

NATIONAL SECURITIES AND STOCK MARKET COMMISSION
RESOLUTION

No. 1038 dated July 17, 2015

Registered with the Ministry
of Justice of Ukraine
on August 6, 2015
under No. 955/27400

On Approval of the Procedure for Control over Compliance of Professional Stock Market (Securities Market) Participants with the Requirements of the Legislation on the Prevention of and Counteraction to Legalization (Laundering) of Proceeds from Crime, Financing of Terrorism, and Financing of Proliferation of Weapons of Mass Destruction

Pursuant to [Clause 13](#), Article 8, of the Law of Ukraine "On State Regulation of the Securities Market in Ukraine" and [the Law of Ukraine](#) "On Prevention of and Counteraction to Legalization (Laundering) of Proceeds from Crime, Financing of Terrorism, and Financing of Proliferation of Weapons of Mass Destruction", the National Securities and Stock Market Commission HAS RESOLVED AS FOLLOWS:

1. To approve [the Procedure for Control over Compliance of Professional Stock Market \(Securities Market\) Participants with the Requirements of the Legislation on the Prevention of and Counteraction to Legalization \(Laundering\) of Proceeds from Crime, Financing of Terrorism, and Financing of Proliferation of Weapons of Mass Destruction](#), as attached.
2. To declare null and void [Resolution No. 997 of the National Securities and Stock Market Commission, dated July 19, 2012](#) "On Approval of the Procedure for Control over Compliance of Professional Stock Market (Securities Market) Participants with the Requirements of the Legislation on the Prevention of and Counteraction to Legalization (Laundering) of Proceeds from Crime or Financing of Terrorism", registered with the Ministry of Justice of Ukraine on August 9, 2012 under No. 1353/21665 (as amended).
3. The Control and Legal Work Department (O. Mysiura) shall arrange for:

this Resolution to be submitted for expert examination for compliance with [the Convention for the Protection of Human Rights and Fundamental Freedoms](#) to the Secretariat of the Government Agent before the European Court of Human Rights of the Ministry of Justice of Ukraine;

this Resolution to be submitted to the Ministry of Justice of Ukraine for state registration.
4. The Information Technology and Record Keeping Division (A. Zaiika) shall arrange for this Resolution to be published on the official website of the NSSMC.
5. The Internal Audit and Communications Division (O. Zbarazhska) shall arrange for this Resolution to be published in the printed publication of the NSSMC.
6. This Resolution shall come into force and effect from the day of its official publication.
7. Control over the implementation of this Resolution shall be assigned to I. Nazarchuk, a member of the NSSMC.

Commission Chairman
AGREED:

T. Khromaiev

Head

APPROVED BY
Resolution No.1038
of the NSSMC,
dated July 17, 2015
Registered with the Ministry
of Justice of Ukraine
on August 6, 2015
under No. 955/27400

PROCEDURE

for Control over Compliance of Professional Stock Market (Securities Market) Participants with the Requirements of the Legislation on the Prevention of and Counteraction to Legalization (Laundering) of Proceeds from Crime, Financing of Terrorism, and Financing of Proliferation of Weapons of Mass Destruction

I. General Provisions

1. This Procedure is a document introducing a uniform procedure for the National Securities and Stock Market Commission (hereinafter referred to as the Control Authority) for control of compliance of professional stock market (securities market) participants with the requirements of the legislation on the prevention of and counteraction to legalization (laundering) of proceeds from crime, financing of terrorism, and financing of proliferation of weapons of mass destruction through scheduled and unscheduled on-site and off-site inspections.

Subject to the consent of the Control Authority, an officer(s) of the State Financial Monitoring Service of Ukraine (hereinafter - the SFMSU) shall have the right to take part in such inspections.

The inspection venue shall be the premises of the professional stock market (securities market) participant at its location (a temporary location reported by this professional stock market (securities market) participant to the Control Authority), and/or the premises of the Control Authority.

2. This Procedure shall apply to subjects of primary financial monitoring that are professional stock market (securities market) participants (license holders), legal entities that have obtained, in accordance with [the Law of Ukraine](#) "On State Regulation of the Securities Market in Ukraine", a license (licenses) for a specific type (types) of professional activities on the securities market, and their standalone organizational units.

3. This Procedure shall not apply to subjects of primary financial monitoring that are banks/branches of foreign banks that have obtained a license (licenses) for a specific type (types) of professional activities on the securities market.

II. Organization of Inspections

1. The grounds for the Control Authority's scheduled on-site inspection of a subject of primary financial monitoring for compliance with the requirements of the applicable legislation on the prevention of and counteraction to legalization (laundering) of proceeds from crime, terrorist financing, and financing of proliferation of weapons of mass destruction shall be the inclusion of this subject of primary financial monitoring in the schedule of inspections of subjects of primary financial monitoring for the relevant quarter. The inspection schedule shall be approved by the chairman of the Control Authority or person performing his duties, and published on the official website of the Control Authority.

The SFMSU shall have the right to take part in the preparation of the inspection schedule, subject to the consent of the Control Authority.

2. The periodicity of scheduled on-site inspections shall depend on the risk for a specific subject of primary financial monitoring to be used for laundering proceeds from crime, financing of terrorism and of proliferation of weapons of mass destruction.

High risk subjects of primary financial monitoring shall be inspected once a year; medium risk ones, no more often than once in three years; and those bearing insignificant risk, no more often than once in five years.

The date from which the time for the next scheduled inspection is measured shall be the date of completion of the previous scheduled inspection.

The risk level of a subject of primary financial monitoring shall be determined as of the date of the preparation of the inspection schedule. The Control Authority shall determine risk assessment criteria and publish them on its official website.

3. Subjects of primary financial monitoring which have standalone organizational units, are members of business associations, associated companies, or holding companies, or directly or indirectly own assets in professional stock market (securities market) participants shall be subject to comprehensive scheduled inspections on a consolidated basis.

4. A scheduled on-site inspection involves the Control Authority's scheduled check to establish compliance of the subject of primary financial monitoring with the legislation on the prevention of and counteraction to legalization (laundering) of proceeds from crime, terrorist financing, and financing of proliferation of weapons of mass destruction in the period under review. A scheduled on-site inspection shall be conducted for a period starting from the date of completion of the previous inspection or for a specific period of activity of the subject of primary financial monitoring.

5. A scheduled on-site inspection shall cover a definite list of issues concerning compliance by the subject of primary financial monitoring with the requirements of the legislation regulating the prevention of and counteraction to legalization (laundering) of proceeds from crime, terrorist financing, and financing of proliferation of weapons of mass destruction by type(s) of professional activity, unless the inspection schedule provides otherwise.

6. The minimum list of issues to be covered by a scheduled on-site inspection shall include a review of compliance with the legislative requirements for:

- 1) appointment of an officer responsible for financial monitoring;
- 2) qualification requirements for the officer responsible for financial monitoring;
- 3) introduction of financial monitoring rules and development of financial monitoring programs;
- 4) identification and verification of a client (client's representative), study of the client and clarification of client information;
- 5) analysis and detection of financial transactions subject to financial monitoring, and transactions for which there are reasonable grounds to suspect that they may be connected with, related to, or intended for the financing of terrorism or of proliferation of weapons of mass destruction, registration of such financial transactions and provision of information thereon;

6) suspension of a financial transaction(s) which bears(bear) signs of legalization (laundering) of proceeds from crime, terrorist financing, and financing of proliferation of weapons of mass destruction;

7) retention of documents identifying individuals who completed a financial transaction, documents relating to the business relationship with a client, and transaction data;

8) development of criteria of the risk of legalization (laundering) of proceeds from crime, terrorist financing, financing of proliferation of weapons of mass destruction, and management thereof;

9) internal checks for compliance with the legislation on the prevention of and counteraction to legalization (laundering) of proceeds from crime, terrorist financing, and financing of proliferation of weapons of mass destruction.

The presented list is not exhaustive and may be supplemented in the course of an inspection within the limits permitted by the legislation on the prevention of and counteraction to legalization (laundering) of proceeds from crime, terrorist financing, and financing of proliferation of weapons of mass destruction.

7. The Control Authority shall notify the subject of primary financial monitoring of a scheduled on-site inspection at least ten calendar days prior to the beginning thereof.

8. An unscheduled inspection means that the Control Authority is undertaking an unscheduled check to establish compliance of the subject of primary financial monitoring with the legislation on the prevention of and counteraction to legalization (laundering) of proceeds from crime, terrorist financing, and the financing of proliferation of weapons of mass destruction in the period under review and with regard to specific issues.

The Control Authority may initiate an unscheduled inspection, if there is at least one of the following reasons in place:

1) a written notice addressed to state authorities and/or local self-government authorities and reporting signs of violation by a subject of primary financial monitoring and/or its standalone unit of the legislative requirements for the prevention of and counteraction to legalization (laundering) of proceeds from crime, terrorist financing, and financing of proliferation of weapons of mass destruction;

2) identification upon the results of an off-site inspection of facts of violation by a subject of primary financial monitoring and/or its organizational unit of the legislative requirements for the prevention of and counteraction to legalization (laundering) of proceeds from crime, terrorist financing, and financing of proliferation of weapons of mass destruction;

3) a court decision that have come into legal force or a request from law enforcement agencies;

4) the initiative of the Control Authority, if it directly detects signs of violation by a subject of primary financial monitoring and/or its standalone unit of the legislative requirements for the prevention of and counteraction to legalization (laundering) of proceeds from crime, terrorist financing, and financing of proliferation of weapons of mass destruction;

5) discovery by the Control Authority of new documents (circumstances) which were not (may not be) known at the time of the scheduled inspection and which may affect the findings made upon the results of the scheduled inspection;

- 6) the need to check compliance of a subject of primary financial monitoring with legitimate demands by officials of the Control Authority for it to redress found legal violations;
- 7) a resolution passed by the authorized person of the Control Authority to suspend proceedings in an offense case to allow for an additional inspection;
- 8) failure by a subject of primary financial monitoring to timely submit documents (information) in response to a written request by the Control Authority with regard to an off-site inspection, and written explanations of the reasons that prevent such documents to be submitted;
- 9) a falsity detected and confirmed in documents (information) provided by a subject of primary financial monitoring in response to a written request from the Control Authority regarding an off-site inspection, and/or such documents (information) do not allow evaluating compliance of the subject of primary financial monitoring with the legislative requirements for the prevention of and counteraction to legalization (laundering) of proceeds from crime, terrorist financing, and financing of proliferation of weapons of mass destruction.

A repeat probe into any issues that have been checked earlier may be possible only by a court decision that has come into legal force and/or by resolution (ruling) of an investigator or prosecutor (investigating judge) in a criminal proceeding on the basis of Sub-clause 5 of this clause.

If during a scheduled inspection, reasons for an unscheduled inspection arise, such an issue shall be probed in the current scheduled inspection, subject to consultation with the chairman of the Control Authority or the person who performs his duties.

An unscheduled inspection may be on-site or off-site. The procedure for conducting an unscheduled off-site inspection and filing its results is provided in [Section VII](#) of this Procedure.

9. Scheduled and unscheduled on-site inspections shall be held during the working hours established by the internal work regulations of the subject of primary financial monitoring.

Subject to the written consent of the head of the subject of primary financial monitoring or the person who performs his duties, the inspection may be conducted on days off or at off-hours of the subject of primary financial monitoring.

10. For an on-site inspection, the Control Authority shall create a working group and appoint its leader from among the members thereof. The working group may include SFMSU officers. An inspection shall be preceded by a relevant authorization issued in two copies ([Annex 1](#)).

11. The authorization may be issued by the following authorized persons of the Control Authority.

1) the chairman of the Control Authority or person who performs his duties, if a working group is created and it includes: staff members of the central office of the Control Authority; staff members of the central office of the Control Authority and staff members of regional offices of the Control Authority; staff members of the central office of the Control Authority and SFMSU officers; staff members of the central office of the Control Authority and staff members of regional offices of the Control Authority and SFMSU officers;

2) the head of a regional office of the Control Authority or person who performs his duties, if a working group is created and it includes: staff members of the corresponding regional office of the Control Authority; staff members of the corresponding regional office of the Control Authority and SFMSU officers.

12. The working group of the Control Authority created for an on-site inspection shall be composed of at least two persons from among the central office staff and/or a regional office staff of the Control Authority.

13. A person may not be included in the working group if this person has a conflict of interest.

A person included in the working group shall notify the authorized person of the Control Authority, who issues authorization for inspections, of a conflict of interest, if any.

14. If the working group already includes a person who, according to Clause 13 of this section, may not be included in the working group, this person shall be excluded from the working group, observing the requirement for the minimum working group membership specified in Clause 12 of this section.

15. The Control Authority shall keep issued written authorizations on record at the place of issue thereof, registering them in a dedicated book of issued authorizations for inspections of subjects of primary financial monitoring ([Annex 2](#)).

An inspection authorization shall be issued for a period sufficient for a timely and full scale inspection, but for no longer than 30 working days.

The inspection may be completed earlier than specified in the authorization.

The inspection period may be extended by the authorized person of the Control Authority, who has issued the authorization, at a reasonable written request from the working group leader, but for no longer than 10 working days.

If the inspection period has been extended, a certified copy of the first original copy of the authorization indicating the extended inspection period shall be presented during the inspection or sent to the inspected subject of primary financial monitoring.

16. The inspection shall be deemed commenced from the date on which the subject of primary financial monitoring (person who performs his duties) receives the second copy of the authorization, which fact is required to be confirmed with the signature on the first copy of the authorization and the signatory's surname, initials, and position specified along with the dates of receipt of the second authorization copy and return of the first authorization copy to the working group leader.

The head of the subject of primary financial monitoring (person who performs his duties) is required to confirm his powers.

If it is impossible to provide the second authorization copy to the head of the subject of primary financial monitoring (person who performs his duties) (because of his vacation, business trip, illness, etc.), the second authorization copy shall be sent by mail or registered mail with acknowledgment of receipt.

In this case, the inspection shall be deemed commenced from the date the Control Authority receives a mail reporting that the subject of primary financial monitoring has received the authorization sent by registered mail.

17. If it becomes necessary to replace the leader or members of the working group after the inspection begins, the Control Authority shall issue a new authorization for a new membership of the working group, keeping the timing specified in the previous authorization.

The head of the subject of primary financial monitoring (person who performs his duties) shall personally make a record on the first authorization copy, specifying the surname, initials, position, and date of receipt of the second authorization copy.

III. Rights and Obligations of the Working Group

1. When conducting an on-site inspection based on an inspection authorization, the working group leader and members shall have the right to:

- 1) freely enter the premises of the subject of primary financial monitoring, using their service identification cards, and have access to documents and other materials needed for the inspection;
- 2) request of officials of the subject of primary financial monitoring any documents or information contained therein, which the working group may need for the inspection;
- 3) staying within the scope of their powers, request written explanations of officials of the subject of primary financial monitoring;
- 4) have recourse to law enforcement agencies if there is an actual threat to the life, health, or property of the working group, or if violence is exercised against the working group;
- 5) exercise other powers provided by applicable law.

2. When conducting an on-site inspection based on an inspection authorization, the working group leader shall have the right to:

- 1) seize for up to three working days any documents confirming any facts of violation of the legislation on the prevention of and counteraction to legalization (laundering) of proceeds from crime, terrorist financing, and financing of proliferation of weapons of mass destruction;

- 2) draw up an administrative offense report;

3. When conducting an on-site inspection, the working group leader and members shall:

- 1) present the second copy of the inspection authorization to the head of the subject of primary financial monitoring (person who performs his duties) at the venue of inspection. If the head of the subject of primary financial monitoring (the person who performs his duties) refuses to set the appropriate mark acknowledging the receipt of the second authorization copy, the working group leader shall make an appropriate record stating that the head of the subject of primary financial monitoring (the person who performs his duties) has refused to sign the document, and certify this record with his signature;
- 2) inform the head of the subject of primary financial monitoring (the person who performs his duties) of the rights, duties, and powers of the working group, of the inspection procedure, grounds, and issues; and of the rights, obligations, and responsibilities of the subject of primary financial monitoring;
- 3) issue written requests for documents or information contained therein and needed for the inspection ([Annex 3](#)), specifying the date and time for the provision thereof;
- 4) make a report on absence of the subject of primary financial monitoring (its standalone unit) from its location ([Annex 4](#)), if the subject of primary financial monitoring is not found at the location indicated in the document of state registration of this legal entity (or the temporary location that the subject of primary financial monitoring has reported to the Control Authority, or location

indicated in the reference list of specialized organizational units of the subject of primary financial monitoring whose locations are not the same as that of the subject of primary financial monitoring);

5) make an inspection refusal report ([Annex 5](#)) if:

the working group has not been admitted to the premises of the subject of primary financial monitoring;

the head of the subject of primary financial monitoring (the person who performs his duties) refuses to sign the first authorization copy and/or write the surname, initials, position, and date of receipt of the second copy of the inspection authorization;

the head of the subject of primary financial monitoring (the person who performs his duties) refuses to return the first authorization copy;

the head of the subject of primary financial monitoring (the person who performs his duties) refuses to accept (evades accepting) the second authorization copy.

officials of the subject of primary financial monitoring refuse to comply (evade complying) with a request asking the subject of primary financial monitoring to provide all or some of its documents (information) that are (is) needed for the inspection.

4. At the time of inspection, the working group leader and members shall be responsible as required by applicable law.

IV. Rights and Obligations of the Subject of Primary Financial Monitoring and Its Officials

1. At the time of an on-site inspection, officials of the subject of primary financial monitoring shall have the right to receive from the working group information about:

1) inspection procedure, grounds, and issues;

2) rights and obligations of the working group;

3) rights and duties of the officials (authorized persons) of the subject of primary financial monitoring.

2. At the time of an on-site inspection, the subject of primary financial monitoring and its officials shall:

1) admit the working group to the premises where the subject of primary financial monitoring conducts its business operations;

2) produce the appropriate documents confirming the powers of the head of the subject of primary financial monitoring (the person who performs his duties);

3) accept the second copy of the authorization;

4) put the signature on the first authorization copy, specifying the signatory's surname, initials, and position, and the date of receipt of the second inspection authorization copy and return the first copy thereof to the working group leader;

5) provide the working group with a workplace for the inspection work;

6) timely and exhaustively provide the working group with documents or the information contained therein within the time frames set in the requests for such documents that are needed for the inspection. The requested documents shall be provided to the working group leader along with a cover letter listing the provided documents and specifying the provision dates thereof;

7) provide written explanations to the working group leader;

8) provide documents to be seized and sign the document seizure statement;

9) sign and affix the seal (if available) of the subject of primary financial monitoring to a hard copy of an electronic document or sign an electronic document review report ([Annex 6](#));

10) not create any obstacles for the working group leader and members in performing their duties.

3. The head of the subject of primary financial monitoring (the person who performs his duties) may complain against actions of the working group to the authorized person of the Control Authority who issued the inspection authorization. The filing of such a complaint may not suspend the inspection in progress.

V. Inspection Procedure and Documentation of the Inspection Results

1. In an on-site inspection, the working group shall study in detail, analyze, and evaluate all necessary documents (including classified) that are related to the activities of the subject of primary financial monitoring in the area of prevention of and counteraction to legalization (laundering) of proceeds from crime, financing of terrorism and of proliferation of weapons of mass destruction. Particular attention in the inspection shall be paid to operational shortcomings that may lead to violations of the applicable legislation in this area.

2. If a document exists only in electronic form and is created by the subject of primary financial monitoring, this subject of primary financial monitoring shall print it and present a hard copy thereof to the working group. A printed copy of an electronic document shall be certified with the signature of the official (authorized person) of the subject of primary financial monitoring and sealed by the subject of primary financial monitoring (if it has a seal).

If it is impossible for technical reasons to print an electronic document, the working group shall make an electronic document review report after viewing this document on the display screen and have it signed by the official (authorized person) of the subject of primary financial monitoring.

3. Upon the results of an on-site inspection, the working group shall draw up a report on scheduled/unscheduled inspection of compliance with the legislative requirements for the prevention of and counteraction to legalization (laundering) of proceeds from crime, terrorist financing, and financing of proliferation of weapons of mass destruction (hereinafter - the Inspection Report) in the prescribed form ([Annex 7](#)), which shall be signed by the working group leader and members no later than the deadline set for the inspection authorization. The second copy of the Inspection Report shall be presented to the official (authorized person) of the subject of primary financial monitoring against his signature at the inspection venue.

If the official (authorized person) of the subject of primary financial monitoring refuses (fails to appear) to accept the second copy of the Inspection Report and make a record thereof on the first copy of the Inspection Report, the working group leader shall make an appropriate record on both copies of the Inspection Report in the place designated for the signature of the official (authorized person) of the subject of primary financial monitoring. The second copy of the Inspection Report shall be sent to the subject of primary financial monitoring by registered mail with requested acknowledgment receipt within five working days.

The first copy of the Inspection Report shall be kept with the Control Authority. The pages of the Inspection Report shall be signed and numbered by the working group.

A copy of the Inspection Report shall be sent to the SFMSU, if its officer(s) took part in the inspection.

4. The copy of the Inspection Report kept with the Control Authority shall be bundled with inspection materials - document copies (document extracts certified by the subject of primary financial monitoring), explanations, reports, and other documents as listed in the Inspection Report.

The Report on Unscheduled On-site Inspection shall be bundled with inspection materials confirming the facts of legal violation in the area of prevention of and counteraction to legalization (laundering) of proceeds from crime, terrorist financing, and financing of proliferation of weapons of mass destruction.

If a scheduled on-site inspection also covered additional issues of compliance with the legislation on the prevention of and counteraction to legalization (laundering) of proceeds from crime, terrorist financing, and financing of proliferation of weapons of mass destruction as specified in the inspection schedule, the Inspection Report shall be bundled with inspection materials that confirm the findings of the working group on these issues.

The Report on Unscheduled On-site Inspection shall be bundled with inspection materials that confirm the findings of the working group on the inspected issues (compliance with the requirements of the legislation on the prevention of and counteraction to legalization (laundering) of proceeds from crime, terrorist financing, and financing of proliferation of weapons of mass destruction and/or facts of violation of the legislation on the prevention of and counteraction to legalization (laundering) of proceeds from crime, terrorist financing, and financing of proliferation of weapons of mass destruction).

The staff of the Control Authority and the SFMSU shall not be authorized to disclose the information that is contained in the Inspection Report and has become known to them. The Inspection Report and the inspection materials may not be transferred to any legal entities and individuals, as well as any other authorities, except for the cases stipulated by applicable law.

5. Assumptions and facts that are not supported with documents may not be referred to or cited in the Inspection Report.

6. The Inspection Report shall set out all and every circumstances and violations found during the inspection in the activities of the subject of primary financial monitoring with regard to the legislation on the prevention of and counteraction to legalization (laundering) of proceeds from crime, terrorist financing, and financing of proliferation of weapons of mass destruction.

If the subject of primary financial monitoring redresses the violations and shortcomings detected by the working group during the inspection, appropriate records thereof shall be made in the Inspection Report.

7. Once the Inspection Report is signed by the working group members, no corrections and additions in the text thereof shall be allowed. The subject of primary financial monitoring shall be notified in writing of any errors in the text of the Inspection Report found after signing it.

8. If the inspected subject of primary financial monitoring fails to provide documents needed for the inspection for any objective reasons (loss, seizure of the documents, etc.), an appropriate record thereof shall be made in the Inspection Report, with the reasons specified. In addition, the Inspection Report shall have enclosed explanations of the official of the subject of primary financial

monitoring (if provided) and documents (or duly certified copies thereof) that confirm the reasons for the absence of the documents.

9. If some documents confirming the facts of violation of the legislation on the prevention of and counteraction to legalization (laundering) of proceeds from crime, terrorist financing, and financing of proliferation of weapons of mass destruction were seized under the established procedure during the inspection, the document seizure statement shall be attached to the Inspection Report.

10. The subject of primary financial monitoring may present its comments to the Inspection Report within three working days after receiving the second copy of the Inspection Report.

11. Action to be taken on the violations detected in the inspection shall be carried out under the procedure established by applicable legislation. The resolution rendered in a case regarding violations of the legislation on the prevention of and counteraction to legalization (laundering) of proceeds from crime, terrorist financing, and financing of proliferation of weapons of mass destruction, detected during the inspection, may be appealed against under the procedure and within the time frames provided by applicable law.

VI. Procedure for Seizing Documents during the Inspection and Working with Them

1. During an on-site inspection of a subject of primary financial monitoring, the working group leader shall have the right to seize for up to three working days any documents confirming facts of violation of the legislation on the prevention of and counteraction to legalization (laundering) of proceeds from crime, terrorist financing, and financing of proliferation of weapons of mass destruction.

2. The working group leader's seizure of documents shall be documented in a document seizure statement ([Annex 8](#)), which shall include the document date, surname and position of the person who completed the seizure procedure, full list of the seized documents, and the day on which these documents shall be returned.

The drafting and signing of the document seizure statement shall be performed by the working group leader.

3. A copy of the document seizure statement shall be provided to the official (authorized person) of the subject of primary financial monitoring and this person shall make an appropriate record on the document seizure statement, specifying the date of receipt of the said copy.

4. If the official (authorized person) of the subject of primary financial monitoring refuses to accept the copy of the document seizure statement, the working group leader shall make an appropriate record thereof in the seizure report.

5. Each correction, erasure, illegible text, or fuzzy seal (if any) on seized documents shall be reflected in the document seizure statement.

6. Any action that may damage or alter the meaning of a seized document shall be forbidden.

7. When working with seized documents, the working group leader shall be entitled to make copies thereof to attach them to the Inspection Report.

8. The three day document seizure period shall be measured from the next day after the seizure.

9. After the seized documents have been returned, the official (authorized person) of the subject of primary financial monitoring shall make a record thereof in the seizure statement.

10. If the official (authorized person) of the subject of primary financial monitoring refuses to accept the seized documents in timely manner, the working group leader shall make a report on the refusal of the subject of primary financial monitoring to accept the seized documents ([Annex 9](#)) and send the seized documents and a copy of the report on the refusal of the subject of primary financial monitoring to accept the seized documents to the subject of primary financial monitoring by registered mail with acknowledgment receipt requested.

VII. Unscheduled Off-site Inspection Procedure and Documentation of the Inspection Results

1. An unscheduled off-site inspection is an inspection held at the premises of the Control Authority on the basis of the documents and explanations received from the subject of primary financial monitoring, without going out to the location of the subject of primary financial monitoring.

2. An unscheduled off-site inspection shall be undertaken on a written authorization from the Control Authority chairman or head of a Control Authority regional office; the authorization form is provided in [Annex 10](#) to this Procedure.

An inspection authorization shall be issued for a period sufficient for a timely and full-scale inspection, but for no longer than 30 working days.

The inspection period may be extended by the authorized person of the Control Authority, who has issued the authorization, at a reasonable written request from the working group leader, but for no longer than 10 working days.

3. A working group shall be created to conduct an unscheduled off-site inspection. This working group may consist of one person.

SFMSU officers shall be entitled to take part in the unscheduled off-site inspection, subject to the consent of the Control Authority.

4. To obtain the documents needed for an unscheduled off-site inspection from the subject of primary financial monitoring, a written request shall be sent to the address of this subject of primary financial monitoring ([Annex 11](#)), requesting the named documents or information contained therein. The request shall include a notice of the unscheduled off-site inspection and the reasons for it.

The subject of primary financial monitoring shall have until the deadline indicated in the request to provide all the documents listed in the request or copies thereof certified by this subject of primary financial monitoring.

If it proves impossible to provide the requested documents, the subject of primary financial monitoring shall specify the reasons for this.

5. Upon the results of an unscheduled off-site inspection, a report shall be prepared on the unscheduled off-site inspection for compliance with the legislative requirements for the prevention of and counteraction to legalization (laundering) of proceeds from crime, terrorist financing, and financing of proliferation of weapons of mass destruction ([Annex 12](#)).

The inspection materials shall be attached to the Inspection Report. The Inspection Report along with the inspection materials shall be kept with the Control Authority. A copy of the Inspection Report shall be sent to the SFMSU, if its officer took part in the inspection.

The Inspection Report and materials of an unscheduled off-site inspection shall be deemed internal documents of the Control Authority and not subject to transfer to any legal entities and individuals, as well as any other authorities, except for the cases stipulated by applicable law. The staffs of the

Control Authority and the SFMSU shall not be authorized to disclose the information that is contained in these documents and has become known to them. The officials (authorized persons) of the subject of primary financial monitoring shall have the right to read the Inspection Report.

The unscheduled off-site inspection results (reporting detected violation facts and the list thereof, or recognizing the fact of no violation found) shall be sent by registered mail to the subject of primary financial monitoring within five working days after signing the Inspection Report.

Action to be taken on the violations detected in the inspection shall be carried out under the procedure established by applicable legislation. The resolution rendered in a case regarding violations of the legislation on the prevention of and counteraction to legalization (laundering) of proceeds from crime, terrorist financing, and financing of proliferation of weapons of mass destruction, detected during the inspection, may be appealed against under the procedure and within the time frame provided by applicable law.

Director
of Control and Legal Work Department O. Mysiura

Annex 1
to the Procedure for Control over Compliance
of Professional Stock Market (Securities
Market) Participants
with the Requirements
of the Legislation on the Prevention of
and Counteraction to Legalization
(Laundering)
of Proceeds from Crime,
Financing of Terrorism, and Financing
of Proliferation of Weapons of Mass
Destruction
(Clause 10, Section II)

[AUTHORIZATION](#)
for a (Scheduled/Unscheduled) Inspection

Annex 2
to the Procedure for Control over Compliance
of Professional Stock Market (Securities
Market) Participants
with the Requirements
of the Legislation on the Prevention of
and Counteraction to Legalization
(Laundering)
of Proceeds from Crime,
Financing of Terrorism, and Financing
of Proliferation of Weapons of Mass
Destruction
(Clause 15, Section II)

BOOK
of Issued Authorizations for Inspections of Subjects of Primary Financial Monitoring

Authorization	Name and	Inspection	Inspection	Working	Violations	Measures to be	Inspection
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number and date of issue	details of the subject of primary financial monitoring	reasons	period	group membership	revealed	taken upon the inspection results	materials have been sent to
1	2	3	4	5	6	7	8

Annex 3
to the Procedure for Control over Compliance
of Professional Stock Market (Securities Market) Participants
with the Requirements
of the Legislation on the Prevention of
and Counteraction to Legalization (Laundering)
of Proceeds from Crime, Financing of Terrorism, and Financing
of Proliferation of Weapons of Mass Destruction
(Sub-clause 3, Clause 3, Section III)

REQUEST

for Documents or Information Contained Therein and Needed for the Inspection

Annex 4
to the Procedure for Control over Compliance
of Professional Stock Market (Securities Market) Participants
with the Requirements
of the Legislation on the Prevention of
and Counteraction to Legalization (Laundering)
of Proceeds from Crime, Financing of Terrorism, and Financing
of Proliferation of Weapons of Mass Destruction
(Sub-clause 4, Clause 3, Section III)

REPORT

on Absence of the Subject of Primary Financial Monitoring (its Standalone Unit) from its Location

Annex 5
to the Procedure for Control over Compliance
of Professional Stock Market (Securities Market) Participants
with the Requirements
of the Legislation on the Prevention of
and Counteraction to Legalization (Laundering)
of Proceeds from Crime,

Financing of Terrorism, and Financing
of Proliferation of Weapons of Mass
Destruction
(Sub-clause 5, Clause 3, Section III)

[REPORT](#)
on Inspection Refusal

Annex 6
to the Procedure for Control over Compliance
of Professional Stock Market (Securities
Market) Participants
with the Requirements
of the Legislation on the Prevention of
and Counteraction to Legalization
(Laundering)
of Proceeds from Crime,
Financing of Terrorism, and Financing
of Proliferation of Weapons of Mass
Destruction
(Sub-clause 9, Clause 2, Section IV)

[REPORT](#)
on Electronic Document Review

Annex 7
to the Procedure for Control over Compliance
of Professional Stock Market (Securities
Market) Participants
with the Requirements
of the Legislation on the Prevention of
and Counteraction to Legalization
(Laundering)
of Proceeds from Crime,
Financing of Terrorism, and Financing
of Proliferation of Weapons of Mass
Destruction
(Clause 3, Section V)

[REPORT](#)
on Scheduled/Unscheduled Inspection of Compliance with the Legislative Requirements for the
Prevention of and Counteraction to Legalization (Laundering) of Proceeds from Crime, Terrorist
Financing, and Financing of Proliferation of Weapons of Mass Destruction

Annex 8
to the Procedure for Control over Compliance
of Professional Stock Market (Securities
Market) Participants
with the Requirements
of the Legislation on the Prevention of
and Counteraction to Legalization
(Laundering)
of Proceeds from Crime,

Financing of Terrorism, and Financing
of Proliferation of Weapons of Mass
Destruction
(Clause 2, Section VI)

STATEMENT

of Seizure of Documents

Annex 9
to the Procedure for Control over Compliance
of Professional Stock Market (Securities
Market) Participants
with the Requirements
of the Legislation on the Prevention of
and Counteraction to Legalization
(Laundering)
of Proceeds from Crime,
Financing of Terrorism, and Financing
of Proliferation of Weapons of Mass
Destruction
(Clause 10, Section VI)

REPORT

on the Refusal of the Subject of Primary Financial Monitoring to Accept the Seized Documents

Annex 10
to the Procedure for Control over Compliance
of Professional Stock Market (Securities
Market) Participants
with the Requirements
of the Legislation on the Prevention of
and Counteraction to Legalization
(Laundering)
of Proceeds from Crime,
Financing of Terrorism, and Financing
of Proliferation of Weapons of Mass
Destruction
(Clause 2, Section VII)

AUTHORIZATION

for Unscheduled Off-site Inspection

Annex 11
to the Procedure for Control over Compliance
of Professional Stock Market (Securities Market) Participants
with the Requirements
of the Legislation on the Prevention of
and Counteraction to Legalization (Laundering)
of Proceeds from Crime,
Financing of Terrorism, and Financing
of Proliferation of Weapons of Mass Destruction
(Clause 4, Section VII)

REQUEST

Annex 12
to the Procedure for Control over Compliance
of Professional Stock Market (Securities
Market) Participants
with the Requirements
of the Legislation on the Prevention of
and Counteraction to Legalization
(Laundering)
of Proceeds from Crime,
Financing of Terrorism, and Financing
of Proliferation of Weapons of Mass
Destruction
(Clause 5, Section VII)

REPORT

on Unscheduled Off-Site Inspection of Compliance with the Legislative Requirements for the
Prevention of and Counteraction to Legalization (Laundering) of Proceeds from Crime, Terrorist
Financing, and Financing of Proliferation of Weapons of Mass Destruction