sector reforms have increased the financial soundness and transparency of the banks.**

The laws have strengthened the responsibility of bank executives and related parties for causing damage to a bank. A legal framework has been created

for the simplified capitalization and reorganization of banks, including by transforming banks into financial companies. Systemic macroprudential regulation has been introduced, and the NBU's Macroprudential Policy Strategy has been unveiled. A system for the regular asset quality assessments and stress testing of banks has been put in place. In accordance with Basel recommendations, new approaches to assessing banks' credit risks have been implemented. The NBU Credit Register has been created to increase the reliability and stability of the banking system and to protect the interests of creditors and depositors of the banks. The banking system has been profitable for the second year running, which helps increase its capitalization and resilience to negative shocks.

#### **7. National Commission for State Regulation of Financial Services Markets (NFSC) has taken measures to improve the regulation of nonbank financial services markets.**

New approaches to licensing and requirements for disclosing ownership structure have been implemented. The responsibility of owners and executives of nonbank financial institutions has been increased by tightening business reputation requirements. Disclosure and reporting standards for nonbank financial institutions have been raised. A transition to IFRS 9 has been implemented, and procedures for applying corrective actions have been improved. Unified forms for inspection reports on compliance with legislation in the field of nonbank financial services have been introduced. Supervision on a consolidated basis has been introduced for nonbank financial groups. There have been increases in the requirements limiting the risks taken on by credit unions in the course of their transactions with financial assets, and capital reserve requirements for credit unions have been introduced. As a result of the tightening of requirements for the solvency and capitalization of insurers and the introduction of new financial ratios, long-term investment in Ukraine's economy is increasing. Qualitative and structural changes in eligible assets and the representation (coverage) of insurance reserves

have contributed to an increase in the liquidity, diversification, and return on the assets of insurers. A risk-based approach has been introduced for conducting inspections of activities in insurance, nongovernment pensions, lending, financial leasing, real estate, factoring services, and the processing of information from credit history bureaus. Private pension funds are now listed in the Register of Nonprofit Institutions. At the same time, legislation needs to be improved to introduce effective instruments to remove insolvent financial institutions from the market, and to raise the standard of solvency and liquidity management, and global best practices in the state regulation and supervision of the financial sector need to be implemented.

#### **8. Corporate governance standards have been changed and creditor rights protection has been strengthened.**

This was facilitated by new legislation aimed at enhancing the level of corporate governance and improving the legal procedure for issuing securities and disclosing information about them, in accordance with international standards. In particular, effective instruments to protect shareholder rights, such as derivative claims, the institution of independent members of supervisory boards (independent directors), and a squeeze-out and sell-out procedure, have been introduced into Ukrainian law, and a mechanism for opening and using escrow accounts – widely used by bank clients around the globe – has been introduced. A concept and mechanism of the use of corporate agreements in the activities of business partnerships have been introduced, as have measures to ensure that the activities of independent members and committees of supervisory boards of joint-stock companies are in line with EU law. A method of information disclosure in the stock market, through the services of authorized persons that specialize in providing information services in the stock market, has been introduced in the legislation. The requirement to publish this information in print media has been abolished. The implementation of these changes has resulted, in particular, in a reduction in the costs of meeting the requirements that

apply to public joint-stock companies, a reduction in the amount of reporting provided to the regulator, greater protections against hostile takeover attempts, and a reduction in corporate blackmail threats. Qualitative changes in the field of corporate law pushed Ukraine up 27 places in the Protecting Minority Investors category of the World Bank's Doing Business 2019 report. At the same time, further improvements to corporate governance laws are required. In particular, companies should be allowed to use one-tier models when building their systems of governance, the procedures for holding general meetings electronically have to be simplified, procedures for handling significant reductions in company equity should be introduced, and the terms, procedures, and consequences of the mergers, acquisitions, divisions, and spin-offs of joint stock companies should be brought into compliance with EU standards. In addition, the mechanism for fair pricing and regulations governing the activities of appraisers need to be improved.

#### **9. Financial sector regulators have been empowered to protect consumer rights in financial services and to promote financial literacy.**

In late September 2019, the Law of Ukraine *On Amendments to Certain Laws of Ukraine on the Protection of Consumer Rights in Financial Services* was adopted. It addressed the key issues in the relationship between citizens and financial institutions and eliminated the gaps and inconsistencies in the system for protecting consumer rights in financial services. The adoption of new regulatory requirements will strengthen public confidence in the financial sector, create effective mechanisms for protecting their rights and interests, and improve consumers' awareness of the financial services they are offered and provided. The public and commercial sectors are stepping up joint efforts to raise the financial literacy of the population. Under the OECD's international methodology, Ukraine lags behind other OECD member countries by financial literacy, with a score of 11.6 (out of 21 possible points and below an average of 13.2). In June 2019, the NBU presented a vision of a national strategy on financial literacy. This vision has been supported

by government authorities and domestic and foreign experts. In line with international approaches, youth have been the main focus of Ukrainian financial literacy programs over the past 5 years. In particular, more than 1,200 Ukrainian schools have implemented a pilot project on the basics of financial literacy. The project has been developed and implemented in schools through the joint efforts of the Ministry of Education and Science of Ukraine, the NBU, the USAID Financial Sector Transformation Project, and the Banking University. A textbook and a workbook for a course in Financial Literacy for grade 10–11 students have been updated in line with the Ministry of Education’s recommendations. Active work with young people is conducted on the basis of the NBU Money Museum (more than 8,000 visitors annually) and during Economic Express regional events. The DGF also provides training for various audiences from students to the elderly. In collaboration with agent banks, the DGF produces video and audio content educating the public about the deposit guarantee system. A three-year National Financial Literacy Project has been launched and implemented by the DGF together with NGO Business Club Partner and the Banking University.

#### **10. Lending by the banks and nonbank financial institutions is recovering, but their contribution to economic growth should be greater.**

In the corporate sector, most recipients of new bank loans are solvent companies: hryvnia loans to honest companies that have not defaulted since the beginning of the crisis have been growing at a rate of 25% yoy. Consumer lending is increasing rapidly. With the decline in the number of supervisory entities in the nonbank financial services markets as the National Commission for the State Regulation of Financial Services Markets improved the regulatory environment, key development indicators have increased over the past two years. These include assets (+22.7%), insurance payments (+40.4%), factoring (+184.8%), loans (+88.6%), and the value of leasing agreements (+126%). However, the role of lending in supporting economic growth remains small. A recovery of lending by financial institutions is an

important prerequisite for accelerating the pace of economic growth in Ukraine.

#### **11. Lending to the real sector by banks and nonbank financial institutions is constrained by inadequate creditor rights protections and the problem of NPLs.**

In recent years, measures have been taken to strengthen the protection of creditor rights. In particular: at the legislative level, a mechanism has been put in place for the voluntary financial restructuring of company debt; amendments have been made to the tax legislation to provide tax exemptions for banks and retail borrowers for the restructuring and cancellation of FX loans; the institution of the bankruptcy of individuals has been established, which also provides a mechanism and conditions for restructuring the debt of individuals on FX loans; and creditor rights protections in civil relations have been strengthened. However, it is necessary to further strengthen the institution of enforcement, including the ability to effectively enforce the foreclosure and sale of collateral. Also, at the legislative and institutional level, safeguards for creditors in their relations with debtors are not fully ensured, and foreclosure is impeded by ambiguity and ineffective enforcement. The share of NPLs in Ukraine’s banking system is still about half of the banks’ total loans and remains one of the highest in the world. Debt management will require the emergence of a fully functional secondary market for distressed assets, and the arrival of new market players and investments.

#### **12. The significant share of the public sector in the banking market restricts competition.**

An increase in the state’s share of the banking sector occurred after the ownership of PrivatBank was transferred to the state. At the end of Q3 2019, state-owned banks accounted for 54% of the sector’s net assets and for 63% of household deposits. The system for the corporate governance of

state-owned banks has been fundamentally changed in terms of bringing its principles and mechanisms in line with global best practices and the Principles of Strategic Reform of the Public Banking Sector approved by the Cabinet of Ministers of Ukraine on 21 February 2018. Basic priorities for the public banking sector are the implementation of strategies for individual banks, the improvement of governance models, the reduction in the volume of NPLs, and the implementation of plans to withdraw public capital from banks.

### **13. The government's support for lending to the real economy, especially small and medium-sized companies, remains fragmented and ineffective.**

Support for the development of entrepreneurship in Ukraine, especially for small and medium-sized businesses, primarily comes from the EU and international financial organizations, which also provide credit support (the EBRD, EIB, World Bank, German-Ukrainian Fund, etc.). At the state level, credit support programs for priority areas are primarily concerned with the agro-industrial complex, housing for young people, and energy efficiency. The mechanism for granting credit guarantees and government-backed agribusiness insurance has not been fully implemented. In fact, government institutions for development are virtually inactive.

### **14. The stock market is clean and transparent, but the volume of transactions with corporate stocks and bonds is very low.**

In particular, as part of a stock market clean-up and the systemic fight against stock market price manipulation during 2015–2019, the securities of 49 issuers were taken out of circulation (due to evidence of their fictitious nature), the shares of 273 issuers were banned from trading, and 136 professional market licenses were revoked as a result of criminal proceedings. Stopping the circulation of junk securities allowed a more objective assessment of the condition and size of the stock market to be made. Due to the decrease

in nonmarket transactions in the organized market, the volume of trading in shares and bonds of companies in the organized market decreased in 2018 by 80% compared to 2014. Combating capital market abuse remains a priority. To prevent offenses and ensure the inevitability of punishment, legislation should be amended in such a way that allows stock market abuse to be combatted, and the system of supervision and control over the activity of its participants to be improved in accordance with international standards.

### **15. The infrastructure of capital markets and organized commodity markets remains inefficient and underdeveloped.**

The establishment of the institution of nominee holders is positive for further development. This step will help simplify the procedure for foreign investment in Ukraine, ensuring the protection of foreign investments through the introduction of a legal regime of accounting for the ownership of securities held by the clients of global custodians or other financial intermediaries on the accounts of nominal shareholders. At the same time, it remains urgent to address the issue of developing the markets for underlying assets, in particular the stock exchange. The latter does not promote the transparent pricing of goods that are essential to the national economy, such as energy, grains, metals, chemicals, wood, etc. There are also problems with the transparency of the pricing of underlying assets because of the lack of a full pre-trade and post-trade reporting system for underlying assets. In order to ensure the further economic development of Ukraine, it is necessary to modernize, consolidate, and help develop the stock exchange and the settlement and clearing infrastructure of capital markets and organized commodity markets, bringing them into line with international standards and the requirements of European law. The Concept of Capital Market Infrastructure Reform in Ukraine has been developed and approved with the support of the EBRD, in order to ensure the modernization of capital market infrastructure in Ukraine in accordance with international standards,

in particular the requirements of the EU's CSDR, EMIR, MiFID II, and MiFIR regulations. As part of the implementation of the concept, work has begun on developing a target model for reforming the depository, settlement, and clearing infrastructure of capital markets.

**16. The further development of the nonbank financial market requires legislative changes to bring the regulatory environment into line with international standards.**

The comprehensive regulation of market relations involves the implementation of the IAIS, IOPS, and IOSCO international standards, as well as the requirements of EU regulations, including Solvency II, MiFID II and MiFIR, MAR and MAD, CRR and CRDIV, and BRRD. The problem of developing a procedure to remove insolvent nonbank financial institutions from the market remains unaddressed. Consumer protection tools need improvement, including safeguards in the nonbank financial services markets. In the nonbank financial services sector, there is no guarantee system for life insurance agreements and the credit union market. The existing mechanisms fall short of ensuring the return of deposits to the savings accounts of credit union members who become insolvent before the issue of the guarantee system has been addressed. The main problems with the development of nonstate pension and public investment funds continue to be the low financial capacity of individuals to participate in nonstate pension and co-investment systems, coupled with weak consumer confidence in these financial markets. occupational retirement provision The full functioning of the funded pension system will gradually increase the level of social protection for people of retirement age, while producing a strong domestic long-term investment resource that will help increase investment in the domestic economy. It remains a crucial issue to achieve an adequate level of institutional and financial capacity of regulators, to ensure that government regulation and financial market supervision are conducted in accordance with international standards. These include the standards of

the International Organization of Securities Commissions (IOSCO) and the International Organization for Retirement Oversight (IOPS). Equally urgent is the matter of ensuring compliance with the requirements for Ukraine's accession to the IOSCO's Multilateral Memorandum of Understanding on Consulting and Cooperation and Exchange of Information.

**17. Conditions for the use of electronic signatures have been improved, and a system for collecting and processing reporting and information in new formats through electronic channels has been introduced.**

The introduction of a new standardized XML reporting system for reporting through the NBU's web portal has made it possible to eliminate paper-based reporting and switch to the use of open channels for the collection and dissemination of data, through highly secure APIs. The use of paperless technology in the provision of banking services can significantly reduce unproductive costs, as well as improve the efficiency of banking operations and the quality of customer service. Financial sector regulators and the Ministry of Finance are taking steps to introduce a system for reporting financial statements in a single electronic format known as iXBRL. The introduction of iXBRL-based financial reporting is a step towards raising disclosure standards in the domestic financial market. The procedure for the use of electronic signatures for electronic documents (including electronic payment documents) has been clarified. The procedure for the opening and use of escrow accounts by banks has been standardized. A procedure has been established through which banks can send notifications to public or private enforcement services about the opening/closing of the accounts of individuals whose information is entered in the Unified Register of Debtors. The provision of administrative services in electronic form was introduced through the Unified State Portal of Administrative Services, including through the integration of the information systems of the central authorities and local governments. In order to promote openness, the Opendata project has been implemented. As part of this, new data disclosure formats and controls over



the quality, relevance, and openness of data have been introduced. In total, 26 machine-readable data sets (XML, JSON) have been made available through the API on the NBU's website.

### **18. The volume of cashless transactions is steadily increasing, and the range of financial transactions carried out remotely is expanding.**

The level of cash in the economy decreased to 9.2% of GDP in 2019 from 17.8% in 2014. The share of cashless transactions in the total volume of payment card transactions increased from 25.0% in 2014 to 49.7% at the end of September 2019. SEP-3 has been implemented. Within the framework of the SEP 24/7 initiative, the main stages for implementing round-the-clock operations of the SEP have been planned out, and the principles for operating this system in extended mode have been defined. ISO 13616 – International Bank Account Number (IBAN) – has been implemented to develop the Ukrainian payments market on the basis of international standards. Work to implement the international standard ISO 20022 in cashless payments in Ukraine has been launched, as has the creation of the new generation of SEP (SEP-4). The NBU's BankID system has been put into commercial operation and approved as one of the identification tools for opening remote accounts for individuals. The introduction of this system has enabled the remote opening of accounts for individuals and increased the number of (public, administrative, and commercial) services that can be obtained through the system. A pilot project has been launched to stimulate the development of FinTech solutions in Ukraine. Based on the project, the Expert Advisory Board on communications with innovation companies (hereinafter – the Expert Board) has been established. Ukraine's largest banks and processing centers have been connected to NPS PROSTIR (National Payment System PROSTIR). A pilot project entitled E-Hryvnia has been carried out. While implementing the project, the NBU analyzed international practices, legal aspects, and macroeconomic effects, and worked out the best business model options for e-hryvnia circulation. International standards for payment

systems oversight have been implemented. Land vehicle owners have been provided with the ability to conclude agreements in electronic form. Electronic services have been introduced so that land vehicle owners when stopped by police officers can confirm that they have concluded compulsory civil liability insurance agreements in electronic form.

### **19. As new technologies emerge, competition in the banking and nonbank segments of the financial market is growing.**

Postal service operators have been granted the right to transfer hryvnia funds. This will facilitate competition in the payment market, increase public access to financial services, and attract more users of these services. The institution of banks that can be authorized to store banknotes and coins has been introduced. It will provide cash to banks and other participants of cash circulation. The new model of cash circulation will allow the expansion of the list of cash circulation participants (CIT companies) and help improve the liquidity of banks, while reducing the use of cash. Further expansion of the list of authorized banks, together with increased control over their activities, will serve as an important tool for providing quality cash to consumers of financial services. To promote the more active use of electronic means of payment, the NBU plans to ensure the further development of infrastructure and to promote financial literacy. The development of innovative technologies in accordance with changes in the preferences of financial services consumers, the spread of virtual service channels, personalized financial services, and mobile solutions, the development of open banking, and the expansion of cooperation between traditional financial institutions and FinTech companies will help ensure the needs of clients are better met. They will also prompt regulators to take a more flexible and proactive approach to regulating and overseeing a wider range of financial market participants. The adoption of comprehensive changes to regulations on depository activities, securities trading activities, and the operation of stock exchanges will give professional participants of the stock market more opportunities to introduce innovations

in the provision of financial services. Due to the changes noted above, it will be possible to apply the latest mobile IT technologies when professional participants of the stock market establish business relations and provide services to clients in opening and maintaining securities accounts, and conduct transactions with securities and other financial instruments – including on stock exchanges. As a result, investors will be able to obtain

simpler and more prompt access to the services of depository institutions and securities traders. At the same time, equal conditions for competition between all financial market participants must be put in place. The possibility of regulatory arbitrage must be eliminated, and compliance with international financial monitoring standards must be ensured.

## LOOKING AHEAD: THE VISION AND MISSION OF THE UKRAINIAN FINANCIAL SECTOR IN 2025

The key objective of key players in the financial ecosystem is to meet the needs of end consumers, which are Ukrainian business entities that in the course of their activities require the use of various financial instruments to achieve their goals. The end consumers of financial services are who come into the focus of all financial ecosystem participants, as creating conditions for the efficient operation of economic agents is the main task of the entire financial sector. In pursuit of that goal, the financial ecosystem's key players interact with each other and create up-to-date services and products for consumers. The success of the entire ecosystem depends on the coordinated and mutually beneficial work of the participants, which is based on openness and respect for the interests of the participants.

The needs of all business entities must be met by providing appropriate financial services to financial ecosystem participants, which can be broken down into **four main groups**:



**Financial service providers** – companies and public institutions that directly provide financial products and services to end consumers.



**Infrastructure and technology** – companies and government institutions that provide products, services, and solutions to financial service providers and other financial sector stakeholders, enhancing their value proposition for the consumers of financial services.

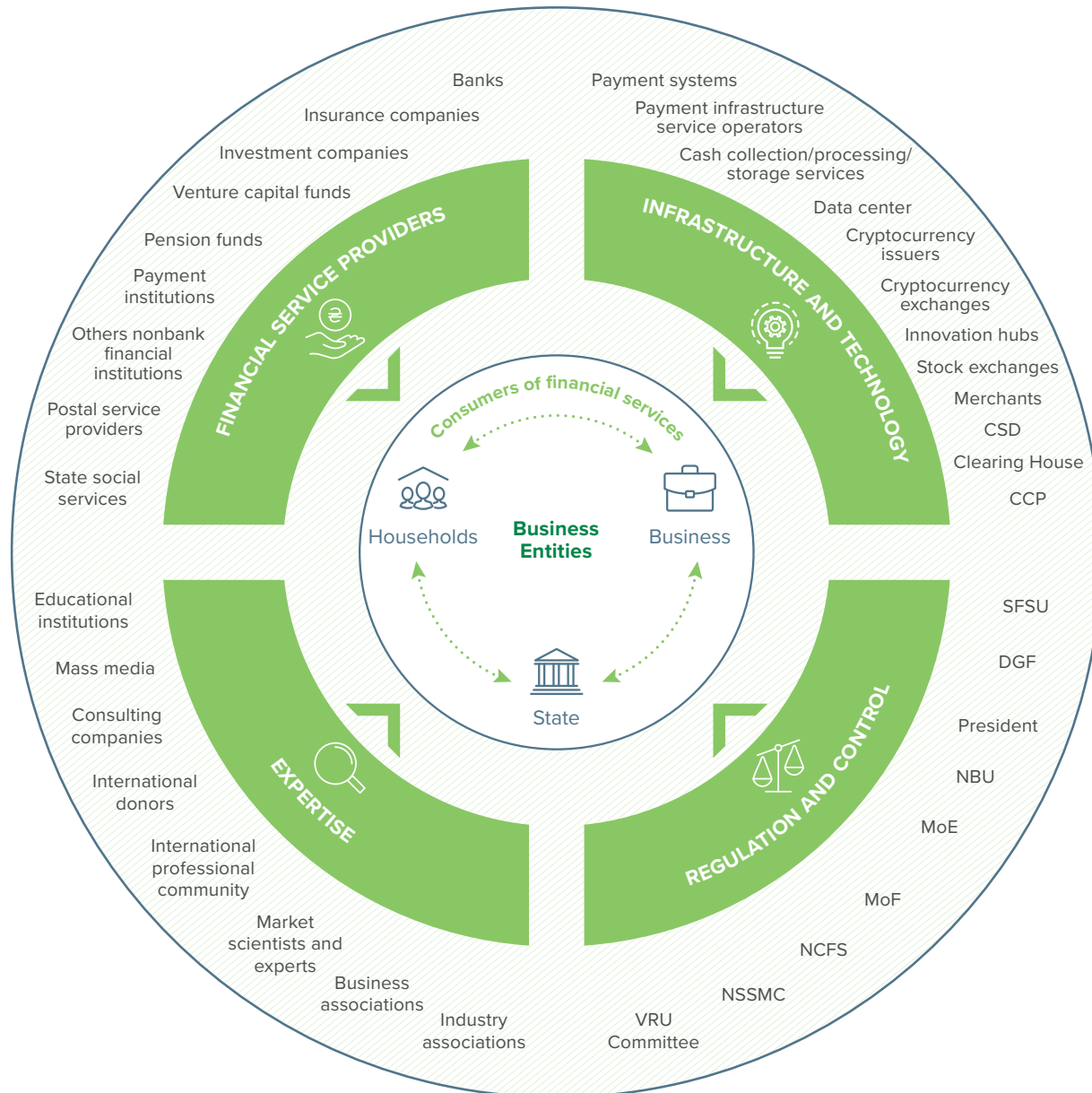


**Regulation and control** – for the most part, public institutions that set rules for the interaction of ecosystem participants and that monitor compliance with these rules.



**Expertise** – market participants and government institutions that, through their services and decisions, create the basis for the professional development of ecosystem participants.

## Financial ecosystem key players



Strategy 2025 addresses the present and future needs of the representatives of all ecosystem groups – both financial service consumers and key players involved in the creation of these services – and contributes to the fulfillment of the Ukrainian financial sector’s mission.

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## Vision of Ukraine's Financial Sector

The Ukrainian financial sector is internationally integrated, effective, sustainable, competitive, and dynamic. It ensures Ukraine's stable and inclusive economic growth.

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## Mission of Ukraine's Financial Sector

The Ukrainian financial sector is a driver of the stable and inclusive development of Ukraine's economy and helps improve people's welfare by ensuring the effective accumulation, distribution, and circulation of financial resources in the economy.

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The Implementation of Strategy 2025 will create conditions for the sustainable growth of Ukraine's financial sector and its competitiveness in terms of integration into the global financial space and will:

- meet the needs of consumers for quality and accessible financial services
- reduce the cost and extend the duration of financial resources for the government and businesses

Every direction has its own strategic goals and performance indicators.

- enhance the competitive edge of the Ukrainian economy as a whole.

The Strategy of Ukrainian Financial Sector Development covers five strategic directions of development: financial stability, macroeconomic development, financial inclusion, financial markets development, and innovation development.



- Effective regulation of the financial sector and improvement of supervisory approaches
- Transparent financial sector
- Financial sector's resilience to challenges (shocks)
- Increasing the quality of corporate governance and risk management in the financial sector



- Ensuring the sustainability of public finances
- Support of lending to the economy
- Protection of the rights of creditors and investors
- Creating conditions for raising long-term funding for the economy



- Enhancing the accessibility and level of financial services usage
- Enhancing the protection of consumer rights in financial services
- Improving the financial literacy of the general public



- Promoting nonbank financial services markets
- Effective infrastructure of capital markets
- Introducing liquid markets for financial instruments and mechanisms/instruments of mitigating the risks of financial transactions
- Integrating Ukraine's financial market into global finance



- Developing the open architecture of the financial market and oversight
- Developing the FinTech market, digital technologies, and regulator platforms
- Developing SupTech&RegTech
- Developing the e-economy

The implementation of the Strategy 2025 Roadmap and the achievement of these strategic goals will enhance the global competitiveness of Ukraine's financial market and bring its regulation and supervision in line with

international best practices. This will help achieve the **vision of the future financial sector of Ukraine.**

## Features of the Future Ukrainian Financial Sector

The institutionally capable regulators of the financial sector and the Deposit Guarantee Fund (DGF) take uniform approaches and coordinate efforts to conduct the effective individual and consolidated oversight of the financial sector. Through coordinated action, they exert a regulatory impact, conduct proportionate regulation, ensure transparency, promote competition, and control concentration in the financial market. The regulatory functions of the financial sector authorities have been transformed and redistributed. Organizational structures have been optimized. The internal processes of the regulators have been improved, with the aim, among other things, of eliminating conflicts of interest as they exercise their powers. Financial stability is ensured through the introduction of an effective early diagnosis system, the supervision of financial groups, the assessment of capital risks in accordance with the SREP Regulation and prudential indicators adapted to EU directives such as CRD IV/CRR, the introduction of improved mechanisms for working with insolvent market participants and procedures to remove them from the market, including through the implementation of the EU's Bank Recovery and Resolution Directive, the access of regulators to public registers for supervisory purposes, the introduction of special requirements for important financial institutions, the strengthening of the powers of the NBU, DGF and NSSMC and facilitating their interaction, the prevention of the development of systemic risks, and assessment of the impact of real and potential shocks on the financial sector and its participants. Regulation and supervision in the field of the preventing and counteracting the legalization (laundering) of the proceeds of crime, the financing of terrorism, and the financing of the proliferation of weapons of mass destruction, are carried out in accordance with International Standards on AML, including FATF, IMF, and MONEYVAL recommendations, and have been harmonized with the development

requirements of free enterprise. In order to ensure that government regulation and oversight of the operation of institutions in capital markets are brought into compliance with international standards, Ukraine has signed the IOSCO Memorandum, thus facilitating the integration of the domestic market into global financial markets, making it possible to use international assistance to combat the abuse of capital markets, and reducing investor and state losses from cross-border offenses. At the end of 2019, Ukraine and the U.S. ratified the Agreement to Improve International Tax Compliance and to Implement the Foreign Account Tax Compliance Act (FATCA). A system for combating and preventing capital market offenses has been established in accordance with the requirements of EU directives, in particular the MAR and MAD. The system effectively prevents and stops capital market fraud, including the use of Ponzi schemes, insider information, and the manipulation of capital markets and organized commodity markets. Corporate governance, including merger and acquisition procedures, has been improved. The corporate governance of domestic companies, in particular those in which the state holds a significant stake, has been brought into compliance with best standards. Domestic companies attract investments by making public offerings of their securities. Ukraine's investment attractiveness and ease of doing business have significantly improved. The second level of the funded pension system has been initiated in Ukraine. Its introduction, combined with levels I and III of this pension system, has provided social guarantees and financial stability to Ukraine's pension system, contributed to the development of the Ukrainian stock market, and provided the economy with long-term financial resources.

Weaknesses in the operation of the government bond market have been eliminated, resulting in increased demand and overall confidence in



domestic financial instruments among investors. The issue of the operation of the derivatives market has been comprehensively resolved, enabling the introduction of fully functional hedging mechanisms. Thanks to the implementation of these reforms, the quantitative indicators that characterize the state of capital markets have increased. In particular, the volume of trades in "classic" corporate securities, including on the organized market, has increased. The number of issuers whose securities have been included in the listing of organized markets has also increased.

Reforms have been carried out in all segments of the financial sector: banks, nonbank financial institutions, and capital markets. All segments of the financial market have been cleared of problematic institutions. The solvency of participants has been increased. The stability of the financial system has been strengthened. Customer confidence in market participants has been restored. Ukraine's financial sector is transparent, competitive, stable, high-tech, profitable, and diverse. Compliance has been ensured with EU standards in consumer protection, licensing, supervision and control, the recovery of insolvent financial institutions, the application of corrective actions, and the resolution of problematic financial institutions. The supervision of activities in the insurance market has been strengthened. Agricultural producers have been provided with high-quality insurance protection. The state planning and regular financing of subsidized agricultural insurance programs have been introduced in Ukraine. A transparent and stable mutual lending market has been created. The directions of credit unions' business activities have been improved and expanded. EU directives, in particular EMIR, CSDR and MIFID II, and MIFIR have been implemented to ensure the development of the trading, depository, settlement, and clearing infrastructure of the capital markets. In order to mitigate risks in financial markets and protect the rights of investors at the legislative level, regulation of the activities of rating agencies and benchmark administrators has been brought into line with EU standards. Hryvnia financial instruments have been integrated with the global financial markets.

The tax system has been reformed, including voluntary declarations, and the OECD's BEPS action plan has been implemented under its Enhanced Cooperation Program with Ukraine. The de-shadowing of the Ukrainian economy continues.

The financial and banking system performs the function of financial intermediation effectively. A favorable business environment has been created in Ukraine. Under conditions of low inflation, economic growth is stable and of high quality. GDP growth, extended lending to the real sector of the economy, and the increased solvency of private consumers contribute to ensuring macrofinancial stability and the capitalization of the banking system and nonbank financial services market. A legal framework has been created for the development of the secondary credit market, defining the principles of asset resolution activities and mechanisms for dealing with rights of claim and the redemption of problem assets. The mechanism of securitization of financial and other assets has been introduced, as has a mechanism for the securitization of mortgage assets. The volume of lending to small- and medium-sized businesses has come closer to the average level in CEE countries, thanks to cheaper credit resources and the increased transparency of operations and reporting.

Capital markets are transparent: there is public access to aggregated information on all transactions in financial instruments; in particular, a trading repository and data warehouse have been created. Exchange, settlement, and clearing infrastructure serves all major markets for underlying assets – both the capital markets and organized commodity markets – including markets for energy, grains, metals, chemicals, timber, and more. Collective investment activities are carried out in line with European standards. "Classic" investment funds – UCITS, money market funds, venture capital funds, and hedge funds – have been introduced.

The development of technology and e-commerce, and the use of smartphones and digital currencies have led traditional banking and financial instruments

to transition into the virtual space. Bringing the regulation of payment market infrastructure into line with EU standards has contributed to the development and a reduction in the cost of cashless payments, and the creation of a large number of FinTech companies in Ukraine. A Sandbox has been created at the NBU to stimulate the development of FinTech companies. The regulation of crowdfunding and operations with virtual assets has been introduced. Due to rapid changes in the needs of financial market participants, traditional payment activities have switched into digital formats. The volume of cashless payments has increased (the share of cashless transactions in the volume of total transactions is 75%). Financial services have been made available 24/7, regardless of the client's location, thanks to various methods of remote identification. Competition among FinTech companies in the financial market has increased. New IT solutions and tools have emerged in the financial sector, including regulatory and supervisory technologies. One of the priorities of financial sector regulators is ensuring the cybersecurity of the payment, depository, and exchange infrastructure. Digitalization in the financial sector is driving the development of the digital society in Ukraine.

Public confidence in the financial sector has been restored. Financial literacy has been increased. To improve their wellbeing, individuals are actively and consciously using modern financial instruments. The use of digital technologies has increased the number of citizens who have a basic current account with a bank and who carry out transactions with financial instruments (the ratio between the number of active accounts and the size of the adult population should equal 80% in 2025).

Financial market regulators have introduced the regulation of new and modern areas of FinTech – InsurTech and WealthTech – and lending platforms, as well as the regulation of crowdfunding activities. As a result, current international trends in Machine Learning and Artificial Intelligence are present and used directly in FinTech. EU standards pertaining to the PSD2 Directive, the ISO20022 standard, and instant payments have been implemented, making it possible to increase competitiveness in the financial market and to expand the range of financial services. A concept for the use of the e-hryvnia (Central Bank Digital Currency (CBDC)) at the national level has been developed.

As part of SupTech and RegTech, the simpler, faster, and more efficient enforcement of regulatory requirements for financial market participants has been introduced. The regulator has identified development vectors and uses innovative tools to collect, process, and visualize data received from reporting entities.

Open and consolidated registers that combine information from alternative sources have been created and are operating. These registers are widely used by financial market players to identify customers and automate business processes. At the legislative level, rules have been set for the use of open APIs, and a strategy has been approved for their use by all financial market participants. A legislative framework has been created for the development of BigTech. The activities of these players are regulated, and ensure cybersecurity and the proper protection of sensitive consumer data.

# STRATEGIC GOALS, EXPECTED OUTCOMES, AND WAYS OF IMPLEMENTATION OF THE STRATEGY OF UKRAINIAN FINANCIAL SECTOR DEVELOPMENT UNTIL 2025

Strategy 2025 aims to promote sustainable economic growth in Ukraine, ensure macrofinancial stability, make the financial system more reliable and technologically advanced, reach European standards on the financial market,

increase confidence in the financial market, and implement EU-Ukraine Association Agreement and other international agreements Ukraine is a party to.

Table. Performance indicators for strategic goals of Strategy 2025

Strategic direction	No.	Strategic goals	Performance indicators	Category <sup>1</sup>	Current value of an indicator (as of the last date available)	Target value of the indicator as of 01.01.2025
<b>I. Financial stability</b>	1	<b>Effective regulation of the financial sector and improvement of supervisory approaches</b>	Transition to an integrated model of supervision and regulation	C	A sectoral model is applied	Financial sector supervision and regulation are conducted based on an integrated model
			Implementation of supervision and regulation requirements envisaged in the EU-Ukraine Association Agreement	C	The requirements are being implemented according to the schedule	Supervision and regulation is carried out in line with the requirements set forth in the EU-Ukraine Association Agreement

<sup>1</sup> Category shall be determined based on the impact of an organization (NBU or other regulator) on achieving the target value of the indicator: O (Organization) means that the target achievement indicator depends mostly on actions from one regulator. It does not require actions from other authorities in order to achieve the target. C (Cooperation) means that the achievement of the target value of the indicator resulted from regulator's cooperation with other state authorities / associations / market. M (Market) means that the indicator depends on market response to regulators' actions.

	Signing the Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information (IOSCO Memorandum)	C	The memorandum has not been signed.	IOSCO Memorandum has been signed.
	Implementation of the European legal acts on counteracting capital market abuse	C	Not implemented	Laws on counteracting capital market abuse complies with the EU's MAR and MAD
	Implementation of the deposit guarantee system for members of credit unions and guaranteed payouts under universal life insurance agreements	C	Not implemented	The deposit guarantee system for members of credit unions and guaranteed payouts under universal life insurance agreements have been implemented.
	Creating a mechanism for resolving insolvent nonbank financial institutions	C	Not created	A mechanism for resolving insolvent nonbank financial institutions has been created
	Introducing compensation schemes to protect investors on the stock market	C	Not implemented	Compensation schemes to protect investors on the stock market have been created and are functioning

		Implementing oversight of the stock market infrastructure	C	Not implemented	Oversight of the equity market infrastructure has been implemented (for the central depository, securities settlements system, central counterparty, and trade repository) on a regular basis
		Implementation of supervision fees on the stock market	O	Not implemented	Financial capacity of the National Securities and Stock Market Commission has been ensured
2	<b>Transparent financial sector</b>	Implementing in Ukraine an Action Plan on counteracting base erosion and profit shifting (the BEPS Action Plan)	C	A draft law prepared	A draft law on implementing the BEPS Action Plan adopted and backed by secondary legislation
		Adopting the international standard for the Automatic Exchange of Information (AEOI)	C	A draft law prepared	Cross-border exchange of information is done under the Common Reporting Standard
		Reducing shadow economy	M	30% of GDP (according to MoE estimates for 2018)	No more than 20% of GDP
3	<b>Financial sector's resilience to challenges (shocks)</b>	Reducing NPLs in the banking system	M	52.9%	No more than 10% of the total loans

		Net foreign currency loans (business entities and individuals) of the total net loans	M	41.4%	No more than 30%
		Foreign currency deposits (business entities and individuals) of the total deposits	M	41.7%	No more than 30%
		Eligible assets within the total assets of insurance companies	M	73% (as of 30 September 2019)	Not lower than 80%
4	<b>Increasing the quality of corporate governance and risk management in the financial sector</b>	Ensuring transparent ownership structure of the financial sector participants	C	fully transparent (100%) bank ownership structures  Not implemented for other participants of the financial sector	100% of financial sector participants have a transparent ownership structure
		Implementing common standards for corporate governance and internal controls system for financial sector participants, taking into account the principle of proportionality	C	Not implemented	Common standards (framework) for corporate governance and internal control system have been introduced

		Introducing a system for the assessment of the social and environmental risks of borrowers in banks	C	Not implemented	Developed and approved standards for assessing the social and environmental risks of borrowers in banks	
<b>II. Macroeconomic development</b>	1	<b>Ensuring the sustainability of public finances</b>	Total public debt	C	52.3% of GDP	No more than 40% of GDP
			Proportion of hryvnia-denominated public debt	C	33.4%	Not lower than 50%
			Gradual reduction in the state budget deficit	C	2,1% (2019)	1,5% (2024)
			Share of state-owned banks in the banking system's assets	M	60.1%	No more than 25%
	2	<b>Support of lending to the economy</b>	Ratio of net bank loans to GDP (businesses and households)	M	16.5%	22%
			Penetration level of SME lending	M	1.4% from GDP <sup>2</sup>	3% of GDP

<sup>2</sup> Calculated level of net loans to SMEs that do not belong to groups of legal entities under joint control or to groups of related counterparties.

		Penetration level of nonbank lending	M	<1.9 of GDP	No less than 3% of GDP
		Penetration level of financial leasing	M	<0.6 of GDP	No less than 2% of GDP
3	<b>Protection of the rights of creditors and investors</b>	Ukraine is rated higher in the Protecting Minority Investors category of the World Bank's Doing Business report	C	45 (2020)	Top 20
		Ukraine is rated higher in the Resolving Insolvency category of the World Bank's Doing Business report	C	146 (2020)	Top 50
		Implementation of an effective out-of-court recovery of collateral (pledge, mortgage)	C	Not implemented	Implemented
4	<b>Creating conditions for raising long-term funding for the economy</b>	"Classic" investment funds – UCITS, money market funds, venture capital funds, and hedge funds – have been introduced	C	Not implemented	The "classic" investment funds have been created and are operating



		Ukraine has ranked higher in the Venture Capital Availability component of the IGC World Economic Forum rating	C	92 (2018)	First 60 positions	
		Proportion of pension assets with private pension funds	M	0.08% of GDP in 2018	No less than 1% of GDP	
		Proportion of life insurance by legal entities and individuals in the total received amount of net insurance premia	M	10.9% of GDP in 2018	No less than 20%	
<b>III. Financial inclusion</b>	1	<b>Enhancing the accessibility and level of financial services usage</b>	Opened bank base accounts/adults	M	63%	80%
			Cash(MO)-to-GDP ratio	M	9.2%	No more than 7.5%
			Cashless card transactions (P2P inclusive)-to-overall number of transactions ratio	M	81.9%	Not lower than 85%

		Cashless card transactions (P2P inclusive)-to-overall number of transactions ratio	M	49.7%	65%
2	<b>Enhancing the protection of consumer rights in financial services</b>	Disclosure index including a variety of disclosure requirements <sup>3</sup>	C	2.0	5.0
		Level of public confidence in financial system	M	≈10%	60%
3	<b>Improving the financial literacy of the general public</b>	Financial literacy index of households <sup>4</sup>	M	11.6	12.5
<b>IV. Development of Financial Markets</b>	1	<b>Promoting nonbank financial services markets</b>			
		Assets of public CIU	M	0.1% of GDP	Not lower than 5% of GDP
		Insurance penetration level	M	1.4%	Not lower than 2% of GDP

<sup>3</sup> World Bank consumer protection survey, a sum of existing requirements relating to: (a) plain language requirement (e.g. understandable requirements, no hidden clauses), (b) local language requirement, (c) prescribed standardized disclosure format, (d) protection of rights and processes, (e) total rate to be paid for a loan (basic costs plus commission, fees, insurance, and taxes)]

<sup>4</sup> [OECD Survey of financial literacy]

		The amount of accumulative pension provision assets	M	<0.1 of GDP	Not lower than 2% of GDP
		Cancellation of insurance types, inc. mandatory ones, and transition to insurance classes	C	43 mandatory types	Transition to insurance classes has taken place
		Establishing legislative regulation for market of contracts for difference (CFD)	C	Not implemented	Laws and regulatory framework have been established for the CFDs market
		Establishing regulation for the cryptoassets market	C	Not implemented	Laws and regulatory framework have been established for the cryptoassets market
2	<b>Efficient infrastructure of capital markets</b>	Ukraine is rated higher in the Development of Financial Market category of the World Economic Forum's IGC report	C	117 (2018)	First 50 positions
		National general agreements that are compliant with GMRA & ISDA standards have been approved	C	Not implemented	General agreements GMRA & ISDA have been approved and are being used in practice

		Core elements of infrastructure of capital markets, except for central depository, have been deprived of monopoly, which stipulated by the law	C	Legislative monopoly on post-trading infrastructure of capital markets	Amendments that cancel monopoly in core elements of capital markets infrastructure (except for central depository) have been introduced.
		Depository, clearing and settlement infrastructure is self cost-recoverable	M	Not implemented	Depository, clearing and settlement infrastructure is self cost-recoverable
		International standards for the functioning of capital markets infrastructure have been gradually established	C	Not implemented	The operation of capital markets infrastructure has been improved in line with the international standards, i.e. the requirements of CSDR, EMIR, MIFID II, MIFIR, PFMI
		The market of infrastructure bonds including green bonds has been established in Ukraine	M	Not implemented	The infrastructure bonds including green bonds have been issued in Ukraine

3	<b>Introducing liquid markets for financial instruments and mechanisms/ instruments of mitigating the risks of financial transactions</b>	Calculation of yield curve of domestic T-bonds&bills has been established on the ongoing basis	O	Not implemented	Calculation of yield curve of domestic T-bonds&bills is carried out on the ongoing basis
		Availability of trading platform/platforms in order to ensure anonymous pricing at T-bonds&bills market	O	N/A	Trading platform serves not less than 30% from average daily volume of trading
		Conducting initial public offering in Ukraine and public offering of corporate bonds	M	Not conducted	Initial public offering in Ukraine and public offering of corporate bonds have been conducted
		Ukraine is rated higher in the Market Capitalization category of the World Economic Forum's IGC report	C	77 (2018)	First 60 positions
		Documents of title have been put in circulation	M	Not implemented	Legal framework has been created to circulate documents of title
		Securitization has been conducted in line with the new legislation	M	Only securitization of mortgage bonds has been legally defined	Legal framework for securitization has been ensured

		The closeout netting has become possible to be implemented	C	Not ensured	Legal framework for closeout netting has been ensured
		Functioning of derivative financial instrument markets has been provided (derivative contracts and derivative securities)	C	Not ensured	Legal framework for derivative financial instrument markets has been provided (derivative contracts and derivative securities)
4	<b>Integrating Ukraine's financial market into global finance</b>	Full implementation of road map of currency liberalization	C	Road map to regulate the currency liberalization has been approved	Currency operations are carried out with no limitations
		Inclusion of Ukrainian securities into international index of emerging markets	C	Not included	Ukrainian securities have been included into the international index
		The Ukrainian financial market has been qualified by FTSE as Advanced Emerging	C	The Ukrainian market has not been qualified as Advanced Emerging	According to FTSE ranking, the Ukrainian financial market has been awarded with Advanced Emerging status

		Inclusion of international financial institutions into the list of primary dealers at T-bonds&bills market	C	Not included	Included	
<b>V. Innovative market</b>	1	<b>Developing the open architecture of the financial market and oversight</b>	The Law of Ukraine <i>On Payment Services</i> adapted to EU Directive PSD2 has been passed and implemented	C	The law <i>On Payment Services</i> is being drafted	The Law has been adopted and implemented
			Establishing Open Banking Standards in the market of Ukraine	C	Not implemented	No less than 80% of payment services providers work in Open Banking
			Implementing new standards and payment formats (ISO 20022)	C	Not implemented	New ISO 20022 has been introduced
			Establishing QR code for fund transfer	C	Not implemented	Rules for the use of QR code in fund transfers have been approved and implemented
			Expanding operating procedure of SEP 24/7	C	from 8.30 a.m. to 7 p.m. on working days	SEP operates 24/7

		Introducing instant payments	C	Not implemented	Implemented
		Percentage of banks issuing PROSTIR NPS cards	M	21.5%	Over 70%
		Level of acceptance of PROSTIR NPS cards in Ukraine	M	POS – 98%, ATM – 86%, e-com, p2p <50%	Over 99%
2	<b>Developing the FinTech market, digital technologies, and regulator platforms</b>	Establishing and functioning of regulatory Sandbox in the NBU	C	NBU Expert Council for communication with innovative companies and projects has been created	Regulatory Sandbox in the NBU has been established and is functioning. Amendments to the laws have been introduced
		Developing and regulating platforms for crowdfunding	C	Is not regulated	Crowdfunding companies are governed by the relevant regulations
3	<b>Developing SupTech&amp;RegTech</b>	Introducing technologies in supervision of SupTech&RegTech	O	Not applicable	SupTech&RegTech is actively used in supervision



		Implementing data-centric model to detect AML/CTF transactions	O	Not implemented	The model has been created and is operating
		Launching e-cabinet to cooperate with financial institutions	C	N/A	Launched
		Creating a register of insurance intermediaries	O	N/A	Launched
4	<b>Developing e-economy</b>	Free access of regulators and participants of financial market to public databases has been ensured	C	Not ensured	Access to databases has been ensured and is being used
		Centralized online database of insurance agreements has been created. The insurance agreements should obligatory be available in line with the laws. The online database enables to control the concluding process and validity period of insurance agreements	C	Not created	The database has been created and access has been provided

		Increasing a number of member banks in NBU BankID	M	22.5% (by total assets)	Not lower than 70% (by total assets)
		Percentage of motorized vehicle accidents, that had been regulated by European accident statement	M	33.5%	Not lower than 50%
		Percentage of Compulsory insurance of civil and legal liability contracts concluded online	M	~5%	100%

Financial Development Committee of the Financial Stability Council shall be an instrument of control and monitoring in implementation of Strategy 2025. Heads of regulators of financial sector will participate in Financial Development Committee, while the NBU Governor will coordinate its activity. The committee has been created in line with the Memorandum of Understanding and Cooperation signed by major performers of the financial sector. Establishing a single center for monitoring and control over the implementation of Strategy 2025 will help coordinate the activity of members, determine common lines to fulfill the projects, apply a transparent mechanism of decision-making and common standards of project management. The Committee shall meet at least four times a year.

**Additionally.** To ensure executive discipline, the participants responsible for implementation of projects will have meetings with the relevant experts invited. The Committee shall approve decisions subject to consent from all financial sector regulators, formalize its decisions in the Minutes and send them to be followed in daily operations. Participants responsible for the implementation of projects shall ensure compliance with the Committee’s decisions. The participants shall submit quarterly reporting forms on the implementation of projects and report about projects’ implementation status at the Committee’s meetings. Strategy 2025 may be updated by a Committee’s decision, when macroeconomic or market situation significantly changes and/or new actions and instruments to implement Strategy 2025 are required.

# ROADMAP FOR THE IMPLEMENTATION OF THE STRATEGY OF UKRAINIAN FINANCIAL SECTOR DEVELOPMENT UNTIL 2025

In order to achieve the goal and meet the objectives of Strategy 2025, the responsible institutions will, within the set deadlines, implement the measures and actions included in the Roadmap for the implementation of Strategy 2025. The implementation of specific roadmap activities and actions has an indirect

impact on the achievement of the targets set out in Section III of Strategy 2025. The monitoring of the indicators is intended to obtain a top-level vision of how fast they approach or whether they have achieved the targets for each of the declared goals of Strategy 2025.

Table. Strategy 2025 implementation roadmap

Item No.	Measures	Actions	Start date	Implementation date	Responsible authorities <sup>1</sup>
<b>Strategic direction: I. Financial stability</b>					
<b>Strategic objective: 1. Effective regulation of the financial sector and improvement of supervisory approaches</b>					
1.1.1	Improving the model of financial sector regulation	(i) Carry out the action plan to implement the Law of Ukraine <i>On Amendments to Certain Laws of Ukraine on the Consolidation of Functions of the State Regulation of the Financial Services Markets</i>	1 January 2020	31 December 2020	NBU, NSSMC, NCFS
		(ii) Improve the regulation of the financial market of Ukraine and eliminate regulatory arbitrage	1 January 2020	31 December 2024	NBU, NSSMC, NCFS

<sup>1</sup> The NCFS is to carry out roadmap measures by 30 June 2020 (at which time its functions will be split between the NBU and NSSMC in accordance with the Law of Ukraine On Amendments to Certain Laws of Ukraine Regarding the Improvement of the Functions of the State Regulation of Financial Services Markets).

<b>1.1.2</b>	<b>Increasing the institutional capacity and independence of regulators and the DGF</b>	<b>(i)</b> Draw up draft laws aimed at introducing/clarifying the NBU's powers in the regulation of nonbank financial services markets within the purview defined by Ukrainian law	1 January 2020	31 December 2021	NBU
		<b>(ii)</b> Prepare proposals for legislative changes in order to provide for the NBU's oversight of the Central Securities Depository, settlement systems for securities transactions, the central counterparty, and the trade repository	1 January 2021	31 December 2022	NBU, NSSMC
		<b>(iii)</b> Take steps to increase the institutional and financial independence of the NSSMC	1 July 2020	31 December 2022	NSSMC
		<b>(iv)</b> Strengthen the powers of regulators to effectively prevent and punish abuses in the financial sector, including by empowering them to carry out inquiries into financial instruments fraud	1 January 2020	31 December 2022	NBU, NSSMC
		<b>(v)</b> Resolve the debt of the Deposit Guarantee Fund	1 January 2020	31 December 2024	MoF, DGF, NBU

		(vi) Establish within the regulators an effective system for preventing conflict of interest in their conduct of supervision (oversight), the management of their share in the capital of entities comprising the financial sector's infrastructure, and the performance of other regulatory functions	1 January 2020	31 December 2023	NBU, NSSMC
1.1.3	Harmonization of regulatory requirements, and international cooperation	(i) Implement the regulatory requirements of the Association Agreement between Ukraine and the EU, in particular on licensing, capital requirements, liquidity, disclosure, and qualification requirements	1 January 2020	31 December 2024	NBU, NSSMC, NCFS
		(ii) Raise the level of international cooperation (including with foreign regulators, EBA, EIOPA, ESMA, and IAIS) in the regulation and supervision of the banks, nonbank financial institutions	1 January 2020	31 December 2024	NBU, NSSMC, NCFS
		(iii) Ensure Ukraine's accession to the IOSCO Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information	1 July 2020	31 December 2021	NSSMC

		(iv) Tighten the requirements and improve the licensing procedure for nonbank financial institutions in line with EU regulations, in particular as regards verifying the transparency of ownership structures of professional stock market participants, as well as the business reputation of officials and participants (shareholders) with qualifying holdings	1 January 2020	31 December 2022	NBU, NSSMC, NCFS
1.1.4	Developing the supervision and oversight of the financial sector, and combatting abuse	(i) Implement the risk-based approach to the supervision of nonbank financial institutions while adhering to the principles of proportionality, prospective review, professional judgment, and early identification of and response to potential risks	1 January 2021	31 December 2024	NBU, NSSMC
		(ii) Legislate the definition of systemically important nonbank financial institutions. Identify specific regulatory and supervisory requirements for systemically important non-bank financial institutions	1 January 2020	31 December 2021	NBU, NSSMC, NCFS
		(iii) Enact a broader functionality of the NBU Credit Register: increase the number of participants of the NBU Credit Register by adding nonbank financial institutions reduce the debt limit that triggers the transfer of information to the NBU Credit Register expand the list of parameters and data that are filed with the NBU Credit Register and made available to the banks and other credit institutions	1 January 2020	31 December 2022	NBU

		(iv) Improve the tools for controlling the transactions of individuals associated with financial sector participants	1 January 2021	31 December 2021	NBU, NSSMC
		(v) Introduce regulations for combatting capital market abuse, including the manipulation of capital markets and organized commodity markets and the use of insider information, including in line with MAR and MAD	1 January 2021	31 December 2022	NSSMC
		(vi) Introduce the oversight of payment instruments in line with international standards	1 January 2021	31 December 2024	NBU
		(vii) Ensure the development of the monitoring of significant financial market infrastructures	1 July 2020	31 December 2024	NBU, NSSMC
		(viii) Put in place a system for cash circulation monitoring	1 April 2020	31 December 2022	NBU
1.1.5	Improving the deposit guarantee system and the resolution of the insolvent financial institutions	(i) Establish a system for guaranteeing the deposits of credit union members and payments under universal life insurance agreements	1 January 2020	31 December 2022	DGF, NBU
		(ii) Improve the bank customer deposit guarantee system	1 January 2022	31 December 2022	DGF, NBU

		(iii) Introduce a mechanism for forward-looking planning, a mechanism for the early detection of bank problems, and a mechanism for early intervention and bank insolvency resolution	1 January 2020	31 December 2022	NBU, DGF
		(iv) Introduce recovery and resolution procedures for nonbank financial institutions, including professional stock market participants, in accordance with the BRRD	1 January 2021	31 December 2023	NSSMC, NBU, DGF
		(v) Introduce compensation mechanisms to protect stock market investors in accordance with EU regulations	1 January 2022	31 December 2024	NSSMC

### Strategic goal 2. Transparent financial sector

<b>1.2.1</b>	<b>Increasing the openness of information sharing between financial sector regulators and government agencies</b>	(i) Improve the exchange of information between regulators and other government authorities: -determine the scope of information assets that financial sector participants need to access to fulfill their functions -identify, process, and eliminate legislative (access to information, legitimacy of information obtained) and technical (including information protection) barriers to the electronic exchange of relevant information	1 January 2020	31 December 2023	NBU, NCFS, NSSMC, CMU, DGF, State Fiscal Service of Ukraine (SFSU)
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		(ii) Enhance cooperation between regulators on streamlining disclosure requirements for financial ecosystem entities, in particular iXBRL	1 January 2020	31 December 2024	NSSMC, NBU, NCFS
1.2.2	BEPS Action Plan implementation in Ukraine	(i) support the adoption of the Draft Law <i>On Amendments to the Tax Code of Ukraine</i> in order to implement the Plan to Counteract Base Erosion and Profit Shifting	1 January 2020	31 December 2020	NBU, MoF, MoDT
		(ii) Prepare and adopt regulations to ensure the implementation of the adopted law	1 January 2020	31 December 2022	MoF, SFSU, NBU, NSSMC
		(iii) Improve the technical support of supervisory authorities to carry out the implemented steps of the BEPS Action Plan	1 January 2020	31 December 2024	SFSU
		(iv) Improve the professional qualifications of supervisory authorities to carry out the implemented steps of the BEPS Action Plan	1 January 2020	31 December 2024	SFSU, MoF, NBU
		(v) Continue the participation of Ukraine in the work of the OECD Committee on Fiscal Affairs (BEPS) to study and implement the current OECD recommendations	1 January 2020	31 December 2024	MoF, Ministry of Foreign Affairs of Ukraine (MFAU), SFSU

<b>1.2.3</b>	<b>Joining the international system for the exchange of financial account information</b>	(i) Prepare the regulations necessary to apply FATCA provisions	1 January 2020	31 December 2022	MoF, SFSU, NBU, NSSMC
		(ii) Undergo an assessment by the OECD's Global Forum on Transparency and Exchange of Information for Tax Purposes regarding the confidentiality and protection of information for the purpose of automatic exchange of information and implementation of recommendations based on evaluation results	1 January 2020	31 December 2020	SFSU, MoF, NBU, Ministry of Justice, SFMSU, NSSMC, NCFS
		(iii) Take steps to join the MCAA CRS agreement (Multilateral Convention on Mutual Administrative Assistance in Tax Matters. Common reporting standard)	1 July 2020	30 June 2022	MoF, SFSU, NBU
		(iv) Prepare appropriate regulations to implement the provisions of the MCAA CRS agreement (if necessary)	1 July 2022	31 December 2022	MoF, SFSU, NBU
		(v) Perform technical measures (based on performance specifications) required for the automatic exchange of information	1 January 2020	31 December 2022	SFSU, NBU

		(vi) Exchange financial information in line with the CRS standard	1 January 2023	On a continuous basis	SFSU, NBU
		(vii) Take steps to join the MCAA CbC agreement	1 July 2021	31 December 2023	MoF, SFSU
		(viii) Draw up appropriate regulations to implement the provisions of the MCAA CbC agreement (if applicable)	1 January 2024	30 June 2024	MoF, SFSU
		(ix) Ensure the exchange of country-by-country reports	1 July 2024	On a continuous basis	SFSU

### Strategic goal 3. Financial sector's resilience to challenges (shoks)

1.3.1	Ensuring control over credit risks	(i) Improve macroprudential capital instruments: -develop a tool and, if necessary, introduce a countercyclical capital buffer and a systemic risk buffer -set leverage ratio requirements	1 January 2020	31 December 2024	NBU
		(ii) Set capital requirements for the banks based on regular stress tests	1 January 2020	31 December 2022	NBU
		(iii) If necessary, set additional risk weights for certain risky types of loans	1 January 2020	31 December 2022	NBU

		(iv) Calibrate and, where appropriate, limit the loan-to-value ratio (LTV), the debt service-to-income ratio (DSTI), and the debt-to-income ratio (DTI)	1 January 2020	31 December 2022	NBU
<b>1.3.2</b>	<b>Increasing the resilience requirements for professional stock market participants</b>	(i) Increase financial soundness requirements for professional stock market participants in accordance with EU law (CRD IV and CRR)	1 January 2020	31 December 2024	NSSMC
<b>1.3.3</b>	<b>Preventing liquidity shortages</b>	(i) Introduce the Net Stable Funding Ratio (NSFR)	1 January 2020	31 December 2021	NBU
		(ii) Introduce a survey of funding sources	1 January 2020	31 December 2021	NBU
		(iii) Develop approaches to liquidity stress testing and liquidity buffer calibration	1 January 2020	31 December 2022	NBU
<b>1.3.4</b>	<b>Limits on risk concentration</b>	(i) Calibrate and, if necessary, introduce additional capital requirements in the event of significant concentrations in particular sectors or types of loans	1 January 2020	31 December 2022	NBU

1.3.5	Managing the systemic impact of distorted incentives and ensuring competition	(i) Implement a system to monitor systemically important financial institutions	1 January 2020	31 December 2022	NBU
		(ii) Develop tools and, where appropriate, introduce additional liquidity requirements for systemically important banks	1 January 2020	31 December 2022	NBU
		(iii) Develop macroprudential regulation tools for the nonbank financial sector	1 January 2021	31 December 2023	NBU, NSSMC

**Strategic goal 4. Increasing the quality of corporate governance and risk management in the financial sector**

1.4.1	Improving corporate governance of financial sector participants	<p>(i) Establish uniform corporate governance standards for financial sector participants in accordance with the principle of proportionality:</p> <ul style="list-style-type: none"> <li>-develop and approve corporate governance standards for financial sector participants, taking into account the principle of proportionality</li> <li>-conduct market communications on approved corporate governance standards related to the implementation of the principle of proportionality</li> <li>-amend regulations and develop recommendations/rules on the application of the principle of proportionality</li> </ul>	1 January 2020	31 December 2021	NSSMC, NBU, NCFS, MoF
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		<p>(ii) Ensure the further improvement of the internal organization of corporate governance in the banks (based on corporate governance standards for financial sector participants):</p> <ul style="list-style-type: none"> <li>-make necessary changes to laws and regulations, in particular regarding the further strengthening of the role and the extension of the functions of the banks' supervisory boards and internal audit units</li> <li>-introduce regular (periodic) assessments by the NBU and supervisory boards of the performance of the banks' management bodies (in particular, the supervisory board, the board, management units, compliance units, internal audit units, the assessment of the collective suitability of the supervisory board and the board, etc.)</li> </ul>	1 January 2022	31 December 2023	NBU
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		<p>(iii) Increase the level of corporate governance in nonbank institutions (based on common corporate governance standards for financial sector participants, except for professional stock market participants):</p> <ul style="list-style-type: none"> <li>-develop and approve a concept of corporate governance in nonbank institutions that provides for the introduction of special requirements for the corporate governance of participants belonging to individual segments of the financial services market, the criteria for choosing a full or simplified model of corporate governance, the assessment of professional suitability of members of management and supervision bodies</li> <li>-conduct communications with the market regarding the approved Concept of Corporate Governance in nonbank institutions</li> <li>-amend laws and regulators' regulations in line with the approved Concept of Corporate Governance in nonbank institutions</li> <li>-assess the condition of corporate governance in existing licensed entities and bring it into compliance with the updated requirements</li> </ul>	1 January 2021	31 December 2023	NBU
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		<p><b>(iv)</b> Improve the exchange and disclosure of information in financial institutions:</p> <ul style="list-style-type: none"> <li>-expand the rights of the members of financial institutions' supervisory boards to familiarize themselves with documents and information about financial institutions' activities, including access to operations automation systems, access to information from executives and employees on issues arising in the course of the performance of their duties</li> <li>-introduce transparency standards in the activities of financial institutions, in particular regarding the provision of sufficient information to users</li> <li>-expand the responsibility of the financial institutions to inform the market about major changes in the financial institutions, ensure the timely, reliable, and detailed disclosure of the financial standing, profitability, risk vulnerability, and corporate governance practices of the financial institutions</li> <li>-extend the responsibility of financial institutions to inform the regulator, in particular in the event of approval of the financial institution's strategy, business plan, and other key internal documents</li> </ul>	1 January 2021	31 December 2023	NBU, NSSMC, NCFS, MoF
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1.4.2	Strengthening the internal control system for financial sector participants	<p>(i) Ensure the further development of a comprehensive, adequate, and efficient system of internal control of financial institutions, taking into account the principle of proportionality:</p> <ul style="list-style-type: none"> <li>-identify and implement the levels of internal control in financial institutions</li> <li>-develop and approve standards for building a comprehensive, adequate, and efficient internal control system of financial institutions, taking into account the principle of proportionality</li> <li>introduce requirements for the establishment in financial institutions of an internal control system that includes subsystems for compliance, risk management, and internal audit, taking into account the principle of proportionality</li> <li>-strengthen the functions of the supervisory board to ensure the establishment of an effective internal control system, in particular to ensure control over the strategies and functions of risk management, compliance, internal audit, and the regular internal evaluation of the efficiency of corporate governance and the construction of the internal control system</li> </ul>	1 January 2020	31 December 2023	NBU, NSSMC, Ministry of Economic Development
		<p>(ii) Improve the systems for conflict of interest management in the financial institutions:</p>	1 January 2020	31 December 2023	NBU, NSSMC, NCFS

		<p>introduce improved requirements for the organization of a system for the detection, prevention, and management of conflicts of interest in the financial institutions</p> <p>implement a mechanism for the confidential reporting of unacceptable behavior in a financial institution and for response to such notifications (the institution of whistleblowers)</p>			
<b>1.4.3</b>	<b>Improving the efficiency of the investor rights enforcement system</b>	<p><b>(i)</b> Provide for the further harmonization of laws governing companies and the improvement of shareholder rights protection:</p> <ul style="list-style-type: none"> <li>-reduce the threshold size of a block of shares that entitles its owner to demand the convocation and holding of extraordinary general meetings of shareholders</li> <li>-provide for the procedure of holding a general meeting of shareholders by electronic means</li> <li>-provide for the implementation of procedures in the event of a significant reduction of equity by a joint stock company</li> <li>-provide for the existence of a model for the one-tier structure of joint-stock company management</li> <li>-bring the conditions, procedures, and consequences of the mergers, acquisitions, divisions, and spinoff of joint-stock companies in line with EU regulations</li> <li>-increase the responsibility of joint-stock company executives and facilitate the filing of lawsuits by shareholders</li> </ul>	1 January 2020	31 December 2022	NSSMC

		(ii) Improve corporate governance principles in line with international standards, in particular the OECD and ESG	1 January 2020	31 December 2020	NSSMC
		(iii) Introduce new mechanisms to protect bondholder rights, including through the legal regulation of the relationship between the issuer and the investor	1 January 2020	31 December 2022	NSSMC
1.4.4	Introducing social and environmental responsibility	(i) Introduce systems for the assessment of the social and environmental risks of borrowers in the banks: develop and approve standards for the assessment of the social and environmental risks of borrowers in the banks conduct communications in the market regarding the approved standards of assessment of social and environmental risks of borrowers in banks	1 January 2020	31 December 2024	NBU, NSSMC, Ministry of Economic Development, MoF

### Strategic direction: II. Macroeconomic development

#### Strategic goal 1: Ensuring the sustainability of public finances

2.1.1	Pursuing a sound fiscal policy and coordination in a budgeting framework	(i) Increase the time horizon of STA cash flow forecasts to 6 months and enhance their reliability	1 January 2020	31 December 2020	MoF
		(ii) Ensure that government spending is spaced out evenly throughout the year	1 January 2020	31 December 2020	MoF

		(iii) Strengthen coordination in the preparation of strategic fiscal and monetary policy documents; in particular, introduce fully functional medium-term budgetary planning as an element of convergence of fiscal and monetary policy objectives	1 January 2020	31 December 2024	MoF, NBU, Ministry of Economic Development
		(iv) Enhance the NBU's involvement in budgeting (in the short and medium terms) with regard to addressing fiscal risks and developing alternative monetary policy scenarios as part of the operation of the Financial Stability Council	1 January 2020	31 December 2024	MoF, NBU
2.1.2	Ensuring debt sustainability and reducing fiscal risks	(i) Extend the average maturity and provide a uniform schedule for the repayment of public debt	1 January 2020	31 December 2024	MoF
		(ii) Gradually migrate to issuing only hryvnia treasury bonds and bills	1 January 2020	31 December 2024	MoF
		(iii) Ensure that risks to public debt are monitored	1 January 2020	31 December 2024	MoF
2.1.3	Development of the domestic market for government securities	(i) Ensure the development of the institution of primary dealers, including the obligation to keep firm anonymous quotations, and introduce the institution of market makers	1 January 2020	31 March 2021	MoF, NBU, NSSMC

		(ii) Create and launch the Debt Agency of Ukraine, which will ensure the introduction of active public debt management instruments in the domestic market (in particular, repo, switch, and buy-back transactions)	1 January 2020	31 December 2021	MoF, NSSMC, NBU
		(iii) Conduct auctions to place domestic treasury bills and bonds on the international trading platform, and ensure that domestic treasury bills and bonds are included in the JP Morgan GBI-EM Index	1 January 2020	31 December 2024	MoF
		(iv) Decrease the number of domestic treasury bills and bonds in circulation while increasing the liquid volume of each issue	1 January 2020	31 December 2021	MoF
		(v) Expand the range of sovereign debt instruments denominated in domestic currency	1 January 2020	31 December 2024	MoF, NBU, NSSMC
<b>Strategic goal 2: Support of lending to the economy</b>					
<b>2.2.1</b>	<b>Support of lending to SMEs</b>	(i) Introduce the publication of the annual SME Credit Report (covering changes in lending volumes, loan demand, financing objectives, investment sources, the supply and cost of credit, and lending efficiency)	1 January 2020	31 December 2020	NBU

		(ii) Introduce new forms of SME reporting	1 January 2020	31 December 2024	Ministry of Economic Development, NBU
		(iii) Provide advisory support to commercial banks for the development or improvement of the SME lending system	1 January 2020	31 December 2024	NABU (by agreement)
		(iv) Streamline the operation of the unified credit register to improve the reliability of the information therein contained	1 January 2020	31 December 2020	NBU
		(v) Establish a single portal with information on all SME support programs	1 January 2020	31 December 2020	Ministry of Economic Development, MoF, German-Ukrainian Fund
		(vi) Unify SME segmentation criteria applied by banks and the NBU during the preparation of statistical reporting	1 January 2020	31 December 2020	NBU, NABU, German-Ukrainian Fund
2.2.2	Adapting IFIs' quasi-equity instruments for use in Ukraine	(i) Implement a project to provide partial credit guarantees to SMEs	1 January 2020	31 December 2021	Ministry of Economic Development, NBU
		(ii) Introduce a state program of preferential hryvnia microfinancing	1 January 2020	31 December 2021	Ministry of Economic Development, NBU

		(iii) Develop hryvnia lending models for SMEs	1 January 2020	31 December 2022	Ministry of Economic Development, NBU
		(iv) Transform the German-Ukrainian Fund into a phase-two SME Finance Facility for the implementation of national and international SME development programs through partner banks, leasing companies, and credit unions	1 January 2020	31 December 2021	MoF, Ministry of Economic Development, NBU
		(v) Involve local and regional administrations in the implementation of joint interest rate compensation programs for SME loans	1 January 2020	31 December 2022	Ministry of Economic Development, NBU
<b>2.2.3</b>	<b>Encouraging lending to agricultural businesses, including farms, against security of land</b>	(i) Develop draft laws on the introduction of land accounting, circulation, and valuation	1 January 2020	31 December 2020	Ministry of Economic Development
		(ii) Introduce a system for collecting, processing, and publicizing information on land prices and rents	1 January 2020	31 December 2020	Ministry of Economic Development
		(iii) Legislate the use of agricultural land as collateral	1 January 2020	31 December 2021	NBU

		(iv) Ensure the quality and reliability of public land registers	1 January 2020	31 December 2020	Ministry of Justice, NBU, NABU
		(v) Provide market participants with access to public land registers	1 January 2020	31 December 2020	Ministry of Justice, NBU, NABU
		(vi) Introduce a tool to reduce the cost of loans to agricultural producers for the purchase of land	1 January 2020	31 December 2020	Ministry of Economic Development, NBU
		(vii) Launch a fund to partially guarantee loans for the purchase of land	1 January 2020	31 December 2020	Ministry of Economic Development, MoF, NBU
<b>2.2.4</b>	<b>Syndicated lending development</b>	(i) Amend regulations on syndicated loan accounting, risk assessment, and risk distribution; identify prudential requirements for participants in this lending	1 January 2020	31 December 2020	NBU
		(ii) Unify and standardize the syndicated lending product	1 January 2020	31 December 2020	NBU, NABU



		(iii) Identify the potential volumes, directions, and conditions for granting government guarantees to projects financed by syndicated loans	1 January 2020	31 December 2024	CMU, Ministry of Economic Development
2.2.5	Reducing the barriers to mortgage lending	(i) Draw up mortgage lending laws to strengthen the protection of creditor rights and to resolve the issue of mortgage lending against security of construction in progress	1 January 2020	31 December 2020	MoCTD, Ministry of Justice, NBU
		(ii) Draw up legislative amendments to limit investor risk in the primary real estate market	1 January 2020	31 December 2020	MoCTD, Ministry of Justice, NBU
		(iii) Transform the State Mortgage Institution (SMI) into a mortgage agency to stimulate the secondary mortgage market	1 January 2020	31 December 2021	CMU
2.2.6	Export promotion	(i) Develop export financing for SMEs by attracting international donors	1 January 2020	31 December 2021	Ministry of Economic Development
		(ii) Establish local and central business support centers	1 January 2020	31 December 2021	Ministry of Economic Development

		(iii) Introduce an export risk insurance mechanism	1 January 2020	31 December 2021	Ministry of Economic Development
2.2.7	Stimulating the development of the nonbank 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 (CRDIV), 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 (CRR)	1 January 2020	31 December 2022	NBU, NCFS
		(ii) Develop legislative proposals to expand at the legislative level the list of services that credit unions can provide to their members	1 January 2020	31 December 2022	NBU, NCFS
		(iii) Differentiate regulatory requirements for financial institutions that engage in microfinancing and credit unions that do and do not attract contributions (deposits) from members of credit unions/financial companies	1 January 2020	31 December 2022	NBU, NCFS

<b>2.2.8</b>	<b>Building infrastructure to effectively manage problem assets</b>	(i) Ensure that legislation governing the sale of debt to financial companies is developed	1 January 2020	31 December 2021	MoF, NBU, NSSMC
		(ii) Promote changes in tax legislation that encourage the withdrawal of distressed assets from banks, including by transferring assets to special companies	1 January 2020	31 December 2021	MoF, NBU, NSSMC
		(iii) Optimize the taxation of transactions with assets and collateral for the benefit of creditors of financial institutions that are being liquidated and of other liquidation-related transactions	1 January 2020	31 December 2021	MoF, NBU, DGF

**Strategic goal 3: Protection of the rights of creditors and investors**

<b>2.3.1</b>	<b>Improving the obligations performance framework</b>	<p>(i) Draft proposals for improving laws related to material security (collateral, mortgage), in particular:</p> <ul style="list-style-type: none"> <li>- reduce the number of regulations (provide the relevant provisions solely in the Civil Code of Ukraine, while cancelling laws on mortgage, collateral, satisfaction of creditors' claims and registration of encumbrances, etc.)</li> </ul>	1 January 2020	31 December 2022	Ministry of Justice, NBU
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		<ul style="list-style-type: none"> <li>- stipulate exclusiveness and equivalency of ways to ensure the rights of creditor on the use of collateral item despite of solvency or insolvency (bankruptcy, liquidation of bank, legal entity, etc.) as special towards other acts</li> <li>- stipulate the right of the parties based on the principle of freedom of contract to settle terms, ways and procedure for satisfaction of the creditor's claims, with no imperative provisions in the laws of Ukraine, that shall interfere with such freedom of contract</li> <li>- set up a trust so the creditor shall be able to sell the item of collateral individually, in case of breach of liabilities and to be redeemed by the funds from the sale as beneficiary</li> </ul>			
		<p><b>(ii)</b> Implement in the legislation of Ukraine the Directives (EU) 2002/47 of the European Parliament and of the Council of the European Union regarding financial collateral arrangements</p>	1 January 2020	31 December 2022	Ministry of Justice, NBU, NSSMC

		(iii) Ensure improvement of evaluation processes, in particular through additional requirements for evaluators eligible to perform an independent assessment as set out in laws on securities and joint stock companies	1 January 2020	31 December 2022	NSSMC, NBU, DGF
2.3.2	Improving the efficiency of judicial proceedings and the enforcement of court rulings	(i) Initiate the introduction of amendments to procedural laws regarding:  - improvement of norms serving as the instruments for delaying proceedings and abusing powers to mitigate them - improvement of norms denoting the terms to consider the case in court in order to minimize them.	1 January 2020	31 December 2022	Ministry of Justice, NBU, DGF
		(ii) Introduce amendments to the laws of Ukraine regarding the rights and liabilities of state and private bailiffs, ways and procedures to enforce rulings	1 January 2020	31 December 2022	Ministry of Justice, NBU, DGF
2.3.3	Establishing alternative ways to resolve disputes	(i) Introduce mediation and a legal framework for it	1 January 2020	31 December 2022	Ministry of Justice
<b>Strategic goal 4: Creating conditions for raising long-term funding for the economy</b>					
2.4.1	Introducing pillar 2 of the pension system	(i) Ensure a legal framework for introducing pillar 2 of the pension system	1 January 2020	31 December 2020	NSSMC, MoSP

		(ii) Draft regulations required for the launch of mandatory accumulative pillar of the pension system	1 January 2021	1 July 2021	NSSMC
2.4.2	Streamlining the laws on the regulation of pillar 3 of the pension system, and raising the efficiency of occupational pension funds	(i) Ensure improvement of regulating pension pillar III of occupational retirement provision in line with IORPII	1 January 2020	31 December 2022	NSSMC, NCFS
		(ii) To extend the authority of the counsel of a private pension fund and enhance the accountability of counsel members of a private pension fund.	1 January 2020	31 December 2022	NSSMC, NCFS
2.4.3	Building and regulating crowdfunding platforms and raising venture capital	(i) Develop regulations on performance of crowdfunding platform	1 January 2021	31 December 2024	NBU, NSSMC
		(ii) Ensure legal framework for activity of venture funds to VCF operation rules	1 January 2020	31 December 2024	NSSMC, NBU
2.4.4	Introducing the regulation of and establishing a national investment fund	(i) Ensure a legal framework for and establishment of a national investment fund as a fund of minority shares of the biggest state-owned companies	1 January 2020	31 December 2022	NSSMC

**Strategic direction: III. Financial inclusion**

**Strategic goal 1: Enhancing the accessibility and level of financial services usage**

<b>3.1.1</b>	<b>Promoting the development of payment infrastructure for cashless transactions, including in rural and remote areas</b>	<b>(i)</b> Promote adoption of regulatory requirements for business entities (including state institutions and utility providers) related to ensuring cashless settlements to pay for goods and services	1 January 2020	31 December 2021	Ministry of Economic Development, NBU
		<b>(ii)</b> Reduce a limit for cash settlement and improve the system of control over them	1 January 2020	31 December 2021	NBU, Ministry of Economic Development, MoF
		<b>(iii)</b> Establish a legal framework for the expanded use of corporate cards	1 January 2020	31 December 2021	NBU, MoF
		<b>(iv)</b> Promote reducing cash transactions in favor of cashless ones	1 January 2020	31 December 2024	NBU, Ministry of Economic Development
		<b>(v)</b> Transfer to digital channels for payments to the benefit of state	1 January 2020	31 December 2023	NBU, MoF, Ministry of Economic Development

<b>3.1.2</b>	<b>Creating conditions for development of remote distribution channels of financial services</b>	<b>(i)</b> Implement new models of remote identification and verification of a client	1 January 2020	31 December 2024	NBU, MoF, Ministry of Justice, MoDT, State Migration Service of Ukraine
		<b>(ii)</b> Ensure the mechanism of accessing clients' identification data in state registries for financial institutions (eKYC)	1 January 2020	31 December 2024	NBU, MoF, Ministry of Justice, MoDT, State Migration Service of Ukraine
		<b>(iii)</b> To regulate the use of various types of electronic signatures of financial institutions' clients	1 January 2020	31 December 2023	NBU, MoF, Ministry of Economic Development

**Strategic goal 2: Enhancing the protection of consumer rights in financial services**

<b>3.2.1</b>	<b>Developing and implementing the regulation of the market conduct of financial players</b>	<b>(i)</b> Develop and implement the regulation of market conduct for banks and nonbank financial institutions (except for institutions in the stock market)	1 July 2020	31 December 2022	NBU
		<b>(ii)</b> Implement regulation for mandatory use by investment firms servicing clients of the "best execution and KYC" and other rules in line with MIFIDII.	1 January 2020	31 December 2023	NSSMC



<b>3.2.2</b>	<b>Ensuring the transparency of information on financial services and products</b>	(i) Develop and implement the requirements to ensure the transparency of information provided to consumers of financial services in various segments of the financial market	1 January 2020	31 December 2021	NBU, NSSMC, DGF
		(ii) Establish standards for disclosing information about basic terms of financial products: lending, insurance, saving, investment, and payment services	1 January 2020	31 December 2020	NBU, NSSMC
		(iii) Implement requirements on transparency and clarity for consumer of financial services advertising	1 January 2020	31 December 2020	NBU, NSSMC
		(iv) Initiate the possibility of implementing by the entities that perform occupational retirement provision of personal cabinets with secured access to the information about individual pension accounts remotely via internet	1 January 2020	31 December 2020	NSSMC, NCFS
<b>3.2.3</b>	<b>Protection of depositors and investors</b>	(i) Enlarge a number of DGF members and guaranteed deposits, gradual increasing of guaranteed deposit amount in banks	1 January 2020	31 December 2022	DGF, NBU
		(ii) Establish extrajudicial mechanism for resolving of disputes between the members of financial market and consumers	1 January 2020	31 December 2024	NBU, NSSMC, Ministry of Justice, DGF

**Strategic goal 3: Improving the financial literacy of the general public**

<b>3.3.1</b>	<b>Holding awareness raising events for different target audiences</b>	(i) Open the Educational and Communication Center (the NBU's Museum of Money)	1 January 2020	31 December 2023	NBU
		(ii) Create a single communication platform (website) with comprehensive information about financial services and their peculiarities of use	1 January 2020	31 December 2023	NBU, NSSMC, DGF
		(iii) Implement target programs to form knowledge and skills in the use of financial services	1 January 2020	31 December 2024	NBU, Ministry of Education, DGF, NSSMC

**Strategic direction: IV. Financial market development**

**Strategic goal 1: Promoting nonbank financial services markets**

<b>4.1.1</b>	<b>Deregulation of markets of nonbank financial services (except for securities market) with low level of risks</b>	(i) Develop rules and regulations to ensure the deregulation of markets of nonbank financial services with low risk level or those not matching the EU practices	1 January 2020	31 December 2024	NBU, NCFS
		(ii) Transit to insurance classes and transformation of mandatory insurance types into voluntary form	1 January 2020	31 December 2021	NBU, NCFS

4.1.2	Development of the insurance services market	(i) Develop, approve and implement the road map of "Insurance Core Principles" of International Association of Insurance Supervisors (IAIS) and incorporate EU legislation to the Ukrainian laws on regulating insurance taking into account the specifics of national market	1 January 2020	31 December 2023	NBU, NCFS
		(ii) Ensure the development and faithful representation regulating actuary activity	1 January 2020	31 December 2023	NBU, NCFS
		(iii) Ensure the development and adoption of amendments to Ukrainian laws concerning regulation in the market of nuclear insurance, including through improvement of rules on formation, placement and accounting of insurance reserves on compulsory insurance against civil liability for nuclear damage:  - join the international Convention on additional compensation for nuclear damage (Vienna, 12 September 1997) - approve road map for joining Ukraine to international contracts in the field of civil liability for nuclear damage - Introduce state supervision over activity of Nuclear insurance pool - bring the notion of nuclear damage subject to reimbursement into conformity with the international conventions and practices	1 January 2020	31 December 2023	NBU, NCFS, MoF, CMU

		<ul style="list-style-type: none"> <li>- increase limit (boundary) of accountability for the operator of nuclear unit per each incident. To establish setting up the mechanism of limit (insurance group) in hryvnia equivalent by insurance agreement</li> <li>- review (increase) limits of accountability of an operator against certain injured individuals or legal entities (per a person)</li> <li>- establish a mechanism of rearrangement of responsibilities of pool's participants, inc. those who fail to perform their obligations, and those insurers, who ceased to be members of pool under the agreements concluded earlier and funds in reserves</li> </ul>			
		(iv) Introduce changes into the Requirements for financial resilience ratings of insurers and reinsurers-nonresidents and procedure for their attestation, and initiate inclusion of this provision to the Tax Code of Ukraine.	1 January 2020	31 December 2023	NBU, NCFS, MoF
		(v) Develop and implement mechanisms of early warning system for responding to the risks of insurance companies and resolution	1 January 2020	31 December 2023	NBU, NCFS
		(vi) Ensure the regulation of intermediary insurers	1 January 2020	31 December 2021	NBU, NCFS

<b>4.1.3</b>	<b>Expanding possibilities of using financial leasing by business entities</b>	(ii) Create a legal framework for the development of reliable, transparent and attractive to investors market of financial leasing	1 January 2020	31 December 2023	NBU, NCFS
		(ii) Settle 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	1 January 2020	31 December 2020	NBU, NCFS
		(iii) Harmonize the reporting forms of regulators. To develop and introduce the unified standards, forms and rules for the lessors to compile reporting	1 January 2020	31 December 2020	NBU, NCFS
<b>4.1.4</b>	<b>Enhancing the use of credit unions by business entities</b>	(i) Create relevant conditions to develop reliable, transparent and solvent market of credit unions by introducing amendments to the Law of Ukraine <i>On Credit Unions</i>	1 January 2020	31 December 2022	NBU, NCFS

4.1.5	Advancing the protection of trustors of construction investment funds	(i) Ensure the improving of legislation in order to strengthen requirements to Heads of HTFs and Real Estate Operations Funds (REOF) when managing property in order to protect trustors of HTFs	1 January 2020	31 December 2023	NSSMC, NCFS
		(ii) Improve the regulatory environment in the market of attracting funds in order to finance dwelling construction	1 January 2020	31 December 2023	NSSMC, NCFS
4.1.6	Ensuring tax incentives and harmonizing the taxation of financial sector instruments	(i) To ensure harmonization of taxation systems of financial sector instruments, including transactions with foreign securities	1 January 2020	31 December 2022	NSSMC, MoF, NBU
		(ii) Develop mechanisms of tax incentives for long-term investment	1 January 2020	31 December 2022	NSSMC, MoF, NBU
		(iii) Initiate introduction of amendments to taxation of nonbank financial institutions and their consumers, in particular, improve Ukrainian laws on withholding agents' activity with securities	1 January 2020	31 December 2022	NSSMC, MoF, SFSU, NBU

		(iv) Ensure bringing up the Tax Code of Ukraine in conformity with basic legislation regulating the market of financial derivatives	1 January 2020	31 December 2021	NSSMC, MoF, NBU
		(v) Conduct consultations on VAT exemptions for trading in commodity derivatives and other assets on organized markets, as well as excise tax and environmental tax exemptions, and envisage collection of such taxes from the last transaction between a licensed supplier and a retail client	1 January 2020	31 December 2022	NSSMC, MoF, NBU
		(vi) Envisage taxing of transactions of Central counterparty and transactions performed on the organized market on a net basis (after netting/clearing)	1 January 2020	31 December 2022	NSSMC, MoF, NBU
		(vii) Ensure tax incentive for the issuers of securities at local organized market to make public offering	1 January 2020	31 December 2022	NSSMC, MoF, NBU

4.1.7	Introducing the comprehensive assessment of the competitiveness of Ukraine's markets for bank and nonbank financial services	(i) Implement methodology of due diligence of competitiveness of markets of bank and nonbank financial services in Ukraine related to determining of scale factors, business efficiency and competitiveness of players based on quantitative indicators and comparison with similar markets of other countries	1 January 2020	31 December 2022	NBU
		(ii) Develop and implement key performance indicators of financial services markets of Ukraine for key market players	1 January 2020	31 December 2022	NBU

### Strategic goal 2: Effective infrastructure of capital markets

4.2.1	Improving the settlement and clearing infrastructure of capital markets and organized commodity markets	(i) Introduce transactions with variation margin	1 January 2020	31 December 2021	NSSMC, NBU
		(ii) Create conditions for launching a fully functional central counterparty by implementing international standards for capital markets infrastructure, in particular EMIR and PFMI	1 January 2020	31 December 2022	NSSMC, NBU
		(iii) Start reorganization of the Settlement Center into a nonbank financial institution without monopoly power	1 January 2020	31 December 2020	NBU, NSSMC



		(iv) Ensure practical implementation of the settlement cycle T+2 and optimal settlement models under transactions with securities based on "delivery versus payment" principle, with concurrent establishing an effective risk management system	1 January 2020	31 December 2021	NSSMC, NBU
		(v) Ensure settlements under transactions in financial instruments and other assets through entities' accounts opened with the NBU	1 January 2020	31 December 2020	NBU
<b>4.2.2</b>	<b>Gradual introduction of international standards for the capital markets infrastructure, particularly the requirements of CSDR, EMIR, MIFID II, MIFIR, PFMI</b>	(i) Sign Memorandum of Cooperation between the NBU and NSSMC on oversight and supervision over settlement systems in securities, Central Depository, Central Counterparty and trade repository	1 January 2020	1 July 2020	NBU, NSSMC
		(ii) Ensure assessment of the Central Depository, the NBU Depository and the Settlement Center for compliance with PFMI/IOSCO and harmonization of their activity with these principles	1 January 2020	31 December 2021	NBU, NSSMC
		(iii) Regulate the procedure for finalization of settlements and closeout netting	1 January 2020	31 December 2020	NSSMC, NBU

		(iv) Ensure favorable legal opinion regarding conformity of Ukrainian laws to the GMRA & ISDA	1 March 2020	31 December 2020	NSSMC, NBU
4.2.3	Ensuring upgrade, consolidation, and development of the stock-exchange and depository infrastructure of capital markets and organized commodity markets	(i) Ensure implementation of conditions for transferring and transfer state and municipal securities to depository service of the Central Depository	1 January 2020	31 December 2024	NBU, NSSMC
		(ii) Ensure improvement of Ukrainian legislation and modernization of depository infrastructure of capital markets taking into account the international standards, which provide functioning of capital markets infrastructure PFMI and EU laws CSDR	1 January 2020	31 December 2021	NSSMC, NBU
		(iii) Ensure legal and technological reforming of the stock exchange infrastructure of capital markets and other markets to ensure transparent pricing and investors' rights protection through gradual implementation of the international operation standards for capital market infrastructure (PFMI) and EU regulations (MIFID II, MIFIR)	1 January 2020	31 December 2021	NSSMC
		(iv) Implement international classifiers, in particular LEI, UPI, UTI	1 January 2020	31 December 2021	NSSMC

		(v) Introduce the consolidated system of transaction reports standardized for different asset classes taking into account of the EU laws, particularly, MMSR, EMIR, MIFIR, SFTR, CSDR, and REMIT	1 January 2020	31 December 2024	NSSMC
4.2.4	Ensuring development of the institute of nonbank financial sector intermediaries	(i) Ensure the transformation of merchants of securities into investment firms with the possibility to provide a wider range of financial services taking in to account EU laws MIFID II and MIFIR	1 January 2020	31 December 2021	NSSMC
		(ii) Legislate and regulate the activity of investment funds in compliance with the rules of UCITS, AIFMD, VCF, etc., that shall apply to the newly incorporated investment funds and envisage transformation mechanism of the existing funds and asset management companies	1 January 2020	31 December 2024	NSSMC
		(iii) Establish regulation of "regulated markets" activity, "MTF" and "OTF"	1 January 2020	31 December 2020	NSSMC
		(iv) Establish the institute of "related assets" in line with the EU law MIFID II	1 January 2020	31 December 2021	NSSMC

4.2.5	Ensuring the development of the rating agencies institute	(i) Regulate the operating rules for rating agencies and the use of ratings in line with the European norms	1 January 2020	31 December 2023	NSSMC
		(ii) Improve the system of supervision over rating agencies to ensure the high quality of rating and avoid conflict of interest	1 January 2020	31 December 2023	NSSMC

**Strategic goal 3: Introducing liquid markets for financial instruments and mechanisms/instruments of mitigating the risks of financial transactions**

4.3.1	Introducing new and developing existing financial instruments	(i) Legislate and regulate the operation of the derivatives market	1 January 2020	31 December 2020	NSSMC, NBU
		(ii) Legislate securities lending and the use of securities as collateral against loans	1 January 2020	31 December 2022	NSSMC, NBU
		(iii) Resolve the matter of the issuance and circulation of consignment papers (agrarian receipts and warehouse receipt)	1 January 2020	31 December 2023	NSSMC
		(iv) Develop a model for the operation of the cryptocurrency market, and introduce appropriate legislation	1 January 2020	31 December 2022	NSSMC

		(v) Ensure the expansion of financial instruments, including certificates of deposit, infrastructure bonds, including green bonds	1 January 2020	31 December 2020	NSSMC
<b>4.3.2</b>	<b>Creating liquid markets for financial instruments and mechanisms/ instruments to reduce the risks of financial transactions</b>	(i) Ensure the development of a liquid REPO market	1 January 2020	30 November 2024	NBU, MoF, NSSMC
		(ii) Legislate access by residents and nonresidents to the market for fixed-term financial instruments	1 January 2020	31 December 2021	NBU, NSSMC
		(iii) Establish personal investment and personal retirement accounts	1 January 2022	31 December 2024	NSSMC, NBU
		(iv) Develop the NBU's trading strategy in the secondary market for domestic treasury bills and bonds	1 January 2020	31 December 2020	NBU
		(v) Develop a tool to enable the NBU to engage in trading in hryvnia IRS instruments and dollar/hryvnia NDF instruments	1 January 2020	31 December 2020	NBU
		(vi) Promote the development of market hedge instruments	1 January 2020	31 December 2021	NSSMC, NBU
<b>4.3.3</b>	<b>Introducing the institution of and developing a market for asset securitization</b>	(i) Ensure the legislative and regulatory regulation of the securitization of liquid assets and the circulation of securitization securities	1 January 2020	31 December 2022	NSSMC, NBU

		(ii) Develop and implement a comprehensive program to transfer distressed and noncore assets of state-owned banks	1 January 2020	31 December 2022	MoF, NSSMC, NBU
<b>Strategic goal 4: Integrating Ukraine's financial market into global finance</b>					
4.4.1	Facilitating trade in hryvnia financial instruments in the international markets	(i) Ensure the admission of nonresidents to the primary market for domestic treasury bills and bonds through an international depository	1 January 2020	31 December 2024	MoF, NBU
		(ii) Implement RVP/DVP under cross-border agreements	1 January 2020	31 December 2020	NSSMC, NBU
		(iii) Ensure the expansion of the range of international depositories that have established bilateral correspondent relationships with domestic depositories	1 January 2020	31 December 2022	NBU, NSSMC
4.4.2	Integrating Ukraine's financial market into European finance, and expanding international cooperation	(i) Initiate the identification by the EU of a clear mechanism (procedure) for the financial services market of Ukraine to receive the status of an EU internal market	1 January 2021	31 December 2023	CMU, Ministry of Economic Development, NSSMC, NBU, NCFS
		(ii) Raise the level of international cooperation (including with foreign regulators, EBA, EIOPA, and ESMA) in sharing information	1 January 2020	31 December 2023	NBU, NSSMC, NCFS

		(iii) Ensure accession to the International Association of Insurance Supervision (IAIS)	1 January 2020	31 December 2023	NBU, NCFS
		(iv) Draft a concept to integrate Ukraine's stock market infrastructure into the European T2S system	1 January 2020	31 December 2024	NSSMC, NBU
<b>4.4.3</b>	<b>Harmonization of Ukrainian laws with EU laws on transactions with investment metals</b>	(i) Draft and amend laws and respective secondary laws of Ukraine on taxation of investment metals operations	1 January 2020	31 December 2021	MoF, SFSU, NBU

**Strategic direction: V. Innovation development**

**Strategic goal 1: Developing the open architecture of the financial market and oversight**

<b>5.1.1</b>	<b>Alignment of Ukrainian laws on payment services with EU regulations</b>	(i) Conduct an expert evaluation of the draft Law of Ukraine <i>On Payment Services in Ukraine</i>	1 January 2020	31 December 2020	NBU
		(ii) Preparation of NBU regulations aimed at implementing the Law On Payment Services	1 January 2021	31 December 2023	NBU
		(iii) Establish a unified payment infrastructure register	1 January 2021	31 December 2023	NBU

<b>5.1.2</b>	<b>Introducing new payment standards and formats (ISO 20022)</b>	(i) Prepare basic models for the implementation of the international standard ISO 20022 in Ukraine	1 January 2020	1 September 2020	NBU
		(ii) Prepare regulations governing the implementation of ISO 20022	1 January 2020	1 December 2020	NBU
		(iii) Launch a technology platform to implement ISO 20022	1 January 2020	31 December 2021	NBU
		(iv) Take measures to encourage the implementation of ISO 20022 standards by market participants	1 December 2020	31 December 2024	NBU
<b>5.1.3</b>	<b>Promoting the development of new technologies for payments and money transfers</b>	(i) Develop and approve regulations governing the use of the QR code to transfer funds	1 January 2020	31 December 2020	NBU
		(ii) Promote the use of QR code to transfer funds, including for the payment of goods, works, and services using electronic means of payment	31 December 2020	31 December 2021	NBU



		(iii) Implement SEP-4 and shift it into the 24/7 mode of operation	1 January 2020	31 December 2021	NBU
		(iv) Identify an optimal model for the fast payment architecture and draw up a roadmap for its implementation	1 January 2020	31 December 2021	NBU
		(v) Prepare the concept of implementation of the fast payments system	1 January 2022	31 December 2022	NBU
		(vi) Prepare draft regulations related to the implementation of the fast payments system	1 January 2023	31 December 2024	NBU
		(vii) Ensure the technological implementation of the fast payments system	1 January 2023	31 December 2024	NBU
5.1.4	Developing NPS PROSTIR	(i) Ensure the acceptance of NPS PROSTIR cards throughout Ukraine's card-based payment infrastructure	1 January 2020	31 December 2021	NBU
		(ii) Ensure the further development of the issuance of NPS PROSTIR cards their promotion among Ukrainian issuing banks	1 January 2020	31 December 2024	NBU

		(iii) Increase the awareness of the PROSTIR brand among the population of Ukraine	1 January 2020	31 December 2024	NBU
		(iv) Implement the capability to pay with PROSTIR products using electronic wallets (Google Pay, Apple Pay, etc.)	1 January 2020	31 December 2021	NBU

**Strategic goal 2: Developing the FinTech market, digital technologies, and regulator platforms**

<b>5.2.1</b>	Ensuring the development of digital technology, computer-aided design, big data analysis, blockchain, automation, robotics, and AI	(i) Research and analyze the models (implementation plans) of operational financial incubators and accelerators	1 January 2020	31 December 2020	NBU, Ministry of Economic Development, MoF, NSSMC, specialized associations
		(ii) Develop, approve, and implement, at the state level, funding programs (incubators) for the development of investment startups aimed at attracting investment in the economy	1 January 2020	31 December 2022	Ministry of Economic Development, NBU, DGF, NSSMC, MoF
		(iii) Create and launch an IT platform for financial services consumers in order to implement effective IT mechanisms to regulate market behavior and protect the rights of financial services consumers	1 January 2020	31 December 2024	NBU, NSSMC, DGF, Ministry of Economic Development, MoF, specialized associations

		(iv) Develop and implement unified databases, information security rules, and a procedure for data exchange between databases, including through APIs	1 January 2020	31 December 2024	NBU, NSSMC, Ministry of Economic Development, MoF, MoDT, specialized associations
		(v) Create a platform for risk analysis based on transactions performed through NBU banking systems, and information analysis in the information space	1 January 2020	31 December 2024	NBU
		(vi) Create regulatory and technological sandboxes	1 January 2020	31 December 2024	NBU
5.2.2	Exploring the possibility of issuing the e-hryvnia, a digital currency of the central bank	(i) Communicate with payment market participants about the possibility of issuing the e-hryvnia	1 January 2020	31 December 2020	NBU
		(ii) Develop targeted e-hryvnia business models	1 January 2020	31 December 2020	NBU
		(iii) Prepare an updated concept of e-hryvnia issuance with an analysis of different e-hryvnia release models	1 January 2020	31 December 2020	NBU
<b>Strategic goal 3: Developing SupTech&amp;RegTech</b>					
5.3.1	Encouraging the implementation of innovative technologies in compliance	(i) Determine the list of potential users of financial market participants, the list of information, and the process of information exchange between participants	1 January 2020	31 December 2020	NBU, DGF

		<p><b>(ii)</b> Create a supportive environment to encourage the adoption of innovative technologies in compliance:</p> <p>introduce communication frameworks for interaction between financial market participants, REGTEC companies, and regulators (conferences, roundtables) to assess the impact of regulatory technologies on the market</p> <p>introduce the global best practices of RegTech company solutions and their use by financial market participants</p>	31 March 2020	31 December 2023	NBU, NSSMC, DGF
		<p><b>(iii)</b> Identify the technology on which the unified platform will operate</p>	1 January 2021	31 December 2023	NBU, DGF
		<p><b>(iv)</b> Determine the legal scope of the unified platform and the exchange of information between the entities of this system and, if necessary, prepare changes to legislation and regulations</p>	1 January 2022	31 December 2023	NBU, DGF
<b>5.3.2</b>	<b>Introducing innovative tools for data exchange between the NBU, other state institutions, and financial market participants</b>	<p><b>(i)</b> Introduce the full-fledged exchange of protected and legitimate information assets electronically between regulators and other participants of the financial market within their purview</p>	1 January 2020	31 December 2024	NBU, SFSU, DGF, NSSMC

		<p>(ii) Establish an internal analytical platform for the comprehensive analysis of the information about customers and financial sector transactions that is owned by public authorities and financial services entities:</p> <p>develop a methodology for calculating personal indicators by individual classifiers (fictitious entrepreneurship, fraud, etc.)  implement EWS and scoring models in specific areas of analysis of bank clients using artificial intelligence  use all available sources of information (information from banks, public authorities)</p>	1 January 2020	31 December 2022	NBU, NSSMC
5.3.3	Encouraging regulators to use cutting-edge IT technologies	(i) Implement a comprehensive information system to monitor the stock market	1 January 2020	31 December 2024	NSSMC
		(ii) Improve the procedure for maintaining the State Register of Financial Institutions and other registers	1 January 2020	31 December 2024	NSSMC
		<p>(iii) Create a data-centric model for detecting transactions related to the legalization (laundering) of proceeds from crime:</p> <p>develop and implement the analysis of transaction models to identify transactions that have the characteristics of being used to legalize (launder) proceeds from crime, terrorist financing, and the financing</p>	1 January 2020	31 December 2024	NBU, NSSMC, NCFS

		of the proliferation of weapons of mass destruction based on modern technologies develop models for the detection of atypical abnormalities to identify potential new schemes to legalize (launder) proceeds from crime, terrorist financing, and the financing of the proliferation of weapons of mass destruction			
		<b>(iv)</b> Develop and introduce the algorithm for detecting breaches of deadlines by primary financial monitoring entities for providing information to the SFMSU	1 January 2020	31 December 2024	SFMSU, NBU, NSSMC, NCFS
		<b>(v)</b> Implement an online monitoring system for stock market operations using software packages	1 January 2022	31 December 2024	NSSMC
		<b>(vi)</b> Develop proposals to improve legislation to allow nonbank financial institutions to conduct remote electronic verification and customer identification using modern IT technologies without the customer's physical presence in the financial institution	1 January 2020	30 June 2023	NSSMC
		<b>(vii)</b> Ensure the capability to provide administrative services electronically	1 January 2020	31 December 2024	NSSMC

<b>5.3.4</b>	<b>Improving information disclosure based on electronic reporting standards</b>	<b>(i)</b> Analyze the technical implementation requirements and evaluate the technical feasibility of migrating to EU standards	1 January 2020	31 December 2022	NBU
		<b>(ii)</b> Implement the requirements of the General Data Protection Regulation (EU GDPR) for the financial sector	1 January 2020	31 December 2024	NBU
		<b>(iii)</b> Create Application Programming Interfaces (APIs) for external users to access open data in machine-readable format	1 January 2020	31 December 2020	NBU
		<b>(iv)</b> Create a single window through which the consumers of nonbank financial services can receive consolidated information on the activities of nonbank financial institutions	1 January 2020	31 December 2024	NBU, NSSMC
		<b>(v)</b> Develop and implement a procedure for reporting the activities of private pension funds to regulators on a daily basis, and develop and implement a procedure for monitoring the activity of private pension funds on the basis of daily reporting data	1 January 2021	31 December 2024	NSSMC
		<b>(vi)</b> Develop and implement a procedure for periodically informing the participants of private pension funds about the status of their savings	1 January 2021	31 December 2024	NSSMC

		(vii) Introduce mechanisms to control the lawfulness of the use by nonbank financial institutions of brands and trademarks of other financial institutions in the provision of financial services, including information and telecommunication systems	1 January 2020	31 December 2020	NBU, NSSMC
		(viii) Introduce innovative logistics elements and improve cash management automation	1 April 2020	31 December 2021	NBU
<b>Strategic goal 4: Developing the e-economy</b>					
<b>5.4.1</b>	<b>Expanding market participants' access to public registers</b>	(i) Analyze the existing open public registers for their relevance, completeness, interrelation	1 January 2020	31 December 2024	NBU, NABU, NSSMC, MoE, MoJ, CMU, DGF
		(ii) Examine the market needs and to regulate how market participants gain access to public registers	1 January 2020	31 December 2024	NBU, NABU, NSSMC, MoE, MoJ, CMU, DGF
<b>5.4.2</b>	<b>Developing the NBU's remote identification system BankID and on-line financial services</b>	(i) Ensure the transfer of the NBU's BankID system to a commercial usage model	1 January 2020	31 December 2020	NBU
		(ii) Ensure development of the NBU's BankID system in accordance with the defined key indicators	1 January 2020	31 December 2022	NBU



<b>5.4.3</b>	<b>Introducing a remote transactions system in contribution pension provisioning and crowdfunding</b>	(i) Introduce the remote customer identification and verification system to conduct low risk transactions in contribution pension provisioning	1 January 2020	31 December 2023	NSSMC, NCFS
		(ii) Ensure introduction of the remote electronic execution of pension contracts and other transactions in contribution pension provisioning	1 January 2020	31 December 2023	NSSMC, NCFS, NBU
		(iii) Create a favorable system of access to the crowdfunding and occupational retirement provision markets through the introduction of digital technologies, including the possibility of concluding contracts for the purchase/sale of CIU securities and pension agreements using qualified electronic signatures	1 January 2020	30 June 2023	NSSMC
<b>5.4.4</b>	<b>Developing and using cloud technologies, developing IT infrastructure</b>	(i) Build and certify the NBU's Data Center in accordance with the Uptime Institute Tier IV international requirements	1 January 2020	31 December 2024	NBU
		(ii) Help regulate the use of cloud technologies in the financial market	1 January 2020	31 December 2024	NBU, NABU, MoDT

<b>5.4.5</b>	<b>Spreading the use of paperless technologies</b>	(i) Support further transition of documents (including cash records that support documentation of financial products, etc.) to the electronic form  - expand the timeframe for reporting entities to submit their reports on funds used on per diem expenses during business trips or received on condition of accountability on cashless payments with the use of a corporate payment card - ensure the rights of reporting entities to submit electronic documents that prove expenditures of funds received for business trips or on condition of accountability on their cashless payments including those made with payment cards (personal or corporate)	1 January 2020	31 December 2024	NBU, CMU, MoF, Ministry of Justice, SFSU
		(ii) Support the transition to electronic document flow between market entities and public authorities	1 January 2020	31 December 2024	NBU, CMU, Ministry of Justice
		(iii) Support a wider use of the European Accident Statement when dealing with motorized vehicle accidents	1 January 2020	31 December 2024	NBU, NCFS, MoF
		(iv) Ensure increase in the share of compulsory civil liability insurance agreements executed online	1 January 2020	31 December 2024	NBU, NCFS

# UKRAINE'S INTERNATIONAL OBLIGATIONS IN FINANCIAL SERVICES TO BE IMPLEMENTED IN ACCORDANCE WITH THE ROAD MAP OF THE STRATEGY OF UKRAINIAN FINANCIAL SECTOR DEVELOPMENT UNTIL 2025

With a view to reaching the European standards in the financial market and effectuation of the EU-Ukraine Association Agreement as well as other international legal obligations of Ukraine, the road map for the Strategy 2025 includes measures and actions aimed at implementation of the EU

legal acts that regulate financial services. This section contains information on the international legal acts to be implemented under the Strategy 2025 framework.

**Table. List of the EU legal acts regulating financial services under the EU-Ukraine Association Agreement and other international legal obligations of Ukraine to be implemented according to the road map for the Strategy 2025**

No.	Measures	Name of an EU legal act / other international document
1.1.1	Improving the model of financial sector regulation	Article 127 of the EU-Ukraine Association Agreement
1.1.2	Increasing the institutional capacity and independence of regulators and the DGF	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 of the European Parliament, and Regulations (EU) No. 1093/2010 and (EU) No. 648/2012 of the European Parliament and of the Council 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 2014/49/EU of the European Parliament and of the Council of 16 April 2014 on deposit guarantee schemes Principles of the International Organization of Securities Commissions (IOSCO)

<p><b>1.1.3</b></p>	<p><b>Harmonization of regulatory requirements, and international cooperation</b></p>	<p>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  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  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)  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, and repealing Directive 2007/64/EC  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 of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC  Articles 127, 133, 383–385 of the EU-Ukraine Association Agreement</p>
<p><b>1.1.4</b></p>	<p><b>Developing the supervision and oversight of the financial sector and combatting abuse</b></p>	<p>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  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  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)  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 of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC  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)  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  Principles for financial market infrastructure (PFMI-IOSCO)</p>

1.1.5	Improving the deposit guarantee system and the resolution of the insolvent financial 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 of the European Parliament, and Regulations (EU) No. 1093/2010 and (EU) No. 648/2012 of the European Parliament and of the Council Directive 2014/49/EU of the European Parliament and of the Council of 16 April 2014 on deposit guarantee schemes Directive 97/9/EC of the European Parliament and of the Council of 3 March 1997 on investor-compensation schemes
1.2.2	BEPS Action Plan implementation in Ukraine	Articles 127, 349–351 of the EU-Ukraine Association Agreement Memorandum of understanding between the Government of Ukraine and the OECD / Action plan on the Memorandum implementation
1.2.3	Joining the international system for the exchange of financial account information	Agreement between the Government of Ukraine and the Government of the United States of America aimed at improving fulfillment of tax rules and provisions of the US Law <i>Foreign Account Tax Compliance Act</i> (FATCA); Memorandum of understanding between the Government of Ukraine and the OECD / Action plan on the Memorandum implementation
1.3.1	Ensuring control over credit risks	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 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
1.3.2	Increasing the resilience requirements for professional stock market participants	
1.3.3	Preventing liquidity shortages	
1.3.4	Limits on risks concentration	
1.3.5	Managing the systemic impact of distorted incentives and ensuring competition	

<p><b>1.4.1</b></p>	<p><b>Improving corporate governance of financial sector participants</b></p>	<p>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  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  Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive  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  Article 127 of the EU-Ukraine Association Agreement</p>
<p><b>1.4.2</b></p>	<p><b>Strengthening the internal control system for financial sector participants</b></p>	<p>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  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  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)  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  Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive  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</p>

<b>1.4.3</b>	<b>Improving the efficiency of the investor rights enforcement system</b>	Directive (EU) 2017/1132 of the European Parliament and of the Council of 14 June 2017 relating to certain aspects of company law Directive 2007/36/EC of the European Parliament and of the Council of 11 July 2007 on the exercise of certain rights of shareholders in listed companies OECD Principles of Corporate Governance ESG Principles of Corporate Governance
<b>1.4.4</b>	<b>Introducing social and environmental responsibility</b>	Memorandum of understanding between the Government of Ukraine and the OECD / Action plan on the Memorandum implementation
<b>2.2.1</b>	<b>Support lending to SMEs</b>	Memorandum of understanding between the Government of Ukraine and the OECD / Action plan on the Memorandum implementation
<b>2.3.1</b>	<b>Improving the obligations performance framework</b>	Directive 2002/47/EC of the European Parliament and of the Council of 6 June 2002 on financial collateral arrangements 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
<b>2.4.1</b>	<b>Introducing pillar 2 of the pension system</b>	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)
<b>2.4.2</b>	<b>Streamlining the laws on the regulation of pillar 3 of the pension system, and raising the efficiency of occupational pension funds</b>	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)
<b>3.1.2</b>	<b>Creating conditions for development of remote distribution channels of financial services</b>	Regulation (EU) No 910/2014 of the European Parliament and of the Council of 23 July 2014 on electronic identification and trust services for electronic transactions in the internal market and repealing Directive 1999/93/EC

3.2.1	Developing and implementing the regulation of the market conduct of financial players	<p>Directive 2002/65/EC of the European Parliament and of the Council of 23 September 2002 concerning the distance marketing of consumer financial services and amending Council Directive 90/619/EEC and Directives 97/7/EC and 98/27/EC</p> <p>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</p> <p>Articles 415–418 of the EU-Ukraine Association Agreement</p>
3.2.2	Ensuring the transparency of information on financial services and products	<p>Directive 2002/65/EC of the European Parliament and of the Council of 23 September 2002 concerning the distance marketing of consumer financial services and amending Council Directive 90/619/EEC and Directives 97/7/EC and 98/27/EC</p> <p>Articles 415–418 of the EU-Ukraine Association Agreement</p> <p>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</p>
3.2.3	Protection of depositors and investors	<p>Directive 2014/49/EU of the European Parliament and of the Council of 16 April 2014 on deposit guarantee schemes</p> <p>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, and repealing Directive 2007/64/EC</p> <p>Directive 2002/65/EC of the European Parliament and of the Council of 23 September 2002 concerning the distance marketing of consumer financial services and amending Council Directive 90/619/EEC and Directives 97/7/EC and 98/27/EC</p>
3.3.1	Holding awareness raising events for different target audiences	<p>Memorandum of understanding between the Government of Ukraine and the OECD / Action plan on the Memorandum implementation</p>
4.1.2	Development of the insurance services market	<p>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)</p> <p>Directive 2009/103/EC of the European Parliament and of the Council of 16 September 2009 relating to insurance against civil liability in respect of the use of motor vehicles, and the enforcement of the obligation to insure against such liability (codified version)</p> <p>Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution</p> <p>Core insurance principles of the International Association of Insurance Supervision (IAIS)</p> <p>Article 127 of the EU-Ukraine Association Agreement</p>



<b>4.2.1</b>	<b>Improving the settlement and clearing infrastructure of capital markets and organized commodity markets</b>	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 Principles for financial market infrastructures (PFMI-IOSCO) Article 127 of the EU-Ukraine Association Agreement
<b>4.2.2</b>	<b>Gradual introduction of international standards for the capital markets infrastructure, particularly the requirements of CSDR, EMIR, MIFID II, MIFIR, PFMI</b>	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 and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012 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 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 Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 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 (as amended) Directive 2002/47/EC of the European Parliament and of the Council of 6 June 2002 on financial collateral arrangements (as amended) Principles for financial market infrastructure (PFMI-IOSCO) Article 127 of the EU-Ukraine Association Agreement
<b>4.2.3</b>	<b>Ensuring upgrade, consolidation and development of the stock exchange and depository infrastructure of capital markets and organized commodity markets</b>	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 and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012 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 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 Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012

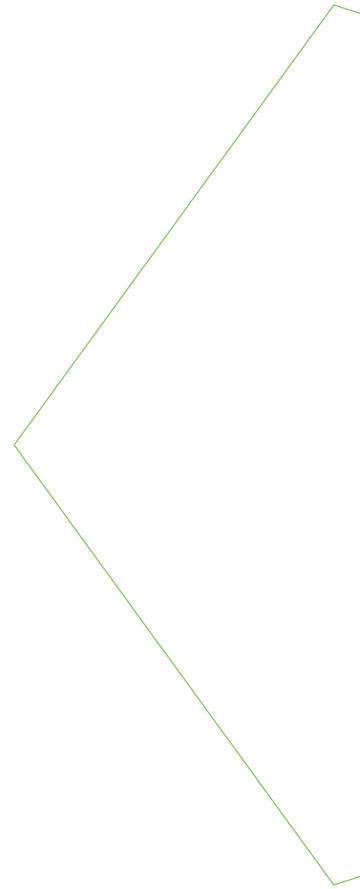
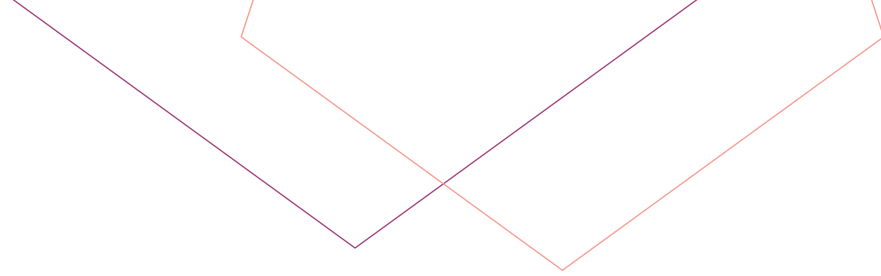
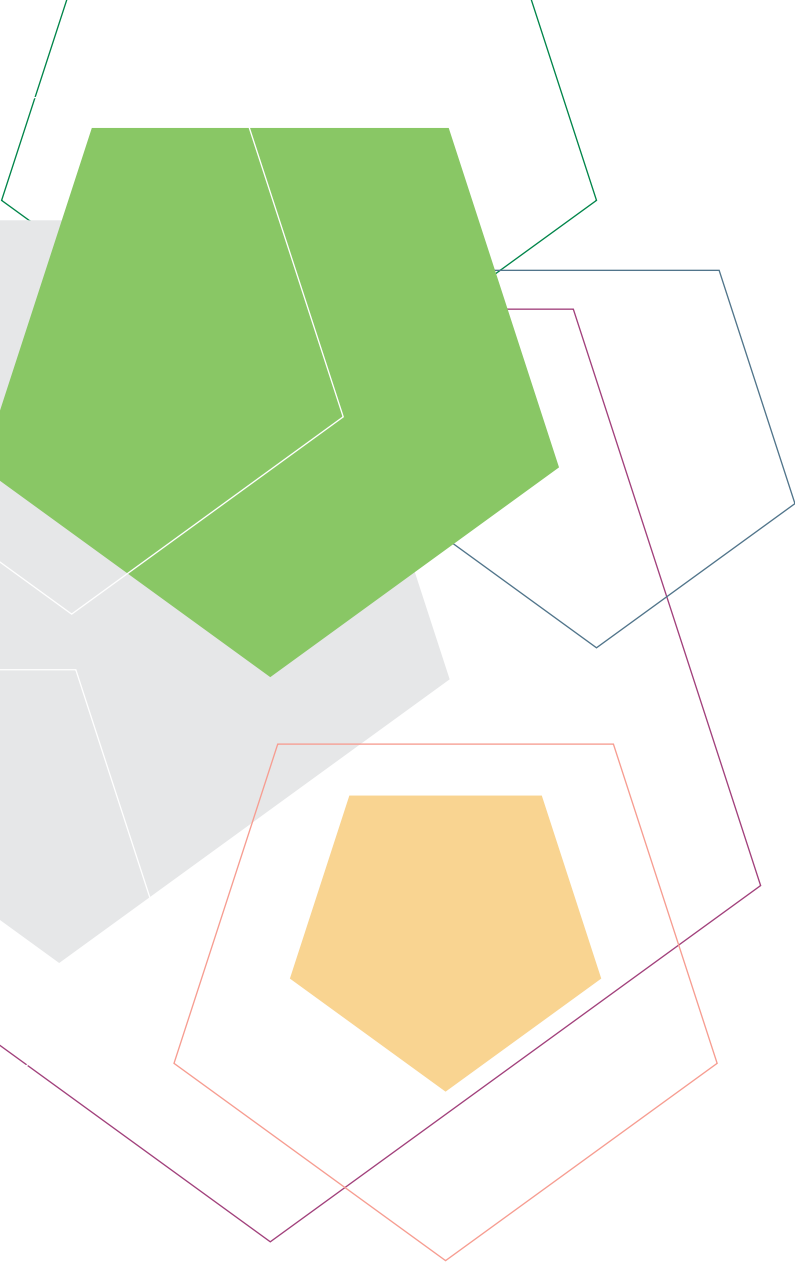
		<p>Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012</p> <p>Regulation (EU) No 1227/2011 of the European Parliament and of the Council of 25 October 2011 on wholesale energy market integrity and transparency (REMIT)</p> <p>Principles for financial market infrastructures (PFMI-IOSCO)</p> <p>Article 127 of the EU-Ukraine Association Agreement</p>
<b>4.2.4</b>	<b>Ensuring development of the institute for nonbank financial sector intermediaries</b>	<p>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</p> <p>Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012</p> <p>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)</p> <p>Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010 (AIFM)</p> <p>Regulation (EU) 2015/760 of the European Parliament and of the Council of 29 April 2015 on European long-term investment funds</p> <p>Regulation (EU) No 345/2013 of the European Parliament and of the Council of 17 April 2013 on European venture capital funds</p> <p>Regulation (EU) No 346/2013 of the European Parliament and of the Council of 17 April 2013 on European social entrepreneurship funds</p> <p>Regulation (EU) 2017/1131 of the European Parliament and of the Council of 14 June 2017 on money market funds</p>
<b>4.2.5</b>	<b>Ensuring development of the rating agencies institute</b>	<p>Regulation (EU) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (as amended)</p> <p>Regulation (EU) No 462/2013 of the European Parliament and of the Council of 21 May 2013 amending Regulation (EC) No 1060/2009 on credit rating agencies</p> <p>Regulation (EU) No 513/2011 of the European Parliament and of the Council of 11 May 2011 amending Regulation (EC) No 1060/2009 on credit rating agencies</p>

<b>4.3.1</b>	<b>Introducing new and developing existing financial instruments</b>	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 Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 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 Directive 2002/47/EC of the European Parliament and of the Council of 6 June 2002 on financial collateral arrangements
<b>4.3.3</b>	<b>Introducing the institution of and developing a market for asset securitization</b>	Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No 1060/2009 and (EU) No 648/2012
<b>4.4.2</b>	<b>Integrating Ukraine’s financial market into European finance, and expanding international cooperation</b>	Articles 383–385 of the EU-Ukraine Association Agreement
<b>4.4.3</b>	<b>Harmonization of Ukrainian laws with EU laws on transactions with investment metals</b>	Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax
<b>5.1.1</b>	<b>Alignment of Ukrainian laws on payment services with EU regulations</b>	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, and repealing Directive 2007/64/EC 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 amending Directives 2005/60/EC and 2006/48/EC and repealing Directive 2000/46/EC
<b>5.1.3</b>	<b>Promoting development of new technologies for payments and money transfers</b>	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, and repealing Directive 2007/64/EC

<b>5.3.3</b>	<b>Encouraging regulators to use cutting-edge IT technologies</b>	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 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 Directive (EU) 2018/843 of the European Parliament and of the Council of 30 May 2018 amending Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, and amending Directives 2009/138/EC and 2013/36/EU
<b>5.3.4</b>	<b>Improving information disclosure based on the electronic reporting standards</b>	Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation)
<b>5.4.2</b>	<b>Developing the NBU's remote identification system BankID and on-line financial services</b>	Regulation (EU) No 910/2014 of the European Parliament and of the Council of 23 July 2014 on electronic identification and trust services for electronic transactions in the internal market and repealing Directive 1999/93/EC
<b>5.4.3</b>	<b>Introducing a remote transactions system in contribution pension provisioning and crowdfunding</b>	Regulation (EU) No 910/2014 of the European Parliament and of the Council of 23 July 2014 on electronic identification and trust services for electronic transactions in the internal market and repealing Directive 1999/93/EC 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)

**The following abbreviations and short names are used in the Strategy of Ukrainian Financial Sector Development until 2025:**

API	application program interface	Ministry of Education	Ministry of Education and Science of Ukraine
CBDC	central bank digital currency	MoCTD	Ministry for Communities and Territories Development of Ukraine
CRS	common reporting standard developed by OECD	MoSP	Ministry of Social Policy of Ukraine
FTSE	the Financial Times Stock Exchange100 index	MoF	Ministry of Finance of Ukraine
GMRA	Global Master Repurchase Agreement	MoDT	Ministry of Digital Transformation of Ukraine
IAIS	International Association of Insurance Supervisors	SMEs	small and medium enterprises
IBAN	international bank account number	IFRS	International Financial Reporting Standards
IOPS	International Organisation of Pension Supervisors	NABU	National Association of the Banks of Ukraine
IOSCO	International Organization of Securities Commissions	NBU	National Bank of Ukraine
IPO	initial public offering	NCFS	National Commission for the State Regulation of Financial Services Markets
ISDA	the International Swaps and Derivatives Association, Inc.	NSSMC	National Securities and Stock Market Commission
NPL	nonperforming loans	KfW	German-Ukrainian Fund
SREP	supervisory review and evaluation process	domestic T-bonds&bills	domestic Treasury bonds and bills
SFMSU	State Financial Monitoring Service of Ukraine	OECD	Organisation for Economic Cooperation and Development
SFSU	State Fiscal Service of Ukraine	CICL	Compulsory insurance against civil liability in respect of the use of land motor vehicles
MVA	motorized vehicle accident	BEPS Action Plan	and action plan to counteract base erosion and profit shifting
EBRD	European Bank for Reconstruction and Development	SEP	System of Electronic Payments of the National Bank of Ukraine
EIB	European Investment Bank	CIT-company	a company extending cash collection services based on the NBU's license
STA	Single Treasury Account	DGF	Deposit Guarantee Fund
EU	European Union	CEE	Central and Eastern Europe
CIU	collective investment undertaking		
CMU	Cabinet of Ministers of Ukraine		
IMF	International Monetary Fund		
State Migration Service	State Migration Service of Ukraine		
Ministry of Justice	Ministry of Justice of Ukraine		
Ministry of Economic Development	Ministry of Economic Development, Trade and Agriculture of Ukraine		



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