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**EU-FINSTAR**

**Technical Assistance in Ukrainian Financial Sector's Priority Areas**

Contract № 2014 / 316-284



Ukraine

# EU project to strengthen the XBRL adoption by the Ukrainian Financial Sector

## EU-FINSTAR

February, 2<sup>nd</sup> 2016



16<sup>th</sup> XBRL Europe Day

The views expressed in this presentation  
are those of the presenter.



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## Objectives

- **EU-funded technical assistance** for this program has been designed to support a **stronger, more transparent financial system**, better equipped to finance sustainable economic growth and provide equitable access to financial services for Ukrainian citizens and businesses.
- **Ukraine adopts financial sector changes which are in line with European Union Directives and international standards,**
- Specific technical assistance is provided to:
  - **Develop capacity to regulate and supervise** Ukraine's financial services sector.
  - **Strengthen private sector transparency**



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## Project Background

- Priority areas for EU assistance were identified and incorporated into project components
- Assistance outlined in Terms of Reference

30/10/2013	S211	External aid programmes - Services - Contract notice - Restricted procedure
<b>Ukraine-Kyiv: ENPI — Technical assistance in the financial sector's priority areas</b>		
2013/S 211-364986		
Service contract notice		
Location — Europe (non-EU), Ukraine		
<ol style="list-style-type: none"> <li>1. <b>Publication reference:</b> EuropeAid/134323/C/SER/UA.</li> <li>2. <b>Procedure:</b> Restricted.</li> <li>3. <b>Programme:</b> ENPI.</li> <li>4. <b>Financing:</b> Financing agreement.</li> <li>5. <b>Contracting authority:</b> European Union, represented by the European Commission, on behalf of and for the account of the beneficiary country, Kyiv, UKRAINE.</li> </ol>		

- Delegation of the European Union to Ukraine signed a contract to launch the project on 27 March 2015
- Project duration is 3 years



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## Project Beneficiaries

Collectively, the EU-funded assistance supports the four Beneficiaries in **filling crucial gaps in policies, legislation, and the supervisory and transparency practices required for a modern, competitive financial sector.**



Ministry of Finance (MoF)



National Commission for  
Securities and Stock Markets  
(NCSSM)



National Bank of Ukraine (NBU)



National Commission for  
Regulation of Financial Services  
Market (NCRFSM).



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## Major Project Components (1)

**Enhancement of regulatory financial reporting through adoption of IFRS and FINREP-XBRL taxonomies.**

Enhancement of monetary and financial statistical framework at the NBU to achieve a **statistics framework** as elaborated and in use by the ECB and prescribed by European Authorities.

Implementation of **Consolidated Supervision**, based on best EU practice and as recommended by the EBA, ESMA, EIOPA, ECB.

Capacity building assistance for NBU to implement **macro-prudential** policy aiming to enhance financial stability and tackle systemic risks through countercyclical measures.



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## Major Project Components (2)

Strengthening the capacity of the NBU in implementation of measures to establish the necessary preconditions for the **future gradual implementation of the free flow of capital.**

Organizational set-up and **regulatory framework of the audit profession** based on the EU's prevailing best practice.

**Update Ukrainian accounting legislation** approximating to the EU's 2013 Accounting Directive (2013/34/EU).

Strengthen capacity of Securities Commission to **regulate Ukraine's securities market in line with EU Directives and IOSCO standards.**

Assistance to NBU in the enhancement of regulatory framework by **Basel II (Pillar 2) implementation.**



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## **Component 1:**

**Enhancement of the existing regulatory financial reporting framework for all financial sector regulators in Ukraine through adoption of the IFRS and FINREP XBRL taxonomies.**

**Phase 1:** Establish the methodological framework for defining and implementing **IFRS XBRL taxonomies** for all regulated segments of the financial sector in Ukraine.

Work with each financial regulator to define the relevant XBRL taxonomies for the respective lines of business (e.g. banking, insurance, credit unions, leasing, securities, etc.) needed to provide transparency and for supervision (e.g. **FINREP, COREP, Solvency II**, etc.).

In working with the individual supervisory authorities, coordinate the deployment of supervisory taxonomies to enable regulatory consolidation and effective sharing for consolidated and macro-prudential supervision.



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## Component 1:

**Enhancement of the existing regulatory financial reporting framework for all financial sector regulators in Ukraine through adoption of the IFRS and FINREP XBRL taxonomies.**

**Phase 2:** Development of the **software and hardware specifications for automated XBRL-based financial reporting systems**. Provide quality control over software development for the reporting system during testing.

**Phase 3:** Participate in **pilot testing** of the automated **XBRL-based financial reporting system**, which will conduct beta testing using 2-3 entities from each segment of the financial sector.

**Phase 4:** Assist the financial regulators in the **roll-out of the XBRL-based financial reporting system** to the financial sector and entities subject to supervision by the financial regulators.





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## IFRS in Ukraine

- IFRS became mandatory for all companies whose securities trade in a public market effective 1 January 2012. Optionally, IFRS was permitted starting 1 January 2011.
- Banks were required to apply IFRS in their annual financial statements starting 1 January 2011. Banks are required to prepare their quarterly financial statements in accordance with IFRS starting with the first quarter of 2016.
- The **IFRS Taxonomy** will be implemented, with regulator extensions.
- 2013 version of the **IFRS Taxonomy** is already available in Ukrainian.





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# Questions ?

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Thank you for your attention

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