



On approval of the Rules for selection of foreign organizations managing pension assets of the single accumulative pension Fund, including requirements to them, when they are ordered to perform actions necessary for management of pension assets of the single accumulative pension fund

Unofficial translation

Resolution of the Board of the National Bank of the Republic of Kazakhstan dated September 27, 2017 No. 173. Registered in the Ministry of Justice of the Republic of Kazakhstan on October 31, 2017 No. 15947. Abolished by the resolution of the Board of the National Bank of the Republic of Kazakhstan dated June 15, 2020 No. 78.

Unofficial translation

Footnote. Abolished by the resolution of the Board of the National Bank of the Republic of Kazakhstan dated June 15, 2020 No. 78 (shall be enforced upon expiry of ten calendar days after the day of its first official publication).

In accordance with the Law of the Republic of Kazakhstan of March 30, 1995 “On the National Bank of the Republic of Kazakhstan” and in order to ensure the efficiency of managing pension assets of the single accumulative pension fund, the Board of the National Bank of the Republic of Kazakhstan RESOLVES:

1. To approve the attached Rules for selection of foreign organizations managing pension assets of the single accumulative pension fund, including requirements to them, when they are ordered to perform actions necessary for management of pension assets of the single accumulative pension fund.

2. To recognize invalid Resolution No. 222 of the Board of the National Bank of the Republic of Kazakhstan dated August 27, 2013 “On approval of the Rules for selection of foreign organizations managing pension assets of the single accumulative pension Fund, including requirements to them, when they are ordered to perform actions necessary for management of pension assets of the single accumulation pension fund ”(registered in the Register of State Registration of Regulatory Legal Acts under No. 8813, published in Kazakhstanskaya Pravda newspaper in No. 325 (27599) of November 28, 2013.

3. In accordance with the procedure established by the legislation of the Republic of Kazakhstan, the Monetary Operations Department (A.M. Moldabekova) shall:

1) together with the Legal Department (N.V. Sarsenova) provide the state registration of this resolution with the Ministry of Justice of the Republic of Kazakhstan;

2) within ten calendar days from the date of state registration of this resolution direct its copy in paper and electronic forms in the Kazakh and Russian languages to the Republican State Enterprise with the Right of Economic Management “Republican Center of Legal

Information” for official publication and inclusion in the Reference Control Bank of Regulatory Legal Acts of the Republic of Kazakhstan;

3) place this resolution on the official Internet resource of the National Bank of the Republic of Kazakhstan after its official publication.

4. The Department of financial Services Consumers’ Rights Protection and External Communications (A.L. Terentyev) shall direct its copy for official publication in periodicals within ten calendar days after the state registration of this resolution.

5. Control over the execution of this resolution shall be entrusted to the Deputy Chairman of the National Bank of the Republic of Kazakhstan O.A.Smolyakov.

6. This resolution shall be enforced upon the expiry of ten calendar days after the date of its first official publication.

*Chairman
of the National Bank*

D. Akishev

Approved by
Resolution No.173
of the Board of the National Bank
of the Republic of Kazakhstan
of September 27, 2017

Rules for selection of foreign organizations managing pension assets of the single accumulative pension fund, including requirements to them, when they are ordered to perform the actions necessary for management of pension assets of the single accumulative pension fund Chapter 1. General Provisions

1. These Rules for selection of foreign organizations managing pension assets of the single accumulative pension Fund, including requirements to them, when they are ordered to perform actions necessary for management of pension assets of the single accumulative pension fund (hereinafter -the Rules), are developed in accordance with the laws of the Republic of Kazakhstan “On the National Bank of the Republic of Kazakhstan” of 30 March 1995, “On Pension Security in the Republic of Kazakhstan” of June 21, 2013, the Agreement on services in trust management of pension assets of the "Single Accumulation Pension Fund" of August 26, 2013 No. 362NB and determine the procedure for selecting foreign organizations managing pension assets of the single accumulative pension fund (hereinafter - the Fund), including requirements to them, when they are ordered to perform actions necessary for management of pension assets of the single accumulative pension fund.

2. A part of the Fund’s pension assets in external investment management is transferred for:

1) decrease in the level of risks associated with concentration of management by means of diversification of managers;

2) increase in profitability of the pension assets of the Fund thanks to the use of experience, analytical materials, research and technical resources of the external manager;

3) obtaining of additional expertise in the field of asset management, staff training;
4) the possibility of using new asset classes on which there is no experience in internal management.

3. The following concepts are used in the Rules:

1) active asset management - type of management in which the target value of variability of the deviation of returns (tracking error) exceeds 0.5 (zero point five) percent;

2) investment asset management - asset management process;

3) passive asset management - type of management in which the value of variability of the deviation of returns (tracking error) does not exceed 0.5 (zero point five) percent. Under passive management, the return of portfolio in external management is approximately equal to the return of the benchmark portfolio;

4) external asset management - type of asset management in which assets are transferred in investment management of a foreign organization specializing in investment management of clients' assets and performing its activities in the international financial markets;

5) external transit asset management - type of management in which assets are transferred for up to 6 (six) months to an external transit manager for the purpose of risk minimization in connection with changes in the structure of transferred assets;

6) information ratio - the ratio of the historical level of excess returns to the historical level of risk (variability of the returns deviation (tracking error));

7) global mandate - portfolio whose investments go beyond the framework of a single country (market, region);

8) parent organization - a foreign organization that holds majority shares of subsidiaries;

9) excess returns level - difference between the actually achieved level of profitability and the profitability level of the benchmark portfolio;

10) institutional investor - a legal entity acting as a holder of financial assets and performing professional activities in financial assets investing;

11) commission - remuneration paid for investment asset management services;

12) variability of the deviation of returns (tracking error) - the main indicator of the market risk of the portfolio in relation to the benchmark portfolio, reflecting variability of the deviation of return of the portfolio from the return on the benchmark portfolio;

13) the Fund's investment declaration - a declaration defining the investment strategy for the Fund's pension assets, the list of investment objects, conditions and restrictions on investment activities in relation to the Fund's pension assets, conditions for hedging and diversification of the Fund's pension assets;

14) mandate - a portfolio that has investment characteristics determined by the National Bank of the Republic of Kazakhstan (hereinafter - the National Bank);

15) margin account - an account for conducting operations with derivative financial instruments opened with a clearing organization, which is an organization affiliated with

exchanges, ensuring the validity, delivery and settlement in operations with derivative financial instruments;

16) regional mandate - portfolio whose investments are concentrated within one country (market, region);

17) portfolio - a set of financial instruments, including currency in cash;

18) portfolio manager – a person responsible for investment management of the clients' assets;

19) external manager - a foreign organization specializing in investment management of the clients' assets and operating in international financial markets;

20) portfolio in external management - portfolio transferred under investment management to an external manager;

21) external transit manager - a foreign organization that provides transit management services for clients' assets and operates in international financial markets;

22) transition period - a time period applied to a portfolio, established in accordance with the Rules in order to bring it in line with the parameters set by the Fund's investment declaration on pension assets management;

23) the authorized unit - the unit of monetary operations of the central office of the National Bank;

24) benchmark portfolio - a set of financial instruments, including currency in cash, reflecting strategic interests of the investor. Profitability of the benchmark portfolio is a criterion of profitability of the asset management. For the benchmark portfolio indices are developed and monitored by the world's leading financial institutions or the National Bank.

Chapter 2. Main conditions of external and external transit management of the pension assets of the Fund

4. Investment management of the assets of the Fund is carried out both by an external manager and an external transit manager.

5. Money and other assets that constitute the Fund's pension assets are transferred to external or external transit management.

6. The total allowable amount of the Fund's pension assets transferred to the external management of one external manager shall not be more than 10 (ten) percent of the Fund's pension assets portfolio in foreign currency.

In case of violation of this limitation, the authorized unit shall eliminate the inconsistencies within 3 (three) months from the date of their occurrence.

7. If there is a violation of the limit set by paragraph 6 of the Rules, due to the merger of two acting external managers, the authorized unit shall bring for consideration of the

Chairman or Deputy Chairman of the National Bank in charge of the authorized unit the issue of withdrawing a part of the assets in order to eliminate the violations. This violation shall be resolved within 4 (four) months from the date of its occurrence.

8. An external or external transit manager is paid a fixed commission and (or) a commission, depending on the management results, in the manner determined by the contract on investment management of the Fund's pension assets transferred to external or external transit management (hereinafter - the investment management mandate).

Chapter 3. Adoption of decision and transfer of the Fund's pension assets to external or external transit management

9. The decision on the need to transfer the pension assets of the Fund to external or external transit management shall be adopted by the Chairman or Deputy Chairman of the National Bank in charge of the authorized unit.

10. If the external manager that performs the external management of the gold and foreign exchange assets of the National Bank and (or) the assets of the National Fund of the Republic of Kazakhstan meets the mandatory criteria established by paragraph 15 of the Rules, by the decision of the Chairman or Deputy Chairman of the National Bank in charge of the authorized unit, his candidacy is submitted for consideration to the Board of the National Bank without carrying out the procedures stipulated in paragraphs 11, 12, 13 and 14 of the Rules.

11. The authorized unit posts on the official Internet resource of the National Bank, on the Internet, an announcement on the upcoming tender for the selection of the external manager, compiles a list of potential external managers, sends the announcement to potential external managers. The announcement of the upcoming tender (hereinafter - the announcement) shall contain the following:

1) description of the type of mandate and its characteristics (active or passive, benchmark portfolio, management objectives, investment restrictions, approximate amount of the mandate);

2) minimum information requested from a potential external manager, in accordance with Appendix 1 to the Rules;

3) requirements to external manager;

4) information about the employees of the National Bank responsible for conducting the tender;

5) the deadline for submission to the National Bank of the requested minimum information;

6) conditions provided for in paragraph 25 of the Rules. A mandatory condition for consideration of the proposal of a potential external manager is his written confirmation of

inclusion of the conditions provided for in paragraph 25 of the Rules in the investment management contract.

12. The tender for the selection of external managers shall be conducted by the authorized unit.

13. The authorized unit collects the minimum information requested from a potential external manager, in accordance with Appendix 1 to the Rules, within the period specified in the announcement, but no later than 1 (one) month from the date of posting the announcement on the official Internet resource of the National Bank, on the Internet.

14. The authorized unit shall make a comparative analysis of all the received proposals, with regard to the mandatory criteria for the selection of external managers, established by paragraph 15 of the Rules.

If the external manager meets the mandatory criteria, further review and analysis of the proposal on the evaluation criteria is carried out for a comparative analysis of the proposals of potential external managers in accordance with Appendix 2 to the Rules.

Evaluation of the proposal of the potential external manager shall be carried out in accordance with Appendix 3 to the Rules.

15. The following mandatory criteria shall apply to external managers in whose investment management the Fund's pension assets are transferred:

1) at least 10 (ten) years of experience with financial instruments in which the pension assets of the Fund are supposed to be invested, of which at least 5 (five) years of work experience shall be in the announced type of mandate.

If a tender is announced for the selection of external manager on the global mandate, the experience of the tenderer who has exclusively similar regional mandates under management, covering at least 75 (seventy-five) percent of the global mandate, shall be at least 5 (five) years on these regional mandates.

2) the size of assets under management: the external manager shall have the total client assets under management that are equivalent to at least 25 (twenty-five) billion United States dollars (hereinafter - USD);

3) the size of the assets for the type of mandate under consideration: the external manager shall have the total client assets for the type of considered mandate equivalent to at least 1 (one) billion USD.

If a tender is announced for the selection of external manager on global mandate, the size of the assets managed by the tenderer on regional mandates, that has exclusively similar regional mandates under management with the scope of at least 75 (seventy-five) percent of all the global mandate, shall total at least 1 (one) billion USD on the given regional mandates

16. The National Bank may contact the potential external manager's clients to make inquiries about the results and quality of client assets management.

17. The term for the authorized unit to draw the conclusion containing a comparative analysis of proposals on external management shall be no more than 2 (two) months from the date of submitting by the external managers of the minimum information requested.

18. The conclusion drawn by the authorized unit containing a comparative analysis of external management proposals shall be directed for consideration to the Chairman or Deputy Chairman of the National Bank supervising the authorized unit, who, after consideration, shortlists the most attractive offers of external managers. The authorized unit conducts negotiations with potential external managers from the short list to improve conditions of the proposal.

19. Meetings with potential external managers are allowed to obtain more detailed and accurate information about the external manager, the procedure for making investment decisions and risk control procedures.

20. Each external manager shall be approved by the resolution of the Board of the National Bank, providing for conclusion of an investment management contract between the National Bank and the external manager.

21. Within 1 (one) month after approval by the Board of the National Bank of the external manager, the authorized unit shall send a notification in a free form to each tenderer about the outcome of the tender.

22. When selecting an external transit manager, the authorized unit shall send requests to foreign organizations, specializing in the provision of transit management services, for information on markets of coverage, transit management strategies and cost of services in terms of classes of instruments and markets. After submission of information by potential external transit managers, the authorized unit analyzes the received proposals and presents the appropriate conclusion to the Chairman of the National Bank. The external transit manager shall be approved by the Chairman of the National Bank.

23. On the basis of the resolution of the National Bank's Board of Directors on approving the external manager or the decision of the National Bank Chairman on approving the external transit manager, the authorized unit shall perform the procedure for preparing and concluding an investment management contract with the external manager or the external transit manager. The transfer of pension assets of the Fund to external or external transit management is carried out after signing of the investment management contract with the external manager or the external transit manager.

24. An investment management contract with external manager is subject to consent of the external manager for inclusion of the requirements of paragraph 25 of the Rules in the investment management contract.

25. The following mandatory conditions shall be fixed in the investment management contract:

1) signing of the investment management contract in the national, Russian and other languages upon mutual agreement of the parties;

- 2) provision of information by the external manager on the movement of his staff responsible for managing the assets of the Fund transferred to external management;
- 3) the right of the National Bank, at its discretion, to replenish (withdraw) the assets of the Fund that are in external management;
- 4) visits to the external manager of the National Bank employees and independent auditors with the aim of checking account transactions, obtaining additional information about the external manager, investment decisionmaking and risk monitoring procedures;
- 5) non-attraction by the external manager of affiliated organizations as brokers and counter-partners in transactions with the assets of the Fund transferred to external management;
- 6) responsibility of the external manager for breaching the established limit of the expected variability of yield deviation (expected tracking error);
- 7) responsibility of the external manager for possible losses caused to the Fund due to negligence, willful default of obligations or fraud on the part of the external manager;
- 8) obligation of the external manager to provide consulting and training services, also to admit employees of the National Bank who manage and monitor the assets of the Fund, for internship or training;
- 9) submission to the National Bank by the external manager of full reports on the portfolio reconciled with the custodian bank(custodian banks) as at the date of termination of the investment management contract in the event of its termination;
- 10) all the expected costs associated with the portfolio during the external management period shall be determined in accordance with the investment management contract;
- 11) submission by the external manager of reporting to the National Bank on a regular basis in accordance with the following main areas:
 - daily reporting on operations performed on the previous working day;
 - daily reporting on portfolio positions for the previous business day;
 - portfolio evaluation (distribution of assets by various classes and types of currencies, portfolio composition at the end of the reporting month, market value of assets at the end of the reporting month);
 - movements in the portfolio (the list of all transactions made in the reporting quarter, sorted into various classes and currencies, repayments, dividend payments and accrued interest);
 - analysis of investment portfolio management results (for external management: monthly, quarterly and general portfolio management results in terms of achieved profitability, portfolio risk indicators and the level of variability of the yield deviation (tracking error) compared to the benchmark portfolio; for external transit management: difference in the cost of the transaction execution, commission to brokers, market influence, difference between the rates of purchase and sale of foreign currency on forex transactions, taxes (fees) and lost profit on the date of the transit period completion);

economic report on the state of the markets, current strategies and explanation of the most important changes in the management structure and their impact on the portfolio in the form of presentations during the visits of external managers or via telephone conferences;

contribution of various factors to the portfolio performance (performance attribution report) for the active type of mandate at the end of each quarter and year;

12) monthly, at the end of each month or at the request of the National Bank, including as at the date of commencement (completion) of the transit period, performance by the external manager of reconciliation of the structure of the portfolio transferred to external management with the data of the custodian bank (custodian banks) in accordance with the terms stipulated in the investment management contract;

13) possibility of making changes and (or) amendments to the investment management contract with the written consent of the parties;

14) submission of information by the external manager on the performed transactions to the custodian bank (custodian banks) in the shortest time possible after coordination and completion of the procedures for confirming transactions between the external manager and the broker;

15) submission by the external manager of procedures for approval of brokers, and also agents and counter-partners of the external manager;

16) provision of information on the existence of internal policies and procedures for managing the risks of the external manager, reducing the risk of abuse and conflict of interests, also ensuring an equitable distribution of transactions among the clients' portfolios;

17) holding of meetings by the external manager with the authorized unit once a year to report on the results of managing the assets of the Fund, on compliance with investment restrictions, assessment of the market situation and its possible impact on the portfolio and on the performance of investment operations on the pension assets management;

18) submission by the external manager of information on the measures applied to him by the supervisory authorities of the country of the external manager in connection with breaking of the legislation of this country, and on involvement in litigations;

19) the right of the National Bank to terminate at any time the investment management contract with the external manager in the events provided for by paragraph 30 of the Rules.

26. In accordance with the signed investment management contract, the National Bank shall transfer part of the Fund's pension assets to external management by transferring money and / or securities to the accounts of the National Bank in the custodian bank (custodian banks) intended for external management.

27. When transferring the pension assets of the Fund to external investment management, the transition period for transferring assets from one type to another is taken into account. The transition period shall not exceed 15 (fifteen) working days.

28. A part of the Fund's pension assets transferred to external management shall be kept on the accounts of the National Bank in custodian banks intended for external management,

and in the margin account of the Fund's clearing organizations, with the permission of the National Bank.

29. The conditions and restrictions on the investment management contract shall be established in accordance with the investment declaration of the Fund.

30. Early termination of the investment management contract shall be permitted in the following events:

- 1) failure of the external manager to achieve super-profitability on portfolio management in the external management as compared to the benchmark portfolio;
- 2) breaching of the investment management contract terms;
- 3) change of the investment declaration of the Fund;
- 4) on the resolution of the Board of the National Bank or the Chairman or Deputy Chairman of the National Bank in charge of the authorized unit.

31. The requirements established by paragraph 25 (with the exception of subparagraphs 2), 5), 6), 8), paragraph of the eighth subparagraph 11), subparagraph 17) of paragraph 25), as well as paragraphs 26, 28, 29 and 30 (with the exception of subparagraph 1) of paragraph 30) of the Rules shall apply to relations arising between the National Bank and the external transit manager at the latter's execution of the external transit management.

Chapter 4. Monitoring and results of external management

32. From the moment of the Fund pension assets transfer to the external management by the authorized unit, daily monitoring of the external manager's activities shall be carried out: of compliance with the restrictions specified in the investment management contract, transactions performed by the external manager, risk and portfolio return indicators in external management are assessed.

33. In order to decide on the need for partial replenishment and (or) withdrawal of a part of the pension assets, or whether to continue or terminate work with the external manager, the authorized unit evaluates the efficiency of the external manager's work on the performance indicators of the external manager, according to Appendix 4 to the Rules and the quality of training provided to specialists of the National Bank, on an annual basis.

Upon the results of performance evaluation of the external manager, decisions shall be made:

by the Board of the National Bank on continuation or termination of work with this external manager;

by the Chairman or Deputy Chairman of the National Bank in charge of the authorized unit on replenishment or withdrawal of the pension assets.

The decisions are based on the management results of the external manager and on the asset classes for the management period of 3 (three), 5 (five) or more years from the date of

the commencement of management by the external manager, taking into account the charged commission.

34. By the resolution of the Board of the National Bank, early termination of the investment management contract is carried out without the procedure specified in paragraph 33 of the Rules. By the decision of the Chairman or Deputy Chairman of the National Bank, who oversees the authorized unit, the replenishment or withdrawal of pension assets from the current external manager is carried out without the procedure specified in paragraph 33 of the Rules.

35. Report by external managers on the management results shall be put before the Board of the National Bank on an annual basis.

Appendix 1
to the Rules for selection
of foreign organizations managing
pension assets of accumulative
pension fund,
including requirements for them,
when they are ordered to perform
actions necessary for management
of pension assets of accumulative
pension fund

Minimum information requested from a potential external manager

1. The organization's experience with the type of mandate under consideration.
2. Assets of clients under management over the past 5 (five) years, including:
 - 1) total assets under management;
 - 2) assets on the type of mandate under consideration;
 - 3) assets of institutional clients;
 - 4) assets of central banks.
3. Information about portfolio managers and customer relations managers who will be responsible for the assets transferred to external management.
4. Information on staff turnover over the past 5 (five) years among portfolio managers and analysts.
5. Detailed description of the investment process, portfolio management methods, market research, sources of financial information used or models of financial instruments evaluation.
6. Information on the methodology for modeling, monitoring and managing active market risk arising from active assets management (if the type of mandate under consideration relates to active assets management).
7. Availability of specialized risk management and control software.
8. Historical portfolio management results with a similar or close benchmark portfolio and type of mandate over the last 5 (five) years.

- 9. Description of the software used to calculate profitability, risk used in accounting and analytical reporting.
- 10. Description of internal corporate ethics.
- 11. Responsibility of the external manager to the National Bank in the event of breaching the terms of the investment management contract.
- 12. Used types of insurance to protect the client against errors of external manager.
- 13. Credit rating of the parent organization (in its existence), ability of the external manager to provide a guarantee of his parent organization on damage compensation in the event of non-fulfillment by the external manager of the terms of the investment management contract with the external manager, or possibility of signing an investment management contract directly with the parent organization, or in the form of a tripartite investment management agreement between the National Bank, the external manager and its parent organization.
- 14. Conditions provided for training of clients.
- 15. Information on the estimated level of management fees (commissions).
- 16. Audit report of financial statements of the external manager for the last calendar year.
- 17. Internal policies and procedures of the external manager reducing the risk of abuse and conflict of interests, including ensuring an equitable and fair distribution of transactions among client portfolios, checking of the list and approval procedures of brokers, agents and counterparties of the external manager.

Appendix 2
to the Rules for selection
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actions necessary for management
of pension assets of accumulative
pension fund

Evaluation criteria for comparative analysis of proposals of potential external managers

	Criteria	Significance of criterion (in percent)
1	Historical results of portfolio management (when conducting comparative analysis of proposals of potential external managers specializing in regional mandates and participating in selection of global mandate manager, indicators are normalized depending on the scope of the respective mandate)	35
	average excess return index for the last 3-5 years (if the excess return index for a period of less than 5 years is positive, the indicator is normalized relative to a period of 5 years)	40

	average indicator of the information ratio for the last 3-5 years (if the indicator of the information ratio for a period of less than 5 years is positive, the indicator is normalized relative to a period of 5 years)	60
2	Assets	10
	percentage of the volume of assets on the given type of mandate to the total assets under management (when conducting comparative analysis of proposals of potential external managers specializing in regional mandates and participating in selection of global mandate manager, the volume of assets on regional mandates is used. This value is normalized depending on the scope of the corresponding mandate)	65
	percentage of institutional investor assets to total assets under management	35
3	Team	15
	average experience of portfolio managers and analysts responsible for asset management	50
	companywide turnover among portfolio managers and analysts	50
4	Credit status	5
	In the existence of a guarantee of the parent organization or if the investment management contract is signed with the parent organization, the credit rating of the parent organization shall be S&P or Moody's, otherwise it shall be S&P or Moody's credit rating of the foreign organization	100
5	Management commission level	20
	Base commission level	75
	adoption of the principle of paying performance-based commission on external management in case of achieving positive excess return exceeding similar indicators for previous periods from the day the external manager started the management (net new high basis since inception)	10
	adoption of minimum excess return threshold, which is the baseline in the calculation of performance-based commission on external management, not lower than the base commission	10
	establishment of the terms of paying performance-based commission on external management for several years in parts	5
6	Service	10
	Training of the National Bank specialists	70
	Daily reporting	30
7	Availability of specialized risk management and control software	2
8	Acceptance of responsibility to the National Bank in the event of breaching the investment management contract terms	3

Appendix 3
to the Rules for selection
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Evaluation of potential external manager's proposal

1. To evaluate an external manager's proposal, the sum of all the indicators listed in the evaluation criteria (hereinafter - the Table) with the corresponding weights in percentage shall be used for comparative analysis of the external managers' proposals.

2. Before entering one or another indicator into the Table, the indicator is normalized relative to the best indicator in the considered criterion on the formula:

$NIM = IM / MVIEM$, where:

NIM – is normalized indicator of manager;

IM – indicator of manager;

MVIEM - maximum value of indicator on all the external managers.

3. If the external manager manages assets on the declared type of mandate within another mandate, then historical results of managing these assets are evaluated within another mandate.

4. When evaluating the credit rating of the parent organization and (or) the external manager, the following system of indicators shall be applied:

Credit (S&P)	Indicator
AAA	1
AA+	0,8
AA	0,7
AA-	0,6
A+	0,5
A	0,4
A-	0,3
BBB+	0,2
BBB	0,1
Lower than BBB	0

5. When evaluating the training of the National Bank employees, the following set of indicators shall be used:

Training conditions	Indicator
External manager bears expenses on flight, accommodation, meals	1
External manager bears expenses on accommodation, meals	0,5
External manager bears expenses on accommodation	0,2

Appendix 4
to the Rules for selection
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Performance indicators of external manager

The main goal is evaluation and scoring of the external manager according to the quantitative and qualitative indicators to avoid subjectivity in the evaluation of the external manager's performance.

Quantitative indicators:

Information ratio:

Percent	Information ratio
>1	3 points
0,5 - 1	2 points
0 - 0,5	1 point
0	0 points
(-) 0,5- 0	(-) 1 point
(-) 1 - (-) 0,5	(-) 2 points
<(-) 1	(-) 3 points

Qualitative indicators:

1) Staff turnover:

Percent	S t a f f t u r n o v e r
> 30	(-) 0,5 points
5 - 30	(-) 0,25 points
0 - 5	0 points

2) operational risk:

for each fact of investment restrictions violation due to an operational error, 0.2 points are subtracted from the evaluation;

in the event of systematic (3 or more times during the past calendar year) non-reporting within the specified time period, 0.2 points are subtracted from the evaluation;

3) compliance with the Code of Business Ethics:

for each fact of violation by the external manager of business ethics, 0.5 points are subtracted from the evaluation;

in the event of systematic (3 or more times during the past calendar year) untimely execution of instructions of the National Bank in accordance with the investment management contract, 0.5 points are subtracted from the evaluation.