

Effective 5 December 2015, the National Bank of Ukraine (NBU) enacted new Regulation No. 863 regarding Ukraine's monetary and hard currency market.

Regulation No. 863 will be in effect until 4 March 2016.

The new regulation provides for the following changes pertinent to legal entities:

- **75% Foreign Currency Sale.** The requirement to sell 75% foreign currency cash receipts from abroad no longer applies to:

- Credits provided to resident borrowers by a foreign export-import agency solely or jointly with other creditors if such credits are aimed to fulfill liabilities of the resident under a foreign economic contract with a nonresident exporter. The funds under such contract are to be sent directly to the account of the nonresident exporter.
- Bid deposits paid by nonresidents to participate in government procurement tenders.

It is also not required to sell 75% foreign currency cash receipts from abroad if such cash receipts are returned at the initiative of beneficiary foreign bank within seven days after the transfer of foreign currency by Ukrainian bank.

- **National Currency Cash Withdrawals.** It is now allowed to withdraw cash of up to UAH300,000 to one person per day if such cash is used for operations of the mission of the International Committee of the Red Cross (ICRC).

- **Purchase/Transfer Abroad of Foreign Currency.** Now the NBU:

- Permits foreign investors to transfer abroad foreign currency received from the sale of Ukrainian government bonds on stock exchanges and otherwise.
- Has the right not to permit the purchase or transfer of foreign currency if signs of risky operations are detected or if it sees signs of money laundering.

- **Foreign Currency Purchase Ban.** The NBU introduced a ban on the purchase of foreign currency for clients who have foreign currency on their balance sheet account number 2602. Such funds in foreign currency are considered to cover guarantees, counter-guarantees or reserve letters of credit in authorized banks. This ban does not apply to those resident clients who have foreign currency on current and deposit accounts in amount less than US\$25,000.

The following major NBU requirements remain in force:

- Term for payments under export-import transactions – 90 calendar days
- Obligatory sale of 75% of foreign currency cash receipts from abroad with some exceptions
- Ban to register amendments to loan agreements that shorten the loan terms or accelerate obligations for resident borrowers
- Restriction on sale by banks of the equivalent of up to UAH3,000 in foreign currency to one person per day and limit of UAH300,000 per day currency cash withdrawals through cashiers and ATMs (with some exceptions)
- Ban on loans in Hryvnia secured with foreign currency deposits
- Requirement for banks to provide reference documents for transactions involving purchase/transfer abroad of foreign currency equivalent to US\$50,000 or more
- Restriction on registration of amendments to loan agreements changing nonresident lender and/or nonbanking resident borrower, and to loan agreements between residents due to assignment of the loan by resident-lender to nonresident-lender

We will continue to monitor and inform of changes affecting our clients. Please contact us for more detailed information.

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