STANDARD SUMMARY PROJECT FICHE - TRANSITION FACILITY

1. Basic Information
   1.1 CRIS Number: 2005/017/518.02.02
   1.2. Title: Reinforcement of regulatory and supervisory functions in areas of financial markets
   1.2 Sector: Internal Market
   1.3 Location: Czech Republic

2. Objectives
   2.1. Overall Objective(s):
      - The ability to comply with the obligations of EU membership including the adherence to the aims of political, economic and monetary union
   2.2. Project purpose:
      - To facilitate the efficient functioning of financial markets; the implementation of legislation adopted in line with the EU Financial Services Action Plan (FSAP) in the Czech Republic
      - To support the supervisory functions focused on capital market and insurance.
   2.3. Justification
      - Comprehensive Monitoring Report: Chapter 3 – legislative alignment in insurance sector and independence of the insurance regulator; requirements concerning alignment needs in area of investment services and securities markets and the role of the supervisory bodies.
      - CMR, Chapter 4: Free movement of capital – “The Czech Republic still needs to harmonise fully the prudential rules relating to the placement of assets of insurance companies, pension funds, and saving and credit unions.”
      - EC legislation: Treaty on Accession: Art. 34 – to develop and strengthen administrative capacity to implement and enforce Community legislation and to foster exchange of best practice among peers;

3. Description
   3.1. Background and justification:
       With the EU Financial Services Action Plan (FSAP) nearly completed the emphasis is being put on the enforcement of EC legislation and supervisory convergence in areas of increasingly integrated financial market. The project aims therefore to facilitate the full and proper application of national legislation operational framework and in particular to ensure proper implementation of measures stemming from legal obligations and coordinated commitments with regard to the establishment of EU single financial market, including the establishment of a comprehensive regulatory regime ensuring high quality execution of investor transactions on regulated markets. Special attention will be paid to the Lamfalussy-type Directives framework setting out level 1 (general high-level obligation) and level 2 (detailed implementing measures set down by the Commission following consultations with market participants and Member States, and advice provided by the Committee of European Securities Regulators / CESR).

       After having completed two previous twinning projects, which focused on acquis generally, specifically on legislation issues and harmonisation, the main propose of this project is to enhance skills, routines into daily supervisory practice. Methods and techniques of supervisory practice involving namely the best international practice should be used. The assistance of experts to this effect is therefore required. Assistance is needed in relatively new areas of supervision, such as anti-money laundering, insurance fraud, supervision of financial groups and conglomerates, handling of winding-up, international accounting standards, supervision of reinsurance and other vital issues.

       By its decision no. 425/2004 of 12 May 2004 the Czech Government approved a policy of integrating supervision over financial markets, with the aim of creating a single supervision authority. In the first phase (before June 30, 2005) the supervision over banks and credit cooperatives will be merged under responsibility of the Czech National Bank. Before 31 December 2005 the State supervision over capital market will be merged with the supervision over insurance sector This should solve the existing problem of the overlapping of
supervisory activities and should reduce costs of the supervision and thus increase the effectiveness of the whole system.

The assistance shall focus on the following components:

**Component 1 – Insurance:**
At present the Czech insurance legislation is harmonised with EC law. This component is therefore focused on the development of practical experience in field of supervision. However, the future legislation, either in process (conglomerates, winding-up etc.) or in preparation may also be dealt with within this project. The objectives and individual benchmarks of the previous twinning project (CZ02/IB/OT-02) have been met in the areas related the general framework (new EC legislation).

The project should assist with the adoption of new / future comprehensive supervisory standards. The aim is specifically to reinforce practical supervisory skills using European best practice in day-to-day activities, in particular with respect to control of calculations of technical provisions, their creation, their sufficiency and their use; deep inspection of selected insurance claims from point of view of creation of technical provisions; impact of International Financial Reporting Standards (IFRS) / International Accountancy Standards (IAS) supervision methodology (-ies) related to International Accountancy Insurance Standards (IAIS) and to on-site inspections; enforcement of principles related to anti-money laundering, concrete cases of detecting the suspicious transactions; possibilities of legal framework of outsourcing, conditions, best practice; inspection of third parties; inspection of insurance companies being the members of financial groups.

**Component 2 – Capital Markets:**
The project shall build on the outcomes of previous Phare assistance (CZ00.04.02 and CZ02.04.03 projects) focused on the drafting of new and/or capital market legislation, particularly Act on Capital Market Undertakings, Act on Bonds and Act on Collective investments, as well as on the corresponding implementing arrangements). It will reflect the respective institutional changes and provide transfer of relevant know-how, including the assistance which shall consist of the analysis of the new functions relevant to a new integrating supervision over financial markets related to the information and monitoring system. As the existing monitoring system was introduced in Securities Commission (SEC) three years ago based on the needs valid at that time, it will not be able to fulfil all the requirements regarding the integrated supervision. This will require to analyse needs for functioning of the integrated supervision and further technical enhancement of the information and monitoring system.

3.2. Linked activities:

Insurance:
“Insurance Supervision” twinning project” (CZ 98/IB/FI/02&03)
“Insurance Supervision” twinning project” (CZ02.04.05 / CZ02/IB/OT-02)
Objective: The Twinning Project (2002) aimed to adapt essential areas of the Czech financial market to the legal standards of the European Union and to enhance its capabilities to make it comprehensive, effective and compliant with EU requirements. Budget: 0,6 M € (Phare funds).The project was closed, reached all the benchmarks and obtained very positive assessment.

These two twinning projects were focused primarily on the harmonisation of legislation with EC acquis and preparation of implementing legislation (by-rules) and enhancement of know-how of the ISA (MoF Dpt. 32). It was strongly recommended by the twinning partners to focus the future assistance on enhancement of practical skills in day-to-day activities of the ISA personnel.

Capital Markets:
“Capital Market Legislation & Securities Commission” (CZ2000.04.02)
Phare 2000 project provided the Securities Commission with the monitoring system which complied with requirements at that time. The software for the Information and monitoring system was developed in 2003 and financed by PHARE (2 M €). The software is consisting of two basic parts - evidence and monitoring. The project was closed, but the monitoring system is being permanently upgraded by the Czech Securities Commission according to legislation changes and new needs for the supervision of capital market.

“Capital Market Legislation & Regulation” (CZ2002.04.03)
Phare 2002 project assisted with solving the problems related to the regulation of capital market and provided theoretical knowledge and practical skill to the SEC staff.
Budget: twinning 0,8 M € (Phare), investment 0,5 M € (Phare) + 0,2 M € (State budget – co-financing)
The twinning part was successfully closed; the supply contract was cancelled.
Recommendations: the country should consider the full implementation of the Lamfalussy approach in drafting national legislation, through the establishment of a “three-tier system” consistent with the European structure, in order to ensure a timely implementation of EU legislation. Capital markets legislation should firstly establish general principles for carrying out the activities and apportioning powers, duties and rights. Such general principles can be deemed to be quite stable over time, whereas the implementing provisions may change in accordance with the evolution and development of the markets. Therefore, it might be proper to divide the rules according to the possible need to change them rapidly, but without prejudice to the general principles and apportionment of duties and rights.

3.3. Results:

Insurance:
- Proposals for legislative amendments, where necessary, and drafts of corresponding implementing legislation (by-rules) and arrangements with respect to regulation and surveillance – presented and used in supervisory practice.
- Supervision of the relevant capital markets and insurance areas complying with best international practice functioning. Efficiency of the Czech capital market and insurance supervision - enhanced
- Staff of the integrated Supervisory Authority trained in theoretical and practical skills related to the supervisory functions
- Co-operation with other regulators in view of the ever increasing integration of financial markets – enhanced

Capital Markets:
- Proposal for technical specifications for upgrading the monitoring software for integrated Supervisory Authority - presented

3.4. Activities:

Twinning 0,600 M€

Insurance:
- Consultations and assistance with respect to the new relevant EC legislation in force in the period of TW project implementation in the area of capital markets and insurance
- Consultations on topical issues related to the financial market development, including the legislation under preparation regarding capital markets and insurance
- Assisting with the preparation of the implementing legislation complying with the legislative measures and best international practice for capital market and insurance
- Elaboration of standardised approach (administrative and analytical procedures, manuals etc.) to supervision based on the best international practice for integrated Supervisory Authority
- Consultations and/or seminars on compliance regarding the regulatory and supervisory issues related to capital markets and insurance (1-2 common seminar/s on compliance; 2 – 3 seminars / workshops for each of these 2 segments; i.e. approx. 10 seminars / workshops in total)
- On site inspections in insurance institutions undertaken in combined teams (comprising staff of MS and BC staff) both within the country and in the selected EU countries (2 internships; each for 2 – 4 officials).
- Specialized internships in selected EU countries for groups of Czech experts in the field (one group comprising 24 people per internship) - for integrated Supervisory Authority The selection of specific topics related to practical supervisory skills will be subject to thorough analysis at the initial stage of the project
- Training of the Czech supervisory staff in specific methods and techniques related to regulatory and supervisory skills in the Czech Republic, including on-the-job training for capital market and insurance
- Study visits related to supervisory issues to selected EC regulators (5-6 study visits; 20 participants in total). The selection of specific topics will be subject to thorough analysis at the initial stage of the project.

Capital Markets
- Assessment concerning the institutional structure of the Czech supervision for integrated Supervisory Authority
- Analysis of existing monitoring system, incl. the respective IT support for integrated Supervisory Authority.
- Drafting the proposals of technical specification for upgrading the monitoring software for integrated Supervisory Authority
Twinning shall focus on legal (by-rules) and methodological issues related to the supervision in the given segments of the financial markets. Actions will be carried out by a variety forms, such as: consultations, seminars, workshops, on-the-job training and study visits.

Resident Twinning Advisor (RTA) – 12 months and 5-6 STEs – approx. 250 w/days in total.
RTA: a highly qualified expert with appropriate knowledge of conceptual and systemic issues, minimum 15-year involvement in the relevant segments of financial market. He/she will be located in the premises of the Czech Supervisory Authority.
Short-term experts: highly professional experts with practical experience in relevant legislation, specific areas of regulation and surveillance of capital markets and insurance segments including the area of IT; with minimum 10-year of involvement in the respective financial markets segments.

3.5 Lessons learned:
The experience in operational terms gained under previous Phare projects (see art. 3.2) will be used; recommendations and conclusions of previous interim evaluations, monitoring and assessment reports, ex-post evaluations and peer reviews will be taken into account. It was strongly recommended by the twinning partners under Phare 2002 project to focus the future assistance on enhancement of practical skills in day-to-day activities of the ISA personnel.

4. Institutional Framework
The Ministry of Finance is the main body of State administration responsible for the legislation of various segments of financial markets, including capital markets, insurance and additional pension funds insurance.

The Securities Commission (SEC) is pursuant to the Act no. 15/1988 Coll. responsible for capital market as a regulator, including for issuance and enforcement of the relevant implementing rules.

The Office of the State Supervision in Insurance and Pension Funds (currently in organisational structure of the Ministry of Finance as the Departments 32) is responsible both for the legislation and supervision in insurance industry, including the additional pension funds insurance. The main beneficiary will be the Supervisory Authority (Commission for Financial Markets), in effect as of 1 January 2006.
The Ministry of Finance will be other beneficiary of the project, where appropriate, as the MoF will continue to be responsible for the legislation and supervision over the State contributions to the supplementary pension insurance.

In case the integrated supervisory authority should come into effect at the later stage, the main beneficiaries will be the Securities Commission (SEC) and the MoF/Office of the State Supervision in Insurance and Pension Funds, which are currently executing the supervisory functions in capital market and insurance respectively. Other departments of the MoF, namely the MoF/Department 35 – Financial Markets and Independent Unit 407 – Analysis and Development of Financial Market, will participate in project activities, where appropriate. The Steering Committee and two Working Groups (related to two components) will be established. The director of newly established integrated Supervisory Authority will nominate the Project Leader. The members of the SC will comprise the MS and BC Project Leaders, representatives of integrated Supervisory Authority, representatives of MoF Dpt. 35 and Independent Unit 407, RTA, SPO of MoF, representatives of AO/CFCU and UCFA, and appointed staff of MoF. The SC will meet on regular basis every 3 month to assess the implementation of the project and to elaborate the respective progress report. Two working groups related to both components will be established accordingly.
5. Detailed Budget (in M€)

<table>
<thead>
<tr>
<th>€M</th>
<th>Transition Facility Support</th>
<th>Co-financing</th>
<th>Total cost (TF plus cofinancing)</th>
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</thead>
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<tr>
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<td>Investment Support</td>
<td>Institution Building</td>
<td>Total Transition Facility (=I+IB)</td>
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<tr>
<td>Year 2005</td>
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</tr>
<tr>
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<tr>
<td>Total</td>
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</tr>
</tbody>
</table>

6. Implementation Arrangements

6.1 Implementing Agency

The Central Finance and Contracts Unit (CFCU) is the Implementing Agency responsible for administrative and financial implementation of the project (tendering, contracting and payments). The contact person is Mr. Jan Slavícek, Programme Authoring Officer (PAO), Ministry of Finance, Letenská 15, Prague (post address), phone +420-2-5704-4551, fax +420-2-5704-4550, e-mail: jan.slavicek@mfcr.cz

Responsibility for preparation, technical implementation and coordination of the project rests with the Ministry of Finance. The contact person is Ms Jana Stará, Senior Programme Officer (SPO) of the MoF and Finance Sector, Ministry of Finance, Letenská 15, Prague, phone: +4202587042612, fax +4257049236, e-mail: jana.stara@mfcr.cz

The CFA is fully responsible for overall monitoring and evaluation of project implementation. The main contact: Ms. Jana Hendrichová, Director of CFA, Ministry of Finance, Letenská 15, Prague (post address), phone: +420 257 044 559; fax: + 420 257044550, jana.hendrichova@mfcr.cz.

6.2 Twinning

Twinning (12 months); due coordination with the TA will be ensured. RTA will be responsible for the coordination of the inputs made by the STEs.

Contact person for twinning will be for Security Commission: Ms Ivana Sedlacková, Director of Dept. for External Communication, Security Commission, Washingtonova 7, Prague, phone: +420 221 096 426, fax: +420 224 212 879, e-mail: ivana.sedlackova@sec.cz.

The contact person for twinning for for Ministry of Finance is Mr Václav Krivohlávek, Director of Dept. 32, Ministry of Finance, Letenská 15, Prague (post address) phone: +420 257 042 132, fax: +420 25704 3049, e-mail: Vaclav.Krivohlavek@mfcr.cz

6.3 Non-standard aspects

N/a

6.4 Contracts

(1) Twinning contract: 0,600 M€

7. Implementation Schedule

7.1 Start of tendering/call for proposals 3Q/2005
7.2. Start of project activity 1Q/2006
7.3 Project Completion 1Q/2007

8. Sustainability
The sustainability is guaranteed by the compliance with the acquis and compliance with the obligations of EU membership in area of single internal market, in particular the relevant segments of financial markets and services (capital market, insurance industry) Beneficiary foresees allocation of adequate staff and financial resources to ensure the administrative and operational functions of the integrated national regulatory and supervisory authority.

9. Conditionality and sequencing
There is no precondition with regard to the TF 2005 assistance, as the services to be provided are linked to the processes and functions already in place to be gradually formally transferred to a new integrated supervisory and regulatory authority. The assistance is focused on implementation and enforcement of the capital market and insurance legislation, fine-tuning of the implementing rules and enhancing of the practical skills of the staff of the Supervisory Authority. In case that the project starts without the integrated supervisory authority being set up, the assistance will be provided for the Securities Commission and the Office of the State Supervision in Insurance and Pension Funds(i.e. MoF Dpt. 32). In that case the Project Leader will be nominated after the consultations between the both institutions / bodies.

ANNEXES TO PROJECT FICHE
1. Logframe planning Matrix
2. Detailed implementation chart
3. Contracting and disbursement schedule
## LOGFRAME PLANNING MATRIX

**Programme name and number:** TF CZ 2005

<table>
<thead>
<tr>
<th>Overall objective</th>
<th>Objectively verifiable indicators</th>
<th>Sources of verification</th>
</tr>
</thead>
</table>
| • The ability to take on obligations of EU membership including the adherence to the aims of political, economic and monetary union | • EC recognition | • EC sources  
• Relevant evaluation reports |

<table>
<thead>
<tr>
<th>Project purpose</th>
<th>Objectively verifiable indicators</th>
<th>Sources of verification</th>
<th>Assumptions</th>
</tr>
</thead>
</table>
| • To facilitate the efficient functioning of financial markets; the implementation of legislation adopted in line with the EU Financial Services Plan (FSAP) in the Czech Republic  
• To support the supervisory functions focused on capital market and insurance. | • Properly functioning integrated supervision in capital market and insurance  
• Better consumers’ protection (e.g. financial market ombudsman, etc.) | • Commission for Financial Markets: Securities Commission (SEC) & Office of State Supervision in Insurance and Pension Funds  
• Ministry of Finance / Dpt. 32 Ministry of Labour and Social Affairs  
• Other Government sources  
• Final Report of the project Independent international sources | • Appropriate legislative framework established  
• Appropriate institutional and organisational structures related to the regulatory and supervisory functions in area of financial markets in place and functioning |

<table>
<thead>
<tr>
<th>Results</th>
<th>Objectively verifiable indicators</th>
<th>Sources of verification</th>
<th>Assumptions</th>
</tr>
</thead>
</table>
| **Insurance**  
• Proposals for legislative amendments, where appropriate, and corresponding implementing legislation (by-rules) and arrangements with respect to regulation and surveillance presented and used in supervisory practice  
• Supervision of the relevant capital market and insurance areas complying with best international practice - functioning. | • Analysis related to the Czech legislation in force in view of its compliance with the EC acquis – by 2 months from the beginning of the project implementation  
• Proposals for legislative amendments (when appropriate) – presented to, discussed with, and proceeded further by the beneficiary – by 3 months  
• Standards and best international practice - | • Official Journal (Coll. of Laws / Sbírka zákonu)  
• Commission for Financial Markets: Securities Commission (SEC) & Office of State Supervision in Insurance and Pension Funds  
• Ministry of Finance / Dpt. | • The recommendations, when accepted, passing in due course through either the legislative or decision-making process  
• Sufficient human and technical resources allocated  
• Supervisory staff adequately trained |
<table>
<thead>
<tr>
<th>Activities</th>
<th>Means</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Efficiency of the Czech capital market and insurance supervision - enhanced</td>
<td>presented to, discussed with, and proceeded further by the beneficiary – continuously during the project implementation</td>
<td>The results / outcomes of the following Phare projects shall be taken into account: Capital Market Legislation &amp; Securities Commission (CZ00.04.02), Capital Market Legislation &amp; Regulation (CZ02.04.03), Capital Market – CDS (CZ03/004-338.02.03) Insurance Supervision twinning projects (CZ98.02.01.02.01 and CZ02.04.05)</td>
</tr>
<tr>
<td>Staff of the integrated Supervisory Authority trained in theoretical and practical skills related to the supervisory functions</td>
<td>• Beneficiaries staff (approx. 150 officials of the Supervisory Authority) properly trained; participation of the MoF officials also foreseen – continuously during the project implementation</td>
<td>Close cooperation with other potential direct or indirect beneficiaries will be ensured throughout the project implementation</td>
</tr>
<tr>
<td>Cooperation with other regulators in view of the ever increasing integration of financial markets – enhanced Capital market:</td>
<td>• ISR submitted by NAC • Monitoring reports submitted to SMSC</td>
<td>Adequate beneficiary’s staff will be available and actively involved in this IB project</td>
</tr>
<tr>
<td>Proposal for technical specification for upgrading the monitoring software for integrated Supervisory Authority - presented</td>
<td>• Project reports • Beneficiary’s reports • Independent national and international sources (relevant international organisations, research institutions, etc.)</td>
<td>The emphasis put on practical execution of the supervisory functions,</td>
</tr>
<tr>
<td>• Proposal for technical specification for upgrading the monitoring software for integrated Supervisory Authority - presented</td>
<td>• Proposal for technical specification for upgrading the monitoring software for integrated Supervisory Authority - presented</td>
<td>Findings and conclusions of the Comprehensive Monitoring Report; (CMR) as stipulated in art. B 2 and Chapters 3, 4 and 28 will be observed; see more details in SSPF, art. 2.3</td>
</tr>
<tr>
<td>Activities</td>
<td>Means</td>
<td>Assumptions</td>
</tr>
<tr>
<td>Insurance</td>
<td>• Twinning contract: 0,600 M€ Duration: 12 months • Resident Twinning Advisory (RTA) placed in premises of Czech Supervisory Authority</td>
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<tr>
<td>• Consultations and assistance with respect to the new relevant EC legislation in force in the period of TW project implementation in the area of capital markets and insurance</td>
<td>• 5 – 6 STEs: approx. 250 w/d • Steering Committee and Working Groups shall be established</td>
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<tr>
<td>• Consultations on topical issues related to the financial market development, including the legislation under preparation regarding capital markets and insurance</td>
<td>• Actions will be carried out by a variety forms, such as: consultations, seminars, workshops, on-the-job training and study visits (for approx. 150 officials of the integrated regulatory authority (currently SEC and the Office of Supervision / MoF Dpt.32) ;</td>
<td></td>
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<tr>
<td>• Assisting with the preparation of the legislation complying with the legislative measures and best international practice for capital market and insurance</td>
<td>• 1- 2 common seminar/s on compliance; 2 – 3 seminars / workshops for each of these 2 segments; i.e. approx. 10 seminars / workshops in total)</td>
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<tr>
<td>• Elaboration of standardised approach (procedures, manuals etc.) to supervision based on the best international practice for integrated Supervisory Authority</td>
<td>• RTA: a highly qualified expert with appropriate knowledge of conceptual and systemic issues, min. 15-year involvement in the relevant segments of financial market. He/she will be located in the premises of the Czech Supervisory</td>
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<tr>
<td>• Consultations and/or seminars on compliance regarding the regulatory and supervisory issues related to capital market and insurance (1- 2 common seminar/s on compliance; 2 – 3 seminars / workshops for each of these 2 -segments; i.e. approx. 10 seminars / workshops in total)</td>
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<tr>
<td>• On site inspections in insurance institutions undertaken in combined teams (comprising staff of MS and BC staff) both within the country and in the selected EU countries (2 internships; each</td>
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<tr>
<td>• Findings and conclusions of the Comprehensive Monitoring Report: (CMR) as stipulated in art. B 2 and Chapters 3, 4 and 28 will be observed; see more details in SSPF, art. 2.3</td>
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<td>Specialized internships in selected EU countries for groups of Czech experts in the field (one group comprising 2-4 people per internship) – for integrated Supervisory Authority. Specific topics related to practical experience will be subject to thorough analysis at the initial stage of the project.</td>
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<tr>
<td>Training of the Czech supervisory staff (approx. 150 officials) in specific methods and techniques related to regulatory and supervisory issues in the Czech Republic, including on-the-job training for capital market and insurance.</td>
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<tr>
<td>Study visits related to supervisory issues to selected EC regulators (5-6 study visits; 20 participants in total). Specific topics related to practical experience will be subject to thorough analysis at the initial stage of the project.</td>
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</table>

**Capital Market**

- Assessment concerning the institutional structure of the Czech supervision in light of integration of supervisors for integrated Supervisory Authority.
- Analysis of existing monitoring system, incl. the respective IT support for integrated Supervisory Authority.

Drafting the proposals of technical specification for upgrading the monitoring software for integrated Supervisory Authority.

**STEs:** highly professional experts with practical experience in areas of regulation and surveillance of capital market and insurance segments including the IT area.

**Actions** will be carried out by a variety of forms, such as: consultations, seminars, workshops, on-the-job training and study visits.

**Preconditions**

There is no precondition with regard to the TF 2005 assistance, as the services to be provided are linked to the processes and functions already in place to be gradually formally transferred to a new integrated supervisory and regulatory authority.

In case that the project starts without the integrated supervisory authority being set up, the assistance will be provided for the Securities Commission and the Office of the State Supervision in Insurance and Pension Funds (i.e. MoF DPt. 32).

Translation of legislation/documents into working language of the TC will be provided in due time.
ANNEX 2

DETAILED IMPLEMENTATION CHART

Project Title: Reinforcement of implementation of regulatory and supervisory functions in areas of financial markets

<table>
<thead>
<tr>
<th>Project title:</th>
<th>Year</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
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<tr>
<td>Twinning contract</td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>Start of tendering / call for proposals</td>
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<td></td>
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<tr>
<td>Start of project activity</td>
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<tr>
<td>Project completion</td>
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</table>

Start of tendering / call for proposals:

- X: Indicates the start of tendering / call for proposals in the indicated month.

Start of project activity:

- X: Indicates the start of project activity in the indicated month.

Project completion:

- X: Indicates the completion of the project in the indicated month.
ANNEX 3

CONTRACTING AND DISBURSEMENT SCHEDULE

Cumulative Quarterly Contracting Schedule (M €)

<table>
<thead>
<tr>
<th>Project title</th>
<th>1Q/05</th>
<th>2Q/05</th>
<th>3Q/05</th>
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<th>1Q/06</th>
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<th>2Q/07</th>
<th>3Q/07</th>
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<td></td>
<td></td>
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Cumulative Quarterly Disbursement Schedule (M €)

<table>
<thead>
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<th>Project title</th>
<th>1Q/05</th>
<th>2Q/05</th>
<th>3Q/05</th>
<th>4Q/05</th>
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