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**CABINET OF MINISTERS OF UKRAINE**

Decree No. **131-r** dated **March 07, 2006**

**Kyiv**

**“On the Approval of the Action Plan to Implement General Guidelines of Ukraine Stock Market Development in 2006-2010”**

1. To approve the action plan pursuant to the implementation of the General Guidelines of Ukraine stock market development in 2006-2010 (hereinafter referred to as ‘Action Plan’), as attached.
2. Securities and Stock Market State Commission, and other interested central bodies of executive power, jointly with Finance Ministry and Economy Ministry, while forming the State Budget of Ukraine, shall envisage allocations to implement the Action Plan, starting in 2007.
3. Ministries, other central bodies of executive power, the Cabinet of Ministers of the Autonomous Republic of Crimea, Oblast, Kyiv and Sevastopol City State administrations shall ensure the implementation of the Action Plan and shall send information on the status of the implementation to Securities and Stock Market State Commission every six months, by the 15th day of the following month, for its generalization and submission to the Cabinet of Ministers of Ukraine by the 25<sup>th</sup> day of the above month.

Yuriy Yekhanurov  
Prime Minister of Ukraine

APPROVED

By Order No. 131-r of the Cabinet of Ministers of Ukraine dated 03/07/2006

**ACTION PLAN to Implement the General Guidelines of Ukraine Stock Market Development in 2006-2010**

##	Action description	Responsible entity	Timeline (Deadline)
	<b>Improvement of investor right protection mechanism</b>		
1.	To ensure support and follow-through of the passage of the Joint Stock Company draft law in Verkhovna Rada.	SSMSC	Continually, until passed
2	Prepare draft laws on:		
	- Amendments to the Law of Ukraine "On state registration of legal entities and natural persons-entrepreneurs"	SSMSC, Finance Ministry, Economy Ministry, State Entrepreneurship Policy Committee, Justice Ministry	2007
	- the introduction of the corporate secretary position at joint stock companies (LSCs)	SSMSC, State Property Fund, Finance Ministry, Economy Ministry, Justice Ministry	2007
3.	To resolve issues regarding the possibility of a setting up a system of specialized courts to consider corporate disputes of JSCs	SSMSC, Justice Ministry	2006
4.	To develop a draft law on amendments to some laws of Ukraine with regard to specifics of corporate governance at financial institutions in the joint-stock company form	NBFIR, SSMSC, Finance Ministry, Economy Ministry, Justice Ministry	2006
5.	To develop a regulation on the appointment of temporary heads of stock exchanges and other stock market institutions	SSMSC, Justice Ministry	2006
6.	To develop recommendations on the mechanism to introduce generally accepted international and national principles of corporate governance in the operations of JSCs	SSMSC, State Property Fund, Economy Ministry, NBFIR, NBU (upon its consent)	2006
7.	Prepare draft regulatory acts on amending:		
	- charters and bylaws of JSCs, where the controlling interest belongs to the State, to require the introduction of national standards of corporate governance	State Property Fund	2006-2007

	- standard JSC charter with regard to the creation of a corporate secretary position and a guaranteed access of shareholders to information on the company operations	SSMSC	2006-2007
8.	To organize conferences, workshops, and round tables to discuss corporate governance principles at JSCs and mechanisms for the introduction of same	SSMSC, State Property Fund, NBFIR, Education and Science Ministry, Economy Ministry, Cabinet of Ministers of the Autonomous Republic of Crimea, Oblast, Kyiv, and Sevastopol City Administrations	2006-2010
9.	To develop recommendations to ensure conformity of statutory documents of newly created joint-stock (holding) companies with the generally accepted international and national principles of corporate governance	State Property Fund, SSMSC, Economy Ministry	2006
10.	To attract financial resources and international technical assistance from donor countries and international financial organizations for the purpose of improving corporate governance in JSCs	Economy Ministry, Finance Ministry, SSMSC, State Property Fund, and NBFIR	2006-2010
11.	To draft regulations on amending the Ukraine classifier DK-003-95 with regard to the definition of qualification characteristics of:		
	- the position of a corporate secretary of JSCs;	SSMSC	2007
	- management positions at companies managing assets of collective investment institutions and NPFs	SSMSC	2006
12.	To generalize and disseminate positive practices of introducing the generally accepted international and national principles of corporate governance in JSC operations by way of organizing special tenders and placing materials on this subject in the media	SSMSC, State Property Fund, State Committee on TV and Radio Broadcasting	2006-2010
13.	To develop a standard regulation on corporate governance in JSCs	SSMSC	2006
14.	To encourage the approval of corporate governance codes by JSCs with a State stake and by JSCs having strategic importance for the economy and the national security	State Property Fund, SSMSC, Industrial Policy Ministry	2006-2010
15.	To draft a regulatory act setting the requirements to information disclosure by JSCs on their corporate governance situation	SSMSC, Justice Ministry	2007
16.	To conduct an analysis of the financial and business operations of State-owned JSCs in terms of ensuring their profitability and implementation of dividend policies	State Property Fund, Economy Ministry, SSMSC	2006-2010

17.	To develop methodological guidelines to introduce the mechanism of evaluating the efficiency of managing JSCs based in the indicators of their capitalization on stock exchanges	SSMSC, State Property Fund, Economy Ministry	2008
18.	To draft proposals on the introduction of the mechanism to compensate management board members of State-owned JSCs depending on the stock exchange capitalization indicators	State Property Fund	2008-2010
19.	To approve plans to prepare and publish manuals on the issues of corporate governance at JSCs and shareholder rights protection	SSMSC, Education and Science Ministry, State Property Fund	2006
20.	To assist in the creation of non-government organizations by minority shareholders and to provide them with the necessary consulting assistance for the purpose of protecting their rights	SSMSC, State Property Fund	2006-2010
	<b>Development of Securities Market Instruments</b>		
21.	To follow through the passage of the draft laws “On Securities and Stock Market” and “On Derivatives” in the Verkhovna Rada	SSMSC	Continually, until passed
22.	To develop a draft law on the introduction of the rating system for entrepreneurial subjects and for stock market instruments	SSMSC, Finance Ministry, Economy Ministry, NBFIR, NBU (upon its consent)	April 2006
23.	To hold annual conferences on the issues of attracting investments through stock market instruments	SSMSC, Finance Ministry, Cabinet of Ministers of the Autonomous Republic of Crimea, Oblast, Kyiv, and Sevastopol City Administrations	2006-2010
	<b>Consolidation of securities trading on stock exchanges and other trade organizers</b>		
24.	To follow through the passage in the Rada of the draft law “On Amendments to Some Laws of Ukraine” (registration #2247) with regard to the consolidation of securities trading on stock exchanges and other trade organizers	SSMSC	Continually, until passed
25.	To develop proposals on amending some legislative acts with regard to taxation of securities buy-sell contracts for the purpose of stimulating the performance of such transactions in stock exchanges and other trade organizers	SSMSC, Finance Ministry, Economy Ministry, Justice Ministry	2007
26.	To develop and approve requirements to the minimal securities trade volume of stock exchanges and other trade organizers	SSMSC	2006

27.	To bring in line with the EU Directives:		
	- the legislation concerning the establishment and operations of a securities trade organizer	SSMSC, Justice Ministry	2007
	- regulations of the functioning of stock exchanges and trade-and-information systems	SSMSC	2006
	<b>Consolidation of entering into securities buy-sell contracts on stock exchanges and other securities trade organizers</b>		
28.	To assist in the creation of a consolidated exchange system in the securities market and in the introduction of single operating standards of securities trade organizers	SSMSC, Economy Ministry, Justice Ministry, NDU, NBU (upon its consent)	2006-2008
29.	To make public the translations of acquis communautaire texts through official printed organs regarding financial markets regulation, JSC operations, and corporate governance	Justice Ministry, Finance Ministry,	2006-2010
	<b>Improvement of the National depository system</b>		
30.	To follow through the passage in the Rada of the draft law “On the Depository record Keeping System in Ukraine”	SSMSC	Continually, until passed
31.	To develop a draft law on amending the Law of Ukraine “On the Foundations of the Regulatory Policies in the Agricultural Area”	SSMSC, Economy Ministry, NBFIR, Justice Ministry, State Entrepreneurship Policy Committee, NBU (upon its consent)	2006
32.	To develop and approve normative acts with regard to the introduction of electronic document flow among members of the National depository system under the international ISO standards	SSMSC, NDU	2006-2007
33.	To assist in the creation of a central securities depository on the basis of the National depository	SSMSC, Finance Ministry, Justice Ministry, NDU, NBU (upon its consent)	After the passage of the National depository record keeping law
34.	To develop and approve regulatory acts on:		
	- mandatory safekeeping of copies of registers of registered securities at the National depository;	SSMSC, NDU	2006
	- establishment of uniform rules and technological procedures of securities record keeping	SSMSC, NDU	2006-2007

	prevention of double registers of registered securities' owners; protection of corporate rights of shareholders in the system of securities and derivatives record keeping and circulation	SSMSC, Justice Ministry, State Entrepreneurship Policy Committee	2006
	<b>Improvement of the Disclosure System in the Securities Market</b>		
35.	To develop a draft law on administrative and criminal liabilities for:		
	usage of insider information and price manipulations in securities transactions	SSMSC, Finance Ministry, Economy Ministry, Justice Ministry	Within 12 months of the Securities and Stock Market Law coming in to effect
	creating obstacles for access to information on securities issuers, professional securities market participants, and/or distortion of such information	SSMSC, Finance Ministry, Economy Ministry, Justice Ministry	Within 12 months of the Securities and Stock Market Law coming in to effect
36.	To do an analysis of whether the disclosure system in the securities market is in line with the international IOSCO standards	SSMSC, NDU	2006
37.	To develop the State program for the improvement of the disclosure system on the stock market based on free, timely, and charge-free access of investors to information on securities issuers and professional stock market participants	SSMSC, NDU	2007
	<b>Investment Infrastructure Development</b>		
38.	To develop draft laws on:		
	- more stringent requirements to companies managing NPF assets with regard to the amount of the statutory fund and own capital	SSMSC, Finance Ministry, Economy Ministry, NBFIR, Labor Ministry, Justice Ministry, NBU (upon its consent)	2007
	- expanding the list of financial instruments to invest NPF assets in	SSMSC, Finance Ministry, Economy Ministry, NBFIR, Labor Ministry, Justice Ministry, NBU (upon its consent)	2008

39.	To prepare proposals to set up an investment guarantee fund doe the purpose of bringing the relevant Ukrainian legislation in line with the EU legislation	SSMSC, Finance Ministry, Economy Ministry, NBFIR, Labor Ministry, Justice Ministry, NBU (upon its consent)	2007
40.	To improve accounting in collective investment institutions	SSMSC, Finance Ministry	2006
41.	To develop proposals regarding the simplification of the system for pension funds and collective investment institutions to purchase funds in foreign currency	SSMSC, Finance Ministry, Economy Ministry, NBFIR, Justice Ministry, Labor Ministry, NBU (upon its consent)	2006