

On 12 September 2014, Ukraine Sanction Law (Sanction Law) came into force. The Sanction Law sets forth the procedure for imposing sanctions against foreign states and/or legal entities and/or individuals, which pose a threat to Ukraine's national sovereignty and territorial unity and/or are involved in terrorism.

Sanction Procedure

Resolutions on personal sanctions against legal entities and individuals are to be adopted by the National Security and Defense Council of Ukraine (RNBO) and entered into force by a Decree of the President of Ukraine, while sectoral sanctions against a state or unlimited number of persons engaged in certain activity are to be approved in addition by the Ukrainian Parliament.

Sanctions with Respect to International Treaties and Agreements

Sanctions can include termination of international treaties and agreements ratified by the Ukrainian Parliament. It appears from the text of the Sanction Law that international agreements that do not require Parliament ratification can also be terminated as a sanction. Such agreements include agreements made between governments, between ministries and governmental departments of countries, as well as some other agreements. Agreements of this kind exist in the area of taxation, customs control, etc. Termination of operation of international treaties and agreements ratified by the Parliament is to be effected by the Ukrainian Parliament at the request of the President of Ukraine or other legislative body. Other international agreements can be terminated by the Government's decrees or resolutions of relevant ministries and governmental departments.

Sanction Appeal Procedure

A resolution imposing sanctions can be appealed to Ukrainian administrative courts under general rules of procedure. Resolutions terminating the operation of international treaties and agreements ratified by the Ukrainian Parliament can be appealed to the Constitutional Court of Ukraine.

Possible sanctions include:

- 1) Freezing assets;
- 2) Restricting commercial transactions;
- 3) Restricting and/or banning transit over the territory of Ukraine in full or in part;
- 4) Preventing capital erosion from Ukraine;
- 5) Suspending performance of economic and financial obligations;
- 6) Cancelling or suspending licenses and other permits for specific activities, specifically, special permits for subsurface use;
- 7) Banning participation in privatization and/or lease of state property by foreign residents or persons, directly or indirectly controlled by such foreign residents or acting in their interests;

- 8) Banning use of Ukraine's radiofrequency resources;
- 9) Restricting or cancelling telecommunication services and use of public networks;
- 10) Banning state procurements from foreign state owned legal entities or other entities that are partially owned by foreign state;
- 11) Banning or restricting foreign military and non-military vessels from entering the Ukrainian territorial waters and aircraft from entering its air space or landing;
- 12) Banning, in full or in part, operations with securities issued by sanctioned parties;
- 13) Banning issuance of NBU licenses or permits for investments in a foreign state and placement of foreign exchange assets into accounts and deposits in a foreign state;
- 14) Terminating issuance of permits or licenses for bringing into/out of Ukraine, foreign exchange assets and cash withdrawals with payment cards issued by foreign residents;
- 15) Banning NBU registration of international payment service participant if such organization is a foreign resident;
- 16) Restricting charter capital increase if shareholder holding 10% or more is a foreign resident or has influence on legal entity's corporate governance or activity;
- 17) Implementing additional measures in the sphere of ecology, sanitary, phytosanitary and veterinary control;
- 18) Terminating trade agreements, joint projects and industrial programs in certain sectors, specifically in security and defense;
- 19) Banning transfer of technologies and IP rights;
- 20) Cancelling cultural exchanges and cooperation in science, education, sports and entertainment;
- 21) Refusing or cancelling visas to foreign residents;
- 22) Terminating international treaties subject to consent of the Ukrainian Parliament;
- 23) Cancelling official visits, meetings and negotiations on concluding agreements;
- 24) Depriving of Ukraine's state awards; and/or
- 25) Other sanctions that can be applied under the Sanction Law principles.

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