

FINANCIAL REGULATIONS UNDER THE EURASIAN PATENT CONVENTION

APPROVED

by the Administrative Council
of the Eurasian Patent Organization
at the second (first ordinary) meeting held on
December 1, 1995, as amended by the
Administrative Council of the Eurasian Patent
Organization at the fortieth (twelfth
extraordinary) meeting held on April 11–12,
2022.*

* – enacted as of April 11, 2022.

CHAPTER I. GENERAL PROVISIONS

Rule 1. Subject of Regulation

The provisions of these Financial Regulations (hereinafter referred to as the Regulations), approved by the Administrative Council of the Eurasian Patent Organization under Article 3(3)(vii) of the Eurasian Patent Convention, establish the procedure for the formation and implementation of the budget of the Eurasian Patent Organization, accounting of the Eurasian Patent Organization, as well as reporting of the Eurasian Patent Organization.

Rule 2. Terms and Definitions

For the purposes of the Regulations, the following terms and definitions shall be used:

Administrative Council—the Administrative Council of the Eurasian Patent Organization in accordance with Article 2(3) of the Eurasian Patent Convention;

Accounting—accounting of the Eurasian Patent Organization, which is the formation of documented systematized information about the objects provided for by the Regulations, in accordance with the requirements established by the Regulations, and the preparation of accounting statements based thereon;

Budget—the budget of the Eurasian Patent Organization, which is a form of generating and spending funds intended for financial support of the tasks and functions of the Eurasian Patent Organization provided for by the Eurasian Patent Convention;

Contracting State—a State party to the Eurasian Patent Convention;

Eurasian Office—the Eurasian Patent Office of the Eurasian Patent Organization in accordance with Article 2(3) of the Eurasian Patent Convention;

Convention—the Eurasian Patent Convention signed on September 9, 1994, in Moscow;

Organization—the Eurasian Patent Organization according to Article 2(1) of the Eurasian Patent Convention;

Rules of Procedure—the Rules of the Procedure of the Administrative Council of the Eurasian Patent Organization approved by the Administrative Council of the Eurasian Patent Organization at the second (first ordinary) meeting held on December 1, 1995;

Headquarters Agreement—an agreement between the Government of the Russian Federation and the Eurasian Patent Organization on the Headquarters of the Eurasian Patent Organization signed on October 4, 1996 in Moscow.

Rule 3. Financing of the Organization

(1) The Organization is self-funded.

(2) The expenses of the Organization are covered by incoming revenues, in particular by fees, charges for services rendered by the Eurasian Office, as well as other income received by the Organization from sources provided for in Article 5(2) of the Convention.

The Organization carries out income-generating activities under the provisions of the Convention, acts adopted by the Administrative Council and the President of the Eurasian Office, while being guided by the provisions of the aforementioned international treaty and acts, the Headquarters Agreement, as well as the legislation of the country of the Organization headquarters, provided that its provisions apply to the Organization.

(3) If additional responsibilities are entrusted to the Eurasian Office, the Contracting State or a group of Contracting States that have entrusted these responsibilities to the Eurasian Office shall bear the costs of the Organization for their implementation on a contractual basis.

These expenses and the use of funds of the Contracting States shall be accounted separately.

If additional responsibilities will be implemented by agreement and for the benefit of all Contracting States, the costs of their implementation may be budgeted for, unless otherwise agreed by the Contracting States.

CHAPTER II. ORGANIZATION'S BUDGET

Rule 4. Budget Principles

The budget is based on the following principles:

full reflection of income and expenses;
balance;
reliability and transparency;
effective use of funds.

Rule 5. Budget Structure

The budget consists of revenue and expenditure, each comprising sections and items in accordance with the appendix to the Regulations to reflect income and expenses for the fiscal year to which they relate.

Rule 6. Budget Currency

The budget shall be prepared in the currency of the country of the Organization

headquarters. The income and expenses of an Organization denominated in a foreign currency are subject to conversion into the currency of the country of the Organization headquarters in accordance with the legislation of that country.

Rule 7. Fiscal Year

The fiscal year corresponds to the calendar year and shall be from January 1 to December 31.

Rule 8. Preparation and Adoption of the Budget

(1) The draft budget for the next fiscal year shall be prepared by the Eurasian Office as required by the Regulations.

(2) The draft budget shall be accompanied by an explanatory note, including: calculations justifying the income and expenses planned for the next fiscal year by budget line items;

comparative analysis of the revenue and expenditure chapters of the draft budget in relation to the expected implementation of these budget items in the current fiscal year.

(3) The draft budget shall be submitted by the Eurasian Office to the Administrative Council when and as prescribed by the Rules of Procedure.

(4) The budget for the next fiscal year shall be adopted by the Administrative Council no later than December 31 of the year preceding the next fiscal year, in accordance with Article 3(3)(viii) of the Convention.

(5) If there is no budget adopted at the beginning of the next fiscal year, expenses before its adoption shall be carried out by the Eurasian Office on a monthly basis in the amount not exceeding one twelfth of the planned expenses of the Organization in the previous fiscal year. At the request of the President of the Eurasian Office, the Administrative Council may authorize monthly expenses of the Organization in the amount of up to three twelfths of the draft budget for the next fiscal year.

Rule 9. Budget Amendments

(1) As appropriate, the President of the Eurasian Office may initiate amendments to the budget of the current fiscal year or the adoption of a supplementary budget.

(2) The draft amendments to the budget of the current fiscal year shall be submitted to the Administrative Council for adoption in the same form and in the same manner as the draft budget. The draft amendments shall be accompanied by the relevant explanatory note.

Rule 10. Budget Deficit and Surplus

(1) In case of a budget deficit, the Organization's reserve fund shall be used.

The reserve fund of the Organization shall be formed from annual deductions, provided for in the expenditure part of the budget. The procedure for the formation and expenditure of the Organization's reserve fund shall be approved by the Administrative Council.

(2) In case of a budget surplus, the resulting excess of the budget revenue over the budget expenditure shall be allocated to the development of the Eurasian Office according to

the estimates approved by the President of the Eurasian Office.

Rule 11. Budget Implementation

(1) Budget implementation shall be ensured by the President of the Eurasian Office, who shall manage the Organization's funds and be responsible for budget implementation.

In order to implement the budget and ensure the fulfillment of the tasks assigned to the Organization as a whole, the President of the Eurasian Office may:

make transactions;

acquire and dispose of movable and immovable property;

open and maintain bank accounts in any currency, in particular, make money transfers both within and outside the country of the Organization headquarters;

bring actions before courts and participate in court proceedings;

perform any other necessary actions.

(2) Where appropriate, the President of the Eurasian Office may reallocate budget funds within one section of the expenditure chapter of the budget without amending the budget for the current fiscal year.

CHAPTER III. ACCOUNTING OF THE ORGANIZATION

Rule 12. Accounting Basis

(1) The objects of accounting are assets, liabilities, income, expenses, accounting events, sources of financing of the Organization, as well as other objects, to the extent established by the regulatory legal acts of the Organization or the Eurasian Office.

(2) Accounting shall be kept by means of a double entry in ledgers approved by the President of the Eurasian Office based on the chart of account as in force in the country of the Organization headquarters.

(3) Accounting objects are subject to monetary measurement. Monetary measurement of accounting objects shall be carried out in the currency of the country of the Organization headquarters. The cost of accounting objects, denominated in foreign currency, shall be converted into the currency of the country of the Organization headquarters under the legislation of the country of the Organization headquarters.

Rule 13. Accounting Organization

(1) Accounting and storage of accounting records shall be arranged for by the President of the Eurasian Office.

(2) The President of the Eurasian Office shall establish the accounting department as an independent structural subdivision headed by the chief accountant, who is charged with accounting.

(3) The chief accountant shall organize, plan and control the process of generating information in the accounting system and shall carry out internal control of accounting and reporting.

(4) The chief accountant shall be responsible for accounting and timely and reliable reporting.

(5) In case of disagreement on the reflection of certain financial and economic

operations in accounting between the President of the Eurasian Office and the chief accountant:

the data contained in the primary accounting document shall be accepted (not accepted) by the chief accountant for recording and accumulation in accounting registers upon written instruction of the President of the Eurasian Office, who is responsible for the resulting information;

the accounting object shall be reflected (not reflected) by the chief accountant in the accounting statements upon written instruction of the President of the Eurasian Office, who is responsible for the reliable presentation of the financial position of the Organization at the reporting date, its financial performance and cash flows for the reporting period.

(6) Upon dismissal of the chief accountant, responsibilities shall be handed over to the newly appointed chief accountant, during which accounting and reporting reliability shall be inspected, with the preparation of an appropriate act approved by the President of the Eurasian Office.

Rule 14. Accounting Policy

(1) The set of accounting methods used by the Organization constitutes its accounting policy.

(2) The accounting policy of the Organization shall be formed by the chief accountant and approved by the President of the Eurasian Office.

(3) As part of the accounting policy of the Organization, the following shall be approved:

current chart of accounts containing synthetic and analytical accounts necessary for accounting in accordance with the requirements of timeliness and completeness of accounting and reporting;

forms of primary accounting documents, accounting registers, as well as documents for internal accounting reports;

the procedure for inventory of assets and liabilities;

methods of assets and liabilities valuation;

rules of document flow and methods of processing accounting information;

the procedure for controlling the business transactions;

other decisions necessary for organization of accounting.

Primary accounting documents and accounting registers approved as part of the accounting policy of the Organization shall be maintained subject to the provisions of Rules 15 and 16 of the Regulations.

(4) The accounting policy of the Organization shall be applied consistently year to year.

(5) In order to ensure comparability of accounting records for a number of years, changes in the accounting policy of the Organization shall be made from the beginning of the reporting year, unless otherwise arise from this change.

(6) The accounting policy of the Organization shall meet the requirement of completeness, timeliness, prudence, priority of substance over form, consistency and efficiency.

Rule 15. Primary Accounting Documents

(1) Each accounting event shall be registered with a primary accounting document. The primary accounting document shall be prepared when an accounting event is occurred, or, failing that, immediately after.

(2) The official of the Organization responsible for the registration of the accounting event shall ensure the timely delivery of primary accounting documents for the registration of the data contained therein in the accounting registers, as well as the reliability of these data.

(3) The chief accountant shall not be responsible for the compliance of primary accounting documents prepared by other officials of the Organization with the accounting event occurred.

(4) The creation of primary accounting documents, the procedure and timing of delivery thereof for accounting treatment shall be carried out in accordance with the accounting policy of the Organization.

(5) Documents prepared for monetary transactions shall be signed by the President of the Eurasian Office and the chief accountant or other officials of the Organization authorized by the President of the Eurasian Office.

(6) Monetary and settlement documents, financial and loan liabilities of the Organization without the signature of the President of the Eurasian Office and the chief accountant or other authorized officials of the Organization shall be deemed invalid and not enforceable.

(7) The requirements of the chief accountant for documenting business transactions and submitting relevant documents and information to the accounting department are binding on the staff of the Eurasian Office.

Rule 16. Accounting Registers

(1) The data contained in the primary accounting documents are subject to timely registration and accumulation in the accounting registers.

(2) Omissions or withdrawals when registering accounting objects in accounting registers, recording of fraudulent and sham accounting objects in accounting registers are not allowed.

(3) Accounting registers shall be prepared in the form of electronic documents with an option to present them in hard copy, where required.

(4) Corrections not authorized by the officials of the Organization responsible for maintaining this register are not allowed in the accounting register. Any correction in the accounting register shall contain the date of correction, and the signatures of the officials of the Organization responsible for maintaining this register, indicating their surnames and initials or other details necessary to identify these persons.

CHAPTER IV. ORGANIZATION'S REPORTING**Rule 17. Reporting**

The Organization's reporting shall consist of accounting statements and a budget implementation report prepared in accordance with the provisions of this chapter of the

Regulations.

Rule 18. Accounting Statements

(1) The Organization shall prepare annual accounting statements for the reporting period.

(2) The accounting statements of the Organization shall be based on the data contained in the accounting registers, in accordance with the legislation of the country of the Organization headquarters, provided that its provisions apply to the Organization.

(3) The accounting statements of the Organization shall be prepared in the currency of the country of the Organization headquarters.

(4) The accounting statements of the Organization shall be signed by the President of the Eurasian Office and the chief accountant.

Rule 19. Reporting Period

The reporting period for the preparation of accounting statements of the Organization shall be the fiscal year.

Rule 20. Amendments to Accounting Statements

In case of errors, the accounting statements of the Organization relating both to the current reporting period and to previous reporting periods (upon its signing by the President of the Eurasian Office), shall be amended in accordance with the legislation of the country of the Organization headquarters, provided that its provisions apply to the Organization.

Rule 21. Accounts Auditing

(1) The President of the Eurasian Office shall submit the accounting statements of the Organization to an audit no later than March 30 of the year following the reporting period.

(2) The accounting statements of the Organization shall be audited by an independent audit firm entitled to engage in audit activities in the country of the Organization headquarters. The same audit firm may not be involved in the audit of the Organization for more than three consecutive years.

(3) Auditors involved in the audit of the Organization's accounting statements shall not be employees of the Organization within three years prior to the date of their involvement in the audit.

(4) When conducting an audit, auditors shall be guided by the regulatory legal acts of the Organization and the Eurasian Office, and the legislation of the country of the Organization headquarters, to the extent applicable.

(5) Following the audit, an auditor's opinion shall be issued on the reliability of the data in the accounting statements that describe the financial and economic situation of the Organization for the reporting period.

Rule 22. Budget Implementation Report

(1) Budget revenues and expenditures, as well as operations carried out in the course of budget implementation, are subject to accounting, the general principles of which are

established by the Regulations and detailed in acts approved by the President of the Eurasian Office, and reflected in the budget implementation report.

(2) The budget implementation report shall be based on accounting data and signed by the President of the Eurasian Office and the chief accountant, and shall be accompanied by an explanatory note containing an analysis of the implementation of budget items by income and expenses, as well as information on the actual headcount of the Organization as of the end of the reporting period.

(3) The Budget implementation report shall be prepared by budget items. Provided that, when forming a report on the implementation of the revenue chapter of the budget, advance payments and funds belonging to Contracting States in accordance with Article 18(2) of the Convention shall not be accounted for.

CHAPTER V. ANNUAL REPORT OF THE ORGANIZATION

Rule 23. Contents of the Annual Report

(1) The annual report consists of:
accounting statements of the Organization for the reporting period;
opinion of the audit firm on the reliability of accounting statements for the reporting period;
a budget implementation report for the reporting period, accompanied by an explanatory note.

(2) If necessary, the annual report may be supplemented with information on the use of funds allocated for the development of the Eurasian Office in accordance with Rule 10(2) of the Regulations, as well as other explanatory materials on the financial and economic activities of the Organization in the reporting period.

Rule 24. Preparation and Approval of the Annual Report

(1) The annual report shall be prepared by the Eurasian Office as required by the Regulations.

(2) The annual report shall be submitted by the Eurasian Office to the Administrative Council when and as prescribed by the Rules of Procedure.

(3) The annual report shall be reviewed by the Administrative Council under Article 3(3)(viii) of the Convention.

Rule 25. Publication of the Annual Report

(1) The information in the annual report is confidential and shall not be published.

(2) Where necessary, the decision to publish the data of the annual report or otherwise make it available to persons other than officials of the Organization or national patent offices of the Contracting States may be taken by the Administrative Council.

BUDGET STRUCTURE

Revenue

- Item 1. Proceeds from payment of fees for filing Eurasian applications
- Item 2. Proceeds from payment of fees for substantive examination of Eurasian applications
- Item 3. Proceeds from payment of fees for granting Eurasian patents
- Item 4. Proceeds from payment of patent maintenance fees
- Item 5. Proceeds from payment of other fees not specified in Items 1–4
- Item 6. Proceeds from publication activities of the Eurasian Office
- Item 7. Proceeds from payments for services rendered by the Eurasian Office
- Item 8. Loans and credits
- Item 9. Bank interest for keeping funds in bank accounts
- Item 10. Earmarked funds allocated by international organizations and sponsors and special financial contributions of Contracting States
- Item 11. Other proceeds

Expenditure

Section I. Current expenses

- Item 1. Payroll fund
- Item 2. Social expenditures
- Item 3. Accruals for payments and rewards to employees
- Item 4. Secondment expenditures
- Item 5. Expenses for the maintenance of buildings and offices
- Item 6. Office and administrative expenses
- Item 7. Telecommunication expenses
- Item 8. Patent search expenses
- Item 9. Software and maintenance expenses
- Item 10. Expenses for the preparation and holding of meetings of the Administrative Council and its working bodies
- Item 11. Expenses for conferences, seminars, exhibitions and other events
- Item 12. Expenses for coordinating the interaction of the Contracting States on the application of the Convention and scientific and technical cooperation
- Item 13. Expenses for technical cooperation with states other than Contracting States
- Item 14. Bank charges
- Item 15. Other expenses

Section II. Capital expenditures

Item 1. Construction and overhaul

Item 2. Acquisition of real estate

Item 3. Acquisition of vehicles

Item 4. Acquisition of computer, server and network hardware

Item 5. Acquisition of office equipment

Item 6. Loan and credit repayment

Item 7. Other expenses

Section III. Contributions to the Organization's reserve fund

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