

In October 2005 USAID inaugurated the five-year USAID Capital Markets Project (CMP), implemented by Financial Markets International, Inc. (FMI). The goal of CMP is to create a vibrant and effective financial sector that will facilitate economic growth and reduce the risks to a sound pension system.

Objectives

- Strengthened capacity of the financial markets regulators to provide efficient and effective prudential regulation to the non-bank financial sector (insurance companies, pension funds, broker/dealers, securities exchanges, depositories).
- Broadened range of financial instruments available for portfolio investment and long term capital accumulation.
- Improved skills and capacity of pension fund providers, asset managers, market participants, regulators and policy makers.
- Increased public awareness of private pension reform, pension fund operations, investor/pensioner rights, capital markets, savings and investment.

Activity Areas

- Training and technical assistance to enhance **regulators' capacity** for prudential oversight and supervision of non-bank financial markets, enforcement, and market monitoring.
- Improving the **legislative framework** in support of private pension reform, investor protection, capital markets development and the issuance of new financial instruments.
- Designing and installing a state-of-the-art **Electronic System of Comprehensive Information Disclosure (ESCRIN) at SSMSC**, which will provide real-time business and financial disclosure free of charge to the public.
- Implementing a **Pension Disclosure System (PDS) at the FSR** for non-state pension funds to serve the information needs of pension participants and the public and provide data to market entities including pension administrators, asset managers and the pension fund community as a whole.
- Working with leading pension funds and capital market participants to strengthen **industry standards** for operations, investor relations, accounting, recordkeeping and advertising.

- Introduce **new and diverse financial instruments** necessary for pension fund investments, long term financial sector growth and accumulation of investment capital.

Services

The CMP has a professional staff of over twenty foreign and local experts in financial markets and pension system reform. Additionally, short-term expatriate advice and assistance can be accessed to address specific issues in the market. The range of services available under CMP include:

1. **Analysis of key financial markets and pension system issues**, development of actionable recommendations, and assistance to GOU and private institutions in implementing practical solutions.
2. **Drafting assistance** with legislation and regulations on financial market infrastructure, financial instruments and pension system reform.
3. **Training** of asset managers, administrators and custodians on leading practices for pension fund operations, fiduciary responsibility and risk management.
4. **Training** for regulators and SROs on risk based supervision, enforcement, compliance, market monitoring, ethics, and inspections.
5. **Information systems development and implementation** to improve disclosure, regulatory capability, and enforcement.
6. **Design of new and innovative financial instruments** enabling pension funds to prudently invest in leading public companies.
7. **Conferences, seminars and workshops** in Kyiv and throughout the country on capital markets development, pension reform, disclosure, and market regulation.
8. **Publications, mass media campaigns, and Internet programs** which build public support for private pension reform, increase investor confidence, and improve financial literacy.

Project Partners

Key CMP Ukrainian partners include: the Ministry of Labor and Social Policy, Securities and Stock Market State Commission (SSMSC), State Commission for Regulation of Financial Services Markets (FSR), Ukrainian Association of Investment Business (UAIB), Professional Association of Registrars and Depositories (PARD), PFTS Stock Exchange, Inter-Regional Securities Union (MFS Depository) and All-Ukrainian Securities Depository (AUSD).

Key Information Sources

For additional information on the Capital Markets Project, pension or financial sector reform, and a library of useful reference documents in both English and Ukrainian please visit:

www.capitalmarkets.kiev.ua

www.pension.kiev.ua

and also visit the Securities and Stock Market State Commissions' website on the Electronic System of Comprehensive Information Disclosure implementation in Ukraine:

www.eds.ssmc.gov.ua

For additional information on the activities of the U.S. Agency for International Development (USAID) in Ukraine, please visit:

<http://ukraine.usaid.gov/>

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Capital Markets Project

