



## LAW OF THE REPUBLIC OF BELARUS

June 23, 2024 No. 3

### On the Creation of a Sovereign Fund

*Draft*

#### **Preamble:**

This law is enacted due to the implementation of the following tasks:

Redistribution of income from the export of natural resources and corporatization of enterprises in favor of the citizens of the Republic of Belarus;

The need to create an effective pension system;

Increasing the well-being of the citizens of the Republic of Belarus, raising wages, improving working conditions;

Creating a highly efficient economy with the integration of Belarusian enterprises into international labor division.

#### **Article 1. Definitions**

For the purposes of this Law:

"Fund" refers to the Sovereign Fund of the Republic of Belarus.

"Account holder" or "Shareholder" refers to every citizen of the Republic of Belarus who has reached the age of 18.

"Managing Entity" means any legal or natural person selected through a competitive process to oversee certain categories of assets.



## **Article 2. Creation and Management of the Fund**

Create a Fund named "Sovereign Fund of the Republic of Belarus".

Every citizen of the Republic of Belarus, who has reached the age of 18, is registered in the Fund as an account holder.

A council consisting of government representatives, external financial experts, and other specialists is established to manage the Fund.

## **Article 3. Asset Classification and Operational Guidance**

Assets classified as "Natural Resources", such as oil, potash and rock salts, forest, peat, sapropel, chalk, and other minerals, are not subject to privatization. All income from such assets is directed straight to the Fund and then evenly distributed among the account holders. Management of these assets will be entrusted to chosen organizations based on a competitive process.

Assets defined as "Natural Monopolies", such as railways, airports, national telecommunication networks, airline, can be temporarily privatized. Investors can manage these assets for a specific period, and after achieving the expected investment return, these assets return under the Fund's management.

Assets in the "State Enterprises" group, including machinery, instrument-making, petrochemical, electronic, and woodworking industries, can be fully privatized. The revenue from their corporatization is at the Fund's disposal and is distributed among the account holders - citizens of the Republic of Belarus.

Assets in the "Local Enterprises" group are managed by local authorities. Income from these assets is used for the development of the local community and infrastructure.



#### **Article 4. Account Structure**

Account holders' accounts are divided as follows:

Main Account (MA): For housing, insurance, investments, and education.

Special Account (SA): For pension provisions and pension-related investments.

Medical Account (MA): For medical and hospital expenses.

#### **Article 5. Management, Transparency, and Reporting**

The Fund is obligated to adhere to the principles of transparency and accountability in its operations.

Regular reports on activities, financial status, and Fund strategies are prepared and presented to Parliament annually.

An independent external audit of the Fund's accounts is mandatory. The choice of an audit firm is made transparently in accordance with accepted international practices.

#### **Article 6. Investment and Strategic Policy**

The Fund develops and implements a globally diversified investment strategy.

The strategy should aim to balance accelerated growth with long-term stability, taking into account shareholders' interests.

A specialized committee is established to regularly adjust investment policies based on global financial changes and internal needs.

#### **Article 7. Protective Measures**



The Fund implements advanced digital security measures to protect the information of individual accounts and ensure the security of digital infrastructure.

The Fund contracts an external agency specialized in cybersecurity to regularly review and strengthen security measures.

### **Article 8. Policy Review and Adaptation**

An annual review of operational strategies, financial indicators, and investment strategies of the Fund is conducted.

Essential adjustments identified during the review are implemented after public consultations and feedback consideration.

### **Article 9. Education and Information Enlightenment**

The Fund takes steps to inform shareholders about the Fund's performance, market trends, and effective strategies to maximize their shares. For these purposes, the Fund uses digital platforms and periodic informational sessions.

### **Article 10. Tax and Financial Aspects**

All operations carried out by the Sovereign Fund of the Republic of Belarus, including but not limited to, purchase, sale, transfer of assets, and income receipt, are exempt from all types of taxes within the Republic of Belarus.

This decision is based on the aspiration to maximize revenues and shareholders' welfare, reduce administrative costs, and stimulate investment and asset management without tax distortions.

Tax exemption also aims to enhance the Fund's appeal to international partners, making it globally competitive and granting access to a broader range of investment opportunities.



## **Article 11. Inclusion Mechanism**

Shares can be inherited, bequeathed, or passed on, except for those accumulated in the Special (Pension) Account. Special mechanisms for including those who reach 18 years will be developed.

## **Article 12. Organizational Structure and Management Principles**

**Fund Board:** The supreme governing body consists of government representatives, finance experts, and independent members. It's responsible for:

Defining the strategic directions of the Fund.

Approving the annual budget and investment strategy.

Appointing members of the Executive Committee.

**Executive Committee:** Responsible for implementing the strategy approved by the Board and daily management of the Fund's assets.

Tasks of the Executive Committee:

Making operational decisions.

Monthly or quarterly meetings for coordination and decision-making.

Decision-Making Process:

The Board makes decisions at annual meetings, and additional meetings can be held if necessary.

The Executive Committee meets monthly or as needed.

Management Principles:



The Fund is managed by a team of experts selected competitively. This rule also applies to state representatives in the Fund.

The Fund develops a long-term investment strategy based on successful models.

The Fund diversifies investments on a global and national level.

#### Transparency and Reporting:

Both the Board and the Executive Committee regularly report on their activities, financial status, and decisions made.

The Board's reports are published annually, while the Executive Committee's are quarterly.

### **Concluding Article**

Through the creation of the Sovereign Fund, the Republic of Belarus aims to ensure the financial future of every citizen, reflecting a commitment to the welfare growth of each. This law comes into force 90 days after its official publication.