

MINISTRY OF FINANCE

SOCIALIST REPUBLIC OF VIETNAM

Independence – Freedom - Happiness

No. 86/2017/TT-BTC

Hanoi, August 15, 2017

CIRCULAR

PROVIDING GUIDELINES FOR CERTAIN ARTICLES OF THE GOVERNMENT'S DECREE NO. 88/2016/ND-CP DATED JULY 01, 2016 ON VOLUNTARY SUPPLEMENTAL RETIREMENT PROGRAM

Pursuant to the Government's Decree No. 87/2017/ND-CP dated July 26, 2017 on functions, duties, powers and organizational structure of the Ministry of Finance;

Pursuant to the Government's Decree No. 88/2016/ND-CP dated July 01, 2016 on voluntary supplemental retirement program;

At the request of the Director of Department of Finance and banking,

The Minister of Finance promulgates the Circular on providing guidelines for certain articles of the Government's Decree No. 88/2016/ND-CP dated July 01, 2016 on voluntary supplemental retirement program.

Article 1. Scope

This Circular provides guidelines for investment, accounting, determination of net assets and reporting by enterprises managing retirement funds and supervisory banks as prescribed in the Government's Decree No. 88/2016/ND-CP dated July 01, 2016 on voluntary supplemental retirement program (hereinafter referred to as "the Decree No. 88/2016/ND-CP")

Article 2. Regulated entities

1. Enterprises managing voluntary supplemental retirement funds (hereinafter referred to as "managing enterprise").
2. Supervisory banks and depository institutions.
3. Providers of services related to generation, operation, management and supervision of voluntary supplemental retirement funds.

Article 3. Retirement fund's investment activities

1. Investment using retirement funds shall be made in accordance with regulations in Article 20 of the Decree No. 88/2016/ND-CP on the basis of compliance with regulations of law and taking

responsibility for investment activities, ensure safety and efficiency and comply with investment targets and policies prescribed in the charter of the retirement fund (hereinafter referred to as “fund charter”).

2. Apart from the Article 20 of the Decree No. 88/2016/ND-CP, a retirement fund is allowed to invest 20% of its total asset value or less in certificates of securities investment funds.

3. In case of investment in certificates of securities investment funds managed by managing enterprises, the managing enterprises shall collect fees for fund management only once.

4. According to the situation of financial market and investment by retirement funds, the Ministry of Finance may adjust the investment portfolio and limits prescribed in Clause 2 of this Article.

Article 4. Accounting of retirement funds

A retirement fund is allowed to apply the accounting regimes applicable to open funds prescribed in the Circular No. 198/2012/TT-BTC dated November 15, 2012 of the Ministry of Finance on accounting regimes applicable to open funds or the accounting regimes prescribed in the Circular No. 181/2015/TT-BTC dated November 13, 2015 of the Ministry of Finance on accounting regimes applicable to exchange traded funds and their amending documents for doing accounting for its professional activities.

Article 5. Valuation of net asset value (NAV) of retirement funds

1. Monthly, a managing enterprise shall make a valuation of the retirement fund’s NAV and determine monthly balance of an individual retirement account in accordance with regulations in Point c Clause 1 Article 21 and Point c Clause 1 Article 22 of the Decree No. 88/2016/ND-CP.

2. Managing enterprises shall issue regulations on valuation of NAV and determination of balances of individual retirement accounts. The abovementioned regulations shall contain:

a) Principles of valuation of the retirement fund’s NAV and balances of individual retirement accounts;

b) Procedures for using methods for making valuation of each investment asset of the retirement fund;

c) Cases in which the managing enterprise shall pay compensations to participants in the retirement fund (hereinafter referred to as “fund participants”) in accordance with regulations in Point b Clause 1 Article 23 of the Decree No. 88/2016/ND-CP.

3. The regulations on valuation of a retirement fund’s NAV and determination of balances of individual retirement accounts shall be specified in the fund charter in accordance with regulations in Point m Article 14 of the Decree No. 88/2016/ND-CP. The regulations shall be published on the managing enterprise’s website and sent to a supervisory bank for inspection and

supervision in accordance with regulations in Point c Clause 1 Article 16 of the Decree No. 88/2016/ND-CP.

4. Market value of a retirement fund's assets shall be determined according to the methods prescribed in Article 19 of the Circular No. 183/2011/TT-BTC and its amending documents (if any).

5. If a managing enterprise make a wrong valuation of the retirement fund's NAV or wrongly determine balances of individual retirement accounts and cause actual damage to fund participants, it shall pay compensations to the fund participants in accordance with regulations in Article 23 of the Decree No. 88/2016/ND-CP. The rate of mistake subject to compensations shall be specified in regulations on valuation of a retirement fund's NAV and determination of balances of individual retirement accounts prescribed in Clause 2 of this Article and equal at least 0.75% of the retirement fund's NAV

6. Supervisory banks shall inspect and confirm retirement funds' NAV and balances of individual retirement accounts in accordance regulations in Point c Clause 4 Article 16 of the Decree No. 88/2016/ND-CP. If a supervisory bank discovers a wrong valuation of the retirement fund's NAV or wrong determination of balances of individual retirement accounts, it shall notify and request the managing enterprise to make adjustments within 24 hours.

7. Within 3 working days from the date of valuation, the retirement fund's NAV shall be published on websites of its managing enterprise and the retirement agent.

Article 6. Reporting by managing enterprises

1. Apart from the financial statements prescribed in Point c Clause 1 Article 32 of the Decree No. 88/2016/ND-CP, a managing enterprise shall submit reports on fund management activities and reports on risk management and internal control systems. To be specific:

a) Reports on management of the voluntary supplemental retirement fund using the specimen prescribed in Appendix 1 of this Circular which shall be made annually and submitted within 3 months from the end of year.

b) Reports on assets of the voluntary supplemental retirement funds using the specimen prescribed in Appendix 2 of this Circular which shall be made quarterly and submitted within 20 days from the end of the latest quarter;

c) Reports on the voluntary supplemental retirement's investment activities using the specimen prescribed in Appendix 3 of this Circular which shall be made quarterly and submitted within 20 days from the end of the latest quarter;

d) Reports on risk management and internal control system using the specimen prescribed in Appendix 4 of this Circular which shall be made annually and submitted within 3 months from the end of year.

2. The reports mentioned in Clause 1 of this Article shall be submitted to the Ministry of Finance and Ministry of Labor, War Invalids and Social Affairs in accordance with regulations in Article 32 of the Decree No. 88/2016/ND-CP.

Article 7. Reporting by supervisory banks

1. Supervisory banks shall submit reports on inspection and supervision of retirement fund management by managing enterprises in accordance with regulations in Article 33 of the Decree No. 88/2016/ND-CP using the specimen prescribed in Appendix 5 of this Circular.

2. Place of receipt and period of submission of the reports mentioned in Clause 1 of this Article shall comply with Article 33 of the Decree No. 88/2016/ND-CP.

Article 8. Implementation

1. This Circular comes into force from October 01, 2017.

2. Chief of Office of the Ministry of Finance, Director of Department of Finance and banking and heads of relevant affiliated entities of the Ministry of Finance, managing enterprises, supervisory banks and relevant organizations and individuals shall take responsibility for implementing this Circular.

**P.P. MINISTER
DEPUTY MINISTER**

Tran Van Hieu

APPENDIX 1

(issued together with the Circular No. 86/2017/TT-BTC of the Ministry of Finance dated August 15, 2017 on providing guidelines for certain articles of the Government's Decree No. 88/2016/ND-CP dated July 01, 2016 on voluntary supplemental retirement program)

REPORT ON MANAGEMENT OF VOLUNTARY SUPPLEMENTAL RETIREMENT FUND

To: - Ministry of Finance;
- Ministry of Labor, War Invalids and Social Affairs;

- Name of the managing enterprise:

- Address:

- The certificate of eligibility for operation No.issued by.....on.....

- The reporting period (year):

- Names and addresses of organizations providing services for the managing enterprise (fund accounting, management of individual retirement accounts) (if any);

- A list of retirement agents

1. General report

No.	Criteria	Unit	Value	Change in comparison with the previous reporting period
I	Quantity of voluntary supplemental retirement funds that are being managed by the enterprise			
II	Total NAV of voluntary supplemental retirement funds that are being managed by the enterprise			
	<i>In which:</i>			
1	<i>Total value of contributions to voluntary supplemental retirement funds in the reporting period.</i>			
2	<i>Total value of payments using voluntary supplemental retirement funds in the reporting period.</i>			
3	<i>Total value of investments at the end of reporting period</i>			

2. Reports on each voluntary supplemental retirement fund

(Specify each voluntary supplemental retirement fund that is being managed by the enterprise)

- Name of the voluntary supplemental retirement fund;

- The fund charter No.....dated..... amended by the document No.dated.... (if any). The fund charter shall specify investment policies implemented by the voluntary supplemental retirement fund, proportion of investments in each asset prescribed in Clause 3 Article 20 of the Decree No. 88/2016/ND-CP.

- Name of the depository institution;

-Name of the supervisory bank;

No.	Criteria	Unit	Value	Change in comparison with the previous reporting period
I	Total quantity of fund participants (I=1+2)			
1	Quantity of individuals directly participating the fund			
2	Quantity of employees participating in the fund through their employers. <i>(Specify according to each enterprise)</i>			
II	The fund's NAV			
	<i>In which:</i>			
1	<i>Total value of contributions to voluntary supplemental retirement funds in the reporting period.</i>			
2	<i>Total value of payments using voluntary supplemental retirement funds in the reporting period.</i>			
3	<i>Total NAV of the voluntary supplemental retirement fund</i>			

[place and time]

LEGAL REPRESENTATIVE
(Signature, full name and seal)

APPENDIX 2

(issued together with the Circular No. 86/2017/TT-BTC of the Ministry of Finance dated August 15, 2017 on providing guidelines for certain articles of the Government's Decree No. 88/2016/ND-CP dated July 01, 2016 on voluntary supplemental retirement program)

REPORT ON ASSETS OF VOLUNTARY SUPPLEMENTAL RETIREMENT FUND

(Applicable to each voluntary supplemental retirement fund)

To: - Ministry of Finance;
 - Ministry of Labor, War Invalids and Social Affairs;

- Name of the managing enterprise:

- Address:

- The certificate of eligibility for operation No.issued by.....on.....

- Report in the [] quarter, [year]

- Name of the voluntary supplemental retirement fund;

- The fund charter No.....dated..... amended by the document No.dated.... (if any). The fund charter shall specify investment policies implemented by the voluntary supplemental retirement fund and proportion of investments in each asset prescribed in Clause 3 Article 20 of the Decree No. 88/2016/ND-CP.

Unit: VND

No.	Assets	In the reporting period	In the previous reporting period	% in comparison with the same period last year
1	Cash and cash equivalents			
	Cash			
	Deposits at banks			
	Other cash equivalents			
2	Government bonds			
3	Government-guaranteed bonds			
4	Local government bonds			
5	Certificates of securities investment funds			
6	Accounts receivable			
	Received interest and dividends			
	Other accounts receivable			
	Allowance for bad debts			
7	Total assets			

[place and time]
LEGAL REPRESENTATIVE
(Signature, full name and seal)

APPENDIX 3

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REPORT ON VOLUNTARY SUPPLEMENTAL RETIREMENT FUND'S INVESTMENT ACTIVITIES

(Applicable to each voluntary supplemental retirement fund)

To: - Ministry of Finance;
- Ministry of Labor, War Invalids and Social Affairs;

- Name of the managing enterprise:
- Address:
- The certificate of eligibility for operation No.issued by.....on.....
- Report in the [] quarter, [year]
- Name of the voluntary supplemental retirement fund;
- The fund charter No.....dated..... amended by the document No.dated.... (if any). The fund charter shall specify investment policies implemented by the voluntary supplemental retirement fund and proportion of investments in each asset prescribed in Clause 3 Article 20 of the Decree No. 88/2016/ND-CP.

Unit: VND VND

REPORT ON INVESTMENT PORTFOLIO BY THE VOLUNTARY SUPPLEMENTAL RETIREMENT

No.	Type of asset (specify)	Quantity	Market price or reasonable value on the date of report	Total value	The asset value divided by the total value (%)
I	Money				

1	Cash				
2	Deposits at banks				
	Total				
II	Government bonds				
III	Government-guaranteed bonds				
IV	Local government bonds				
V	Certificates of securities investment funds				
1					
2					
	Total				
VI	Accounts receivable				
1	Received interest and dividends				
2	Other accounts receivable				
3	Allowance for bad debts				
	Total				
VII	Total value of the investment portfolio				

II. PERFORMANCE REPORT

No.	Criteria	In the reporting period	In the previous reporting period	Accumulated year-to-date
I	Income received from investment activities			
1	Received interest and dividends			
2	Other incomes			
II	Expenditures			
1	Management fees payable to managing enterprises			
2	Depository fees payable to depository institutions			

3	Supervisory fees payable to supervisory banks			
4	Expenditures on fund accounting, management of individual retirement account services and other expenditures that shall be paid to relevant service providers by the managing enterprises;			
5	Audit expenditures payable to auditors;			
6	Expenditures related to conductions of transactions in the fund's assets.			
7	Other types of expenditures (<i>specify</i>)			
III	Net income received from investment activities (I-II)			
IV	Gain/loss from investment activities			
1	Actual gain/loss arising from investment activities			
2	Changes in value of investments in the reporting period			
V	Changes in the fund's NAV due to investment activities in the reporting period			
VI	NAV at the beginning of the reporting period			
VI	Changes in the fund's NAV in the reporting period			
	In which:			
1	Changes in the fund's NAV due to investment activities in the reporting period			
2	Changes in the fund's NAV due to contributions made by fund participants in the reporting period			
3	Changes in the fund's NAV due to payments to fund participants in the reporting period			
VIII	NAV at the end of the reporting period			

[place and time]
LEGAL REPRESENTATIVE
(Signature, full name and seal)

APPENDIX 4

(issued together with the Circular No. 86/2017/TT-BTC of the Ministry of Finance dated August 15, 2017 on providing guidelines for certain articles of the Government's Decree No. 88/2016/ND-CP dated July 01, 2016 on voluntary supplemental retirement program)

REPORT ON RISK MANAGEMENT AND IMPLEMENTATION OF INTERNAL CONTROL SYSTEM IN MANAGEMENT OF RETIREMENT FUND

To: - Ministry of Finance;
- Ministry of Labor, War Invalids and Social Affairs;

- Name of the managing enterprise:
- Address:
- The certificate of eligibility for operation No.issued by.....on.....
- Reporting period (year):
- Names and addresses of organizations providing relevant services for the managing enterprise (fund accounting, management of individual retirement accounts) (if any).

1. General situation of the managing enterprise

- The enterprise is reissued with the certificate of eligibility for operation No. on.....
- Cases under the restructuring or a special control or supervision;
- Cases of complaint, denunciation and disputes related to management of retirement fund in this year (if any);
- Cases of payment of compensations to fund participants;
- Records or reports on inspection and supervision carried out by regulatory authorities in this year.

2. Situation of each voluntary supplemental retirement fund

- Change of the depository institution;
- Change of the supervisory bank;

- Changes in the fund charter which specifies changes in investment policies implemented by the voluntary supplemental retirement fund.

3. Report on implementation of the internal control system in management of retirement fund

- Make assessments of implementation and application of the internal control system by the managing enterprise in management of the retirement fund.

[place and time]

LEGAL REPRESENTATIVE
(Signature, full name and seal)

APPENDIX 5

(issued together with the Circular No. 86/2017/TT-BTC of the Ministry of Finance dated August 15, 2017 on providing guidelines for certain articles of the Government's Decree No. 88/2016/ND-CP dated July 01, 2016 on voluntary supplemental retirement program)

REPORT ON RESULTS OF INSPECTION AND SUPERVISION BY SUPERVISORY BANK RELATED TO MANAGEMENT OF RETIREMENT FUND BY MANAGING ENTERPRISE

To: - Ministry of Finance;
- Ministry of Labor, War Invalids and Social Affairs;

- Name of the supervisory bank;

- Address:

- Name of the managing enterprise under supervision:

- Address:

- The certificate of eligibility for management of retirement fund No.issued on.....

- Names and addresses of organizations providing relevant services for the managing enterprise (fund accounting, management of individual retirement accounts) (if any)

- Reporting period (year):

1. Fulfillment of responsibilities of the managing enterprise

- Make assessment of fulfillment of the responsibilities prescribed in the Decree No. 88/2016/ND-CP regarding managing enterprises and the fulfillment of responsibilities prescribed in the Decree No. 88/2016/ND-CP, fund charter, contracts for participating in the fund and contracts for providing relevant services regarding providers of relevant services.

- Specify cases of payment of compensations to fund participants (if any);

- Specify separate accounting and management of assets contributed by participants and the managing enterprise's assets.

2. Investment activities

- Make assessments of compliance with investment policies prescribed in the fund charter, exercise of rights and fulfillment of responsibilities by relevant parties of transactions related to the retirement fund and individual retirement accounts.

3. Management of individual retirement accounts

- Make assessments of distribution of investment income and determination of balances of individual retirement accounts

4. Implementation of the internal control system in management of retirement fund

- Make assessments of implementation of the internal control system in management of retirement fund

- Make assessments of procedures and methods for valuation of the fund's NAV;

- Make assessments of distribution of investment income and determination of balances of individual retirement accounts.

- Specify risks (if any)

[place and time]
**LEGAL REPRESENTATIVE OF
SUPERVISORY BANK**
(Signature, full name and seal)