

**217/2005 Coll.**

**DECREE  
of the Ministry of Finance of the Slovak Republic,**

dated 4 May 2005,

**concerning the own resources of a supplementary pension management company and the methods and procedures to be followed in assessing the value of assets in supplementary pension funds**

Under the provisions of Article 33 paragraph 6 and Article 55 paragraph 1 of Act No. 650/2004 Coll. on supplementary pension saving and on amendments to certain laws (hereinafter referred to as 'Act'), the Ministry of Finance of the Slovak Republic has enacted the following:

**Own Resources of a Supplementary Pension Management Company**

Article 1

The own resources of a supplementary pension management company (hereinafter referred to as 'own resources') are the sum of basic 'own resources' (Article 2 paragraph 1) and supplementary 'own resources' (Article 3 paragraph 1), reduced by the value of deductible items (Article 4).

Article 2

(1) Basic 'own resources' are the sum of items constituting their value, reduced by the sum of items reducing their value.

(2) The items constituting the value of basic 'own resources' are:

- a) the paid-up registered capital;
- b) the share premium;
- c) the reserve fund<sup>1)</sup> and other funds created from profits after taxes, except funds which are liabilities in nature;
- d) other capital funds, except the valuation differential from the conversion of equity securities and foreign-currency deposits;
- e) retained earnings from previous years.

(3) The items reducing the value of basic 'own resources' are:

- a) the book value of the supplementary pension management company's own shares, acquired by the supplementary pension management company;

- b) long-term intangible assets, mainly the foundation costs of the supplementary pension company and the net book value of computer programs (software).
- c) loss incurred in the current accounting period and accumulated losses from previous years;
- d) the book value of the supplementary pension management company's contribution to the registered capital of the shareholder of the supplementary pension management company, which has a share in its registered capital of 10% or more, up to the level of the issue rate<sup>2)</sup> of the shares owned by the supplementary pension management company, reduced by the aliquot part of the item in relation to this contribution, expressing the risks, losses, and the rate of depreciation;
- e) goodwill, where its balance is positive.

### Article 3

(1) Supplementary 'own resources' are composed of subordinated debts, whose residual maturity is longer than one year, if

- a) the subordinated debt agreement is signed for a fixed period;
- b) funds are provided to the supplementary pension management company in the total agreed amount for at least five years without a possibility of demanding their early repayment and with repayment agreed to commence after the expiration of at least five years of the date on which the funds are provided to the supplementary pension management company;
- c) the clauses of the subordinated debt agreement listed below are governed by the law of the Slovak Republic:
  1. the clause concerning the liability of subordination;
  2. the possibility of changing or supplementing the subordination liability clause or that of withdrawing from this liability;
  3. the possibility of withdrawing from the subordinated debt agreement;
  4. the possibility of taking the subordinated debt into account against the claims of the supplementary pension management company;
  5. the possibility of securing the subordinated debt;
  6. the possibility of accepting or assuming the subordinated debt;
  7. the expiration of the subordinated debt agreement;
  8. the possibility of changing the period of validity of the subordinated debt agreement;

(2) Subordinated debts pursuant to paragraph 1 are made up of supplementary 'own resources' in the amount of:

- a) 100% of their nominal value, if their residual maturity is longer than five years;
- b) 80% of their nominal value, if their residual maturity is longer than four years, but not longer than five years;
- c) 60% of their nominal value, if their residual maturity is longer than three years, but not longer than four years;

d) 40% of their nominal value, if their residual maturity is longer than two years, but not longer than three years;

e) 20% of their nominal value, if their residual maturity is longer than one year, but not longer than two years.

(3) The gradual reduction in the values of subordinated debts pursuant to paragraph 2 shall not be applied where a written contract lays down that the debtor is obliged to pay neither principal nor interest on the subordinated debt at the agreed dates, where such payments may lead to a fall in the adequacy of own resources below the level stipulated in Article 33 paragraph 3 of the Act.

(4) For the purposes of this Decree, subordinated debt means a credit or a loan taken by a supplementary pension management company, where there is a subordination liability agreement between the supplementary pension management company and the creditor.

(5) Supplementary 'own resources' are a component of own resources, up to the value of basic 'own resources'.

#### Article 4

(1) The sum of basic 'own resources' and supplementary 'own resources' shall be reduced by:

a) the sum of net book values of 1. the contributions of the supplementary pension management company to the registered capital of financial institutions pursuant to Article 29 paragraph 4 of the Act, which do not exceed 10% of the registered capital of these financial institutions, and 2. the subordinated claims of the supplementary pension management company against financial institutions pursuant to the first clause, which are part of the own resources of these financial institutions;

b) the sum of net book values of 1. the contributions of the supplementary pension management company to the registered capital of financial institutions pursuant to Article 29 paragraph 4 of the Act, which do not exceed 10% of the registered capital of these financial institutions, and 2. the subordinated claims of the supplementary pension management company, which are other than the subordinated claims under letter a) clause 2 against financial institutions and which are part of the own resources of these financial institutions, if this sum is higher than 10% of the sum of the supplementary pension management company's basic 'own resources' and supplementary 'own resources';

c) the sum of net book values of 1. ownership interests<sup>3)</sup> in insurance companies<sup>4)</sup>, reinsurance companies<sup>5)</sup>, and financial holding institutions in the area of insurance under a separate law<sup>6)</sup>, 2. the subordinated claims of the supplementary pension management company against insurance companies<sup>4)</sup>, reinsurance companies<sup>5)</sup>, and financial holding institutions in the area of insurance under a separate law<sup>6)</sup>, which are part of the own resources of these companies, and if the supplementary pension management company has a stake in these companies.

(2) For the purposes of this Decree, the term 'subordinated claim' means a claim of the

supplementary pension management company, which, in the event of the debtor's bankruptcy or liquidation, will be settled only after the claims of other creditors have been settled and its settlement is not secured by any means.

#### Article 5

The components of own resources pursuant to Articles 2 to 4 shall be included in the calculation of own resources only after the deduction of possible tax liabilities and only if they may be used, without undue delay and without restrictions, for the coverage of risks and losses ensuing from the business activity of the supplementary pension management company.

#### Article 6

Compliance with the condition concerning the adequacy of own resources to be maintained by a supplementary pension management company shall be proved by means of a quarterly report on the adequacy of own resources of the supplementary pension management company concerned, a specimen of which is available in the annex. The quarterly report on the adequacy of own resources of the supplementary pension management company shall be submitted to the body in charge of financial market supervision<sup>7)</sup> in both paper and electronic forms, no later than the end of the month after the expiration of the calendar quarter.

#### Article 7

### **Methods and Procedures for Determining the Value of Assets in a Supplementary Pension Fund**

The methods and procedures for determining the value of assets in a supplementary pension fund are governed by the same provisions that apply to the methods and procedures used in determining the value of assets in a pension fund under separate regulations<sup>8)</sup>.

#### Article 8

This Decree shall become effective on 1 July 2005.

**Vladimil Podstránsky**

### **ANNEX SPECIMEN**

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QUARTERLY REPORT ON THE ADEQUACY OF OWN RESOURCES OF A SUPPLEMENTARY  
PENSION MANAGEMENT COMPANY FOR ..... QUARTER

+-----+

Year +-----+

+-----+

Reg. No. +-----+

Business name

+-----+  
+-----+

Street and number

+-----+  
+-----+

Postcode

Name of town/city

+-----+ +-----+  
+-----+ +-----+

Phone number

Fax number

+-----+ +-----+  
+-----+ +-----+

E-mail

+-----+  
+-----+

Date of delivery:

Name, surname,  
and signature of a  
member (members)  
of the statutory body

Name, surname, and signature  
of the officer responsible for  
the elaboration of the report

#### A. Own resources

Own resources of the supplementary pension management company	Row no.	Value of indicator (in thousands of Sk)
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Items constituting the value of basic  
own resources  
(sum of rows 1a to 1e)

1

Paid-up registered capital  
[Art. 2 para. 2 letter a)]

1a

Share premium [Art. 2 para. 2 letter b)]

1b

Reserve fund and other funds created  
from profit after tax, except funds  
that are liabilities in nature  
[Art. 2 para. 2 letter c)]

1c

Other capital funds, except gains and

losses from the conversion of equity securities and deposits in foreign currency [Art. 2 para. 2 letter d)]	1d
Retained earnings from previous years [Art. 2 para. 2 letter e)]	1e
Items reducing the value of basic own resources (sum of rows 2a to 2f)	2
The book value of the supplementary pension management company's own acquired shares [Art. 2 para. 3 letter a)]	2a
Long-term intangible property [Art. 2 para. 3 letter b)]	2b
Loss in the current accounting period [Art. 2 para. 3 letter c)]	2c
Accumulated losses from previous years [Art. 2 para. 3 letter c)]	2d
Book value of the supplementary pension management company's deposit [Art. 2 para. 3 letter d)]	2e
Goodwill, in case of a positive balance [Art. 2 para. 3 letter e)]	2f
Basic own resources (sum of rows 1 to 2)	3
Supplementary own resources (Art. 3 para. 1)	4
Sum of the basic and supplementary own resources (sum of rows 3 and 4)	5
Deductible items (sum of rows 6a to 6f)	6
Sum of the net book values of the supplementary pension management company's deposits [Art. 4 para. 1 letter a) first clause]	6a
Sum of the net book values of subordinated claims [Art. 4 para. 1 letter a) second clause]	6b

Sum of net book values of the supplementary pension management company's deposits [Art. 4 para. 1 letter b) first clause]	6c
Sum of net book values of the subordinated claims of the supplementary pension management company [Art. 4 para. 1 letter b) second clause]	6d
Sum of the net book values of ownership interests [Art. 4 para. 1 letter c) first clause]	6e
Sum of the net book values of subordinated claims of the supplementary management company [Art. 4 para. 1 letter c) second clause]	6f
Own resources (difference between rows 5 and 6)	7

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B. Adequacy of own resources

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Items for calculating the adequacy of own resources of a supplementary pension management company	Row no.	Value of indicator (in thous. of Sk)
Value of assets in supplementary pension funds	8a	
Value of assets in payment supplementary pension funds	8b	
Value of assets in supplementary pension funds in total (sum of rows 8a and 8b)	8	
General operating expenses <sup>1)</sup> of the supplementary pension management company	9	
Amount of guarantee 8 (Art. 33 para. 5)	10	

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Own resources are adequate if they are not lower than	Compliance with the condition *)
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the sum of Sk 50,000,000 and 0.05% of the value of assets in supplementary

pension funds exceeding Sk 5,000,000,000.

25% of the general operating expenses of the supplementary pension management company for the previous calendar year;  
or if the supplementary pension management company is involved in supplementary pension saving for less than a year, 25% of the value of general operating expenses given in its commercial-financial plan

Notes:

1) Article 38 paragraph 2 of Decree No. 20359/2002-92 of the Ministry of Finance of the Slovak Republic, dated 13 November 2002, stipulating the particulars of accounting procedures and the general charts of accounts for banks, branches of foreign banks, the National Bank of Slovakia, the Deposit Protection Fund, dealers in securities, branches of foreign dealers in securities, the Investment Guarantee Fund, asset management companies, branches of foreign asset management companies, and investment funds (Notification No. 644/2002 Coll. ) as amended by subsequent decrees.

Abbreviations:

Row no. – raw number

Explanations:

\* Please state whether the condition is or not fulfilled.

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1) Article 67 of the Commercial Code.

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

3) Article 43 paragraph 5 letter m) of Act No. 95/2002 Coll. on insurance and on amendments to certain laws, in the wording of Act No. 645/2004 Coll.

4) Article 4 paragraph 1 of Act No. 95/2002 Coll. with subsequent amendments.

5) Article 11 paragraph 1 of Act No. 95/2002 Coll. as amended by Act No. 747/2004 Coll.

6) Article 43 paragraph 5 letter i) of Act No. 96/2002 Coll. as amended by Act No. 645/2004 Coll.

7) Act No. 96/2002 Coll. on financial market supervision and on amendments to certain laws, as amended by subsequent regulations.

8) Decree No. 48/2005 Coll. of the Ministry of Finance of the Slovak Republic, providing methods and procedures for determining the value of assets in pension funds and the value of securities in the assets of pension funds.