

**Full text of
REGULATION
of the National Bank of Slovakia
No. 101/2008 Coll. of 18 March 2008**

**on own funds of a pension fund management company, as amended by the
Regulation No. 523/2008 Coll.**

Pursuant to Article 60(3) of the Act No. 43/2004 Coll. on retirement pension saving, and on amendments to certain laws, as amended (hereinafter the “Act”), the National Bank of Slovakia stipulates as follows:

Article 1

Own funds of a pension fund management company (hereinafter the “Own Funds”) are the sum of basic own funds under Article 2 (1) and ancillary own funds under Article 3(1) less deductible items under Article 4.

Article 2

(1) Basic own funds are the sum of items constituting their value less the sum of items reducing their value.

(2) Items constituting the value of basic own funds are as follows:

- a) paid-up share capital;
- b) share premium;
- c) reserve fund¹ and other funds created from profit after tax, except funds considered a liability in nature;
- d) other capital funds, except the differential from the conversion of equity securities and foreign currency deposits;
- e) retained earnings from previous years;
- f) net profit/loss, if a profit, prior to its approval.

(3) Items reducing the value of basic own funds are as follows:

- a) the book value of the pension fund management company’s own shares acquired by the pension fund management company;
- b) intangible fixed assets, in particular formation expenses of the pension fund management company and the net book value of computer programs (software);
- c) the loss of current accounting period and accumulated losses from previous years;
- d) the book value of the pension fund management company’s contribution to the share capital of the pension fund management company’s shareholder whose participation in the company’s share capital equals to or is higher than 10 %, up to the issue rate² of the pension fund management company’s shares held by the shareholder, less the proportional amount of the item which reflects the risks, losses and impairments;
- e) goodwill;
- f) net profit/loss, if a loss, prior to its approval.

¹ Article 67 of the Commercial Code.

² Article 7 (6) of the Act No. 566/2001 Coll. on securities and investment services, and on amendments to certain laws (the Securities Act).

Article 3

(1) Ancillary own funds comprise

- a) subordinated debts whose remaining maturity exceeds one year, provided that
 - 1. the subordinated debt agreement is made for a definite period of time;
 - 2. funds were provided to the pension fund management company in the total agreed amount for at least five years without the possibility of demanding their early repayment and with the agreed start of repayment upon the expiry of at least five years of the date on which the funds were provided to the pension fund management company;
 - 3. the following clauses of the subordinated debt agreement are governed by Slovak law
 - 3a. the subordination obligation;
 - 3b. the possibility of amending the subordination obligation clause, or of withdrawing from such obligation;
 - 3c. the possibility of withdrawing from the subordination debt agreement;
 - 3d. the possibility of offsetting the subordinated debt against the claims of the pension fund management company;
 - 3e. the possibility of securing the subordinated debt;
 - 3f. the possibility of acceding to or assuming the subordinated debt;
 - 3g. the termination of the subordination debt agreement;
 - 3h. the possibility of changing the duration of the subordination debt agreement;
- b) provisions for risks involved in own activity.

(2) Subordinated debts referred to in paragraph 1(a) contribute to ancillary own funds in the amount of

- a) 100 % of their nominal value, if their remaining maturity is longer than five years;
- b) 80 % of their nominal value, if their remaining maturity is longer than four but shorter than five years;
- c) 60 % of their nominal value, if their remaining maturity is longer than three but shorter than four years;
- d) 40 % of their nominal value, if their remaining maturity is longer than two but shorter than three years;
- e) 20 % of their nominal value, if their remaining maturity is longer than one but shorter than two years.

(3) The gradual decrease in the subordinated debt amounts under paragraph 2 shall not apply where a written contract lays down that the borrower is required to repay neither the principal nor the interest of the subordinated debt on the agreed dates, if such repayments would lead to a fall in the own funds adequacy below the value defined in Article 60 (2) of the Act.

(4) For the purposes of this Regulation, the subordinated debt shall mean a credit or a loan received by the pension fund management company, including interest related to the credit or loan, if the pension fund management company and the lender have agreed on the subordination obligation.

(5) The subordinated debts referred to in paragraph 1(a) are a component of ancillary own funds in the amount not exceeding one half of the company's basic own funds.

(6) Ancillary own funds are a component of own funds in the amount not exceeding the company's basic own funds.

Article 4

(1) The sum of basic own funds and ancillary own funds shall be decreased by the net book value of

- a) the pension fund management company's contribution to the share capital of other financial institution under Article 48 (22) of the Act exceeding 10 % of the share capital of such other financial institution;
- b) the pension fund management company's subordinated claims against other financial institution referred to in subparagraph a) which are a part of own funds of such other financial institution;
- c) the pension fund management company's contributions to the share capital of other financial institutions under Article 48 (22) of the Act not exceeding 10 % of the share capital of such other financial institutions;
- d) the pension fund management company's subordinated claims against other financial institutions, other than those listed in subparagraph c), which are a part of own funds of such financial institutions, if the sum exceeds 10 % of the total of the pension fund management company's basic own funds and the pension fund management company's ancillary own funds.

(2) For the purposes of this Regulation, the subordinated claim shall mean a claim of the pension fund management company which will not be satisfied in the event of the borrower's bankruptcy or dissolution with liquidation until claims of other lenders are satisfied, and whose satisfaction is not secured in any way whatsoever.

Article 5

(1) For the purposes of this Regulation, liquid assets shall mean

- a) securities admitted to trading on the listed securities market of a stock exchange or a foreign stock exchange having its registered office in a member state of the European Communities, in a state which is a member of the European Economic Area, or in a state which is a member of the Organization for Economic Cooperation and Development (hereinafter the "Member State"), while the issuer of these securities is an entity whose investment risk rating from a renowned agency specialized in investment risk assessment is within the investment band;
- b) securities admitted to trading on the regulated open market of a stock exchange or on other regulated public market for securities in a member state which is open to the public and operates on a regular basis, while the issuer of these securities is an entity whose investment rating from a renowned agency specialized in investment rating assessment is within the investment band;
- c) funds kept on a current account and deposit account with a depositary or on deposit accounts and current accounts with banks or branches of foreign banks having their registered office in the Slovak Republic, in a member state, or in a state which is not a member state, provided that such bank or branch of a foreign bank is subject to supervision at the level corresponding to at least that defined under a separate regulation³, if they are available for repayment within a period of 90 days;
- d) money market instruments referred to in Article 81 (2) of the Act;
- e) units of open-ended mutual funds and shares of foreign collective investment undertakings having their registered office in a member state, meeting requirements of the European

³ Act No. 483/2001 Coll. on banks, and on amendments to certain laws, as amended.

Communities law or of the law of the relevant member state, only if admitted to trading on a stock exchange, foreign stock exchange, or other regulated market under subparagraphs a) and b).

(2) For the purposes of calculating the sum of liquid assets under paragraph 1, the procedure laid down in a separate regulation⁴ shall be followed.

Article 6

(1) For the purposes of this Regulation, general operating expenses shall include:

- a) expenses for commissions, considerations, and related expenses;
- b) expenses for fees;
- c) expenses for wages and social security;
- d) other personnel expenses;
- e) lease expenses and related expenses;
- f) information technology expenses;
- g) expenses for business trips and entertaining costs;
- h) other expenses related to the operation of the company;
- i) expenses for forms and printed matters;
- j) audit expenses;
- k) expenses for consulting services;
- l) expenses for statutory fees and membership in associations;
- m) advertising and marketing expenses;
- n) sales support expenses;
- o) expenses for taxes, fines and penalties;
- p) expenses for acquisition of tangible and intangible assets;
- q) expenses related to the client portfolio servicing.

(2) For the purposes of this Regulation, general operating expenses shall mean

- a) general operating expenses referred to in paragraph 1 for the previous calendar year;
- b) general operating expenses specified in the business and financial plan of the pension fund management company under Article 60 (2)(a) of the Act, if it performs its activity for less than one year.

(3) For the purposes of this Regulation, liabilities shall mean all liabilities of the pension fund management company arising from its operation, plus tax liabilities due to the tax authority.

(4) For the purposes of this Regulation, receivables shall mean receivables due from pension funds relating to personal pension account maintenance fees and pension account management fees.

⁴ Regulation of the Ministry of Finance of the Slovak Republic No. 48/2005 Coll. on methods and procedures for determining the value of assets in a pension fund, and on the method for determining the value of securities in a pension fund.

Article 7

(1) Satisfaction of requirements for adequacy of own funds of the pension fund management company shall be proved by presentation of the report Dss (PVZ) 01-04 Report on adequacy of own funds of a pension fund management company, whose template is attached hereto.

(2) The report referred to in paragraph 1 shall be submitted electronically not later than one month after the end of the calendar quarter for which it is presented.

(3) The electronic submission of the report under paragraph 2 shall mean the submission of the report in the application software system of the National Bank of Slovakia STATUS DFT – Collection, Processing and Storing of Statistics of Entities of the Slovak Financial Market.

Article 8

The Regulation of the Ministry of Finance of the Slovak Republic No. 595/2004 Coll. on own funds of a pension fund management company, as amended by the Regulation No. 158/2005 Coll. and Regulation No. 604/2006 Coll. is repealed.

Article 9

This Regulation takes effect as at 1 April 2008.

The Regulation No. 523/2008 Coll. became effective as at 1 January 2009.

TEMPLATE

Dss (PVZ) 01-04

Report on adequacy of own funds of a pension fund management company

Name of pension fund management company

Identification code

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As at

A. Own funds

Own funds of pension fund management company	Line No.	Value of indicator (in EUR 000's)
a	b	1
Items constituting the value of basic own funds (sum of lines 1a to 1f)	1	
Paid-up share capital [Art. 2(2)(a)]	1 a	
Share premium [Art. 2(2)(b)]	1 b	
Reserve fund and other funds created from profit after tax, except funds considered a liability in nature [Art. 2(2)(c)]	1 c	
Other capital funds, except the differential from the conversion of equity securities and foreign currency deposits [Art. 2(2)(d)]	1 d	
Retained earnings from previous years [Art. 2(2)(e)]	1 e	
Net profit/loss, if a profit, including profit prior to its approval [Art. 2(2)(f)]	1 f	
Items reducing the value of basic own funds (sum of lines 2a to 2g)	2	
Book value of own shares of pension fund management company [Art. 2(3)(a)]	2 a	
Intangible fixed assets [Art. 2 (3)(b)]	2 b	
Loss of current accounting period [Art. 2 (3)(c)]	2 c	
Accumulated losses from previous years [Art. 2(3)(c)]	2 d	
Book value of contribution of pension fund management company [Art. 2(3)(d)]	2 e	
Goodwill [Art. 2(3)(e)]	2 f	
Net profit/loss, if a loss, including loss prior to its approval [Art. 2(3)(f)]	2 g	
Basic own funds (difference of lines 1 and 2)	3	
Ancillary own funds (sum of lines 4a and 4b)	4	
Subordinated debts [Art. 3(1)(a)]	4 a	
Provisions for risks involved in own activity [Art. 3(1)(b)]	4 b	
Sum of basic own funds and ancillary own funds (sum of lines 3 and 4)	5	
Deductible items (sum of lines 6a to 6d)	6	
Net book value of contribution of pension fund management company [Art. 4(1)(a)]	6 a	

Net book value of subordinated claims [Art. 4(1)(b)]	6 b	
Net book value of contributions of pension fund management company [Art. 4(1)(c)]	6 c	
Net book value of subordinated claims of pension fund management company [Art. 4(1)(d)]	6 d	
Own funds (difference of lines 5 and 6)	7	

B. Liquid assets

Liquid assets of pension fund management company	Line No.	Value of indicator (in EUR 000's)
a	b	1
Liquid assets (sum of lines 8a to 8e)	8	
Value of securities admitted to trading on listed securities market [Art. 5(1)(a)]	8 a	
Value of securities admitted to trading on regulated open market [Art. 5(1)(b)]	8 b	
Value of funds kept on current account and deposit account with depositary or on current accounts and deposit accounts available up to 90 days [Art. 5(1)(c)]	8 c	
Value of money market instruments [Art. 5(1)(d)]	8 d	
Value of unit certificates of open-ended mutual funds and value of shares of foreign collective investment undertaking [Art. 5(1)(e)]	8 e	

C. Value of assets in pension funds

Items for the purpose of calculating own funds adequacy ratios	Line No.	Value of indicator (in EUR 000's)
a	b	1
Total value of assets in pension funds (sum of lines 9a to 9c)	9	
Value of assets in conservative pension fund	9 a	
Value of assets in balanced pension fund	9 b	
Value of assets in growth pension fund	9 c	

D. General operating expenses, receivables, liabilities

Items for the purpose of calculating own funds adequacy ratios	Line No.	Value of indicator (in EUR 000's)
a	b	1
Value of general operating expenses [Art. 6(1)(a) to (q)]	10	
Value of liabilities of pension fund management company [Art. 6(3)]	11	
Value of receivables due from pension funds [Art. 6(4)]	12	

E. Adequacy of own funds

Fulfillment of own funds adequacy requirement	Line No.	Evaluation
a	b	1

Own funds are adequate [Art. 60 (2)(a) of the Act]	13	
Own funds are adequate [Art. 60 (2)(b) of the Act]	14	
Own funds are adequate 15	15	

Explanatory notes on production of the Dss (PVZ) 01-04 report

1. The reported amounts shall be in EUR 000's.
2. The section "**Name of pension fund management company**" in the left corner of the heading shall include the business name of the pension fund management company as shown in the valid business license.
3. The section "**Identification code**" in the right corner of the heading shall include the applicable number code as entered in APS STATUS DFT, section C, Code books/C.1 Entities.
4. The section "**As at**" in the right corner of the heading shall report the end date of the individual quarter of the relevant calendar year.
5. On lines **1a** to **1f** report the values of individual items constituting the value of basic own funds.
6. On line **1** report the sum of lines 1a to 1f which reflects the value of basic own funds.
7. On lines **2a** to **2g** report the values of individual items reducing the value of the basic own funds.
8. On line **2** report the sum of lines 2a to 2g which reflects the items reducing the value of basic own funds.
9. On line **3** report the difference of lines 1 and 2; the final value reflects the basic own funds.
10. On lines **4a** to **4b** report the values of individual items which constitute the ancillary own funds.
11. On line **4** report the sum of lines 4a and 4b which reflects the ancillary own funds.
12. On line **5** report the sum of lines 3 and 4; the final value reflects the total of basic own funds and ancillary own funds.
13. On lines **6a** to **6d** report the values of individual deductible items by which the value formed by the sum of basic own funds and ancillary own funds shall be reduced.
14. On line **6** report the sum of lines 6a to 6d which reflects the deductible items.
15. On line **7** report the difference of values on lines 5 and 6; the final value reflects own funds.
16. On line **8a** to **8e** report the values of individual items of liquid assets.
17. On line **8** report the sum of lines 8a to 8e which reflects the liquid assets.
18. On lines **9a** to **9c** report the asset values of the individual types of pension funds managed by the pension fund management company.
19. On line **9** report the sum of the values on lines 9a to 9c which reflects the total asset value of the pension funds.
20. On line **10** report the value of general operating expenses of the pension fund management company for the previous calendar year; if the pension fund management company has carried out its activity for less than one year, the general operating expenses shown in its business and financial plan shall be reported.
21. On line **11** report the value of the pension fund management company's liabilities arising from its operation, plus tax liabilities due to the tax authority.
22. On line **12** report the value of the pension fund management company's receivables due from the pension funds relating to personal pension account maintenance fees and pension account management fees.
23. Lines **13** and **14** shall remain blank; fulfillment of own funds adequacy requirements are evaluated automatically based on the reported data.
24. Upon the evaluation of the fulfillment of own funds adequacy requirements, the line **15** will automatically report "YES", if the ratios of lines 13 and 14 are satisfied, otherwise "NO" shall be shown.

Abbreviations used

Abbreviation	Description
Line No.	line number