

BOARD OF THE NATIONAL BANK OF UKRAINE

RESOLUTION

No. 388 of 15 September 2016

On approval of the Regulation On Financial Monitoring to be Performed by Non-Bank Financial Institutions regarding funds transfers as a financial service

To ensure compliance with requirements of the Law of Ukraine *On Prevention and Counteraction to Legalization (Laundering) of the Proceeds from Crime, Terrorism Financing and Financing of Weapons of Mass Destruction*, according to Articles 7, 15, 55, and 56 of the Law of Ukraine *On the National Bank of Ukraine*, and Article 21 of the Law of Ukraine *On Financial Services and State Regulation of Financial Markets*, the NBU Board **resolves:**

1. To approve the Regulation *On Financial Monitoring by Non-Bank Financial Institutions* regarding funds transfers as a financial service, which is attached.
2. The Financial Monitoring Department (Ihor Bereza) shall be tasked with bringing this Resolution to the attention of non-bank financial institutions – resident entities that are payment institutions and/or members or participants of payment systems in terms of provision of financial services of funds transfers on the basis of relevant licenses, including of the National Bank of Ukraine (hereinafter referred to as the NBU), for their implementation and use when carrying out activity.
3. Kateryna Rozhkova, NBU Acting Deputy Governor, is entrusted with control over implementation of this Resolution.
4. The Resolution enters into force on the day following its official publication.

Head

Valeria Gontareva

APPROVED:

**Acting Chairperson of the National
Commission for the State
Regulation of Financial Services Markets**

O. Maksymchuk

**Head of the State Financial
Monitoring Service of Ukraine**

I. Cherkaskyi

**Regulation *On Financial Monitoring by Non-Bank Financial Institutions*
regarding funds transfers**

I. General provisions

1. This Regulation has been developed pursuant to the Laws of Ukraine *On the National Bank of Ukraine*, *On Payment Systems and Funds Transfer in Ukraine*, *On Financial Services and State Regulation of Financial Services Markets*, and *On Prevention and Counteraction to Legalization (Laundering) of the Proceeds from Crime, Terrorist Financing and Financing of Proliferation of Weapons of Mass Destruction* with the aim of preventing the use of resident non-bank financial institutions that are payment organizations and/or members/participants of the payment systems regarding the financial service of funds transfers based on relevant licenses, including that of the NBU (except for postal operators as regards fund transfers) (hereinafter referred to as NBFIs) for legalization (laundering) of proceeds from crime, terrorist financing and financing of proliferation of weapons of mass destruction (hereinafter referred to as preventing and combating money laundering/terrorist financing).

This Regulation is applicable to NBFIs.

2. The terms used herein shall have the following meaning:

1) the analysis of financial transactions is a set of measures outlined in internal documents of NBFIs on financial monitoring of financial transactions that help identify risky financial transactions, analyze compliance/non-compliance of such financial operations with the financial standing of a client and/or the nature of its activity, and aimed at identifying financial transactions subject to financial monitoring, and their regularity, including splitting of amounts of financial transactions in order to avoid the requirements and limitations set by banking and currency legislation, and laws on preventing and combating money laundering/terrorist financing;

- 2) the analysis of financial activity of a client is a comparative analysis of data obtained in the course of analyzing financial transactions of the client with data received during establishment of business relations executed in writing (including in the process of clarifying information regarding identification, nature of activity, and financial standing), and data obtained during the previous period of service (such as quarter, half year) with a view towards reassessing the client's risk level;
- 3) Authorized officer of a NBFI - an officer of a NBFI responsible for financial monitoring in a NBFI;
- 4) internal documents of NBFIs on financial monitoring (hereinafter internal documents) refer to rules, programs, methods and/or other documents governing the carrying out of financial monitoring of financial transactions on fund transfers with the help of payment system(s) and compliance with recommendations of the Financial Action Task Force on money laundering (FATF), which have to be approved by a director/relevant governing body of a NBFI, in accordance with Ukrainian legislation, including this Regulation;
- 5) Amount splitting is an artificial structuring (dividing) of the amount of the financial transaction, which limit is specified by relevant requirements and limitations imposed by the banking and currency legislation, legislation in the sphere of combating money laundering / terrorist financing, into several interconnected financial transactions carried out in smaller amounts;
- 6) A significant amount is the amount of funds involved in a financial transaction, which equals or exceeds UAH 150,000, or equals or exceeds the amount in FX/ other assets equivalent to UAH 150,000 at the official rate of the hryvnia to foreign currencies and precious metals;
- 7) Counterparty means a person who is the second party to a financial transaction (counterparty may be a NBFI), which implies the transfer of assets between a client and a counterparty;
- 8) Client risk monitoring is the process of tracking clients' risk criteria based on the results of a client's analysis performed to ensure the early detection of changes in the client's risk, including taking into account the carrying out by such client of risky financial transactions that are subject to financial monitoring, their regularity, splitting of amounts involved in financial transactions, etc., with a view towards reassessing clients' risk levels determined earlier;
- 9) immediate means a period of time specified/defined since the occurrence of grounds for undertaking relevant actions in a priority and primary manner, but not later than the next working day or specific time set on the next day;
- 10) urgent means the shortest period of time of a working day during which relevant actions have to be undertaken (implemented) from the occurrence of grounds for their undertaking;
- 11) primary document is a document that includes the required details [name/full name of a person (legal or natural) that has prepared the document, document name, date and place of execution, content and scope of the financial transaction, unit of measurement, personal or electronic signature or other data enabling identification - the initiator of the transaction; name/ full name of funds recipient, number(s) of the account(s) (if any)] and is the basis for reflecting the financial transaction in the automation system of a NBFI;
- 12) procedure is a clear sequence of a specific process, as defined in internal documents, indicating methods, forms, time periods for undertaking actions by officers of a NBFI;
- 13) Politically exposed persons (PEP) are persons that, according to the Law of Ukraine *On Prevention and Counteraction of Legalization (Laundering) of the Proceeds from Crime, Terrorism Financing, and the Financing of Weapons of Mass Destruction* (hereinafter the Law) are national, foreign politically exposed persons, as well as persons who perform political functions in international organizations;

14) non-recurrent financial transaction for a significant amount is a financial transaction with cash for a significant amount without opening a client account;

15) regularity is a quantitative indicator characterized by the performance (execution) by an initiator (payer)/a recipient of money transfers five or more times a day, except for the transfer of funds for payment of utility and telecommunication services, mobile communications services, schools, penalties for violations of road traffic rules, fines for administrative violations, taxes, fees and mandatory charges, consular fees, state fees, and court fees);

16) service risk (regarding the financial transaction) is a risk that arises given a change in the economic nature of the financial transaction (service) due to the possibility of being used for money laundering / terrorist financing purposes, particularly if certain actions prompt a change in the direction and/or nature of cash flow use;

17) risk according to client type is an actual or potential threat (hazard, vulnerability) of a client's carrying out financial transactions that are related to money laundering/terrorist financing;

18) client risk is an actual or potential threat (hazard, vulnerability) as a result of risk by type of customer risk by type of goods and services that the client receives from the NBFIs, and geographical risks individually or collectively;

19) Client file is a file created by a NBFI based on information and/or copies of a client's documents received in the course of its identification and verification in accordance with the Law and this Regulation, as well as in the course of providing service to such client, and containing, in particular, duly certified copies of documents, copies of original official documents and other documents provided by a client/client's representative / a person on behalf of whom/ by whose order or for the benefit of whom a financial transaction is being conducted, which are the basis for the identification, clarification/receiving more specific information about a client, client analysis, including the evaluation of its financial standing, etc. (hereinafter referred to as the documents for the client analysis);

20) financial standing is a set of indicators reflecting the actual availability, allocation and/or utilization of assets of a client of a NBFI, as well as his actual financial capacities when their use, according to Ukrainian legislation, allows for the performance or initiation of financial transaction(s) for corresponding amounts.

The term "close persons" is used according to the meaning as set forth in the Law of Ukraine *On Prevention of Corruption*.

Other terms and definitions used in this Regulation have a meaning as set forth in the Law, the Laws of Ukraine *On Financial Services and State Regulation of Financial Services Markets*, and *On Payment Systems and Funds Transfer in Ukraine*, regulations of the National Commission for the State Regulation of Financial Services Markets (NCFSM), the National Bank of Ukraine (NBU) and the central executive body responsible for developing and ensuring the implementation of a state policy for preventing and countering legalization (laundering) of proceeds from crime, terrorist financing and financing of proliferation of mass destruction weapons (hereinafter referred to as the Finance Ministry).

3. This Regulation lays out general requirements of the NBU concerning the procedure for:

1) the analysis by a NBFI of financial transactions that are subject to financial monitoring or with regard to which there are sufficient grounds to suspect that they are connected with, related to, or intended for terrorist financing, or financing of weapons of mass destruction;

2) the development, approval, continuous update of internal documents;

- 3) customer identification, verification of the customer (customer's representatives), know-your-customer process, clarification/receiving more specific information about customers;
- 4) ensuring risk management of criminal proceeds legalization/terrorist financing;
- 5) the termination and resumption of financial transactions and execution of decisions (instructions) of the specially authorized authority;
- 6) the approval of a designated officer of a NBFI responsible for financial monitoring.

Provision of information for registration (deregistration) of NBFIs, identification and registration, and submission to the specially authorized authority of information on financial transactions subject to financial monitoring and other information that may be related to money laundering/ terrorist financing pursuant to the Procedure for submission of information for registration (deregistration) of the primary financial monitoring entities, identification and registration, as well as submission to the State Financial Monitoring Service of Ukraine of information by the primary financial monitoring entities concerning financial transactions subject to financial monitoring and other information that may be related to legalization (laundering) of the proceeds from crime or terrorist financing or financing of proliferation of mass destruction weapons, approved by Resolution of the Cabinet of Ministers of Ukraine No. 552 of 5 August 2015 (hereinafter Procedure No. 552).

4. The responsibility for a failure to ensure proper compliance with the requirements of Ukrainian legislation in terms of preventing and combating money laundering / terrorist financing, as well as inadequate organization of the internal system for preventing and combating money laundering / terrorist financing shall be born by the head of a NBFIs.

Організація дотримання вимог законодавства України у сфері запобігання та протидії легалізації кримінальних доходів / фінансуванню тероризму включає комплекс заходів щодо:

1) the appointment of a designated officer of a NBFI as provided for by Ukrainian legislation in terms of preventing and combating money laundering/terrorist financing, establishment and operation of the internal system of preventing and combating money laundering / terrorist financing (including the risk management system related to money laundering/terrorist financing),

2) adoption and continuous update of internal documents,

3) control over compliance with the requirements of Ukrainian legislation related to prevention and combating of money laundering/terrorist financing.

5. Documents in a hard (paper) or electronic format, including those generated by an appropriate automated system (if any) of a NBFI are stored in a paper-based or electronic archive during:

1) not less than five years from the end of the calendar year in which a register of financial transactions was created - for the register of financial transactions;

2) not less than five year after expiration of business (contractual) relations formalized in writing; after carrying out a non-recurrent financial transaction for a significant amount; if a client application has been prepared upon customer identification and investigation of the customer when there is suspicion or execution of financial transactions subject to financial monitoring;

3) Files sent to specially designated authorities and received from specially designated authorities in the form of emails using information security tools - not less than five years from the date of sending or receiving documents.

6. Paper-based documents received by a NBFI from specially designated authorities and copies of documents (other copies of original documents) submitted to specially designated authorities are stored in separate files not less than five years from the date of sending or receiving documents.

7. Documents generated electronically using software and hardware of a NBFI or a specially designated authority, will be sent to a recipient via e-mail using information security tools.

A NBFI will generate electronic documents with a structure and details as set forth in the Procedure for electronic communication between primary financial monitoring entities and the State Financial Monitoring Service of Ukraine approved by Instruction of the Ministry of Finance of Ukraine No. 1085 of 24 November 2015 registered with the Ministry of Justice of Ukraine under No. 1593/28038 dated 18 December 2015.

8. A NBFI must manage risks related to money laundering/terrorist financing in accordance with the Regulation *On Financial Monitoring by NBFIs*, approved by instruction of the State Financial Services Markets Regulation Commission of Ukraine No. 25 dated 5 August 2003 (as amended by instruction of the State Financial Services Markets Regulation Commission of Ukraine No. 102 of 24 February 2011) registered with the Ministry of Justice of Ukraine under No. 715/8036 of 15 August 2003 (hereinafter Regulation No. 25), this Regulation and internal document(s).

9. A NBFI must carry out staff development, training and verification of knowledge of employees engaged in carrying out financial transactions as for compliance in the field of prevention and combating money laundering/terrorist financing according to Regulation No. 25 and the Procedure for organization and coordination of training and retraining of specialists on financial monitoring issues approved by Instruction of the Cabinet of Ministers of Ukraine No. 610 of 19 August 2015 .

10. The provision of information to a specially authorized body by a NBFI is carried out in accordance with the Law and Procedure No. 552.

11. Failure to comply with the requirements of Ukrainian legislation related to prevention and combating of money laundering/terrorist financing by a NBFI entails responsibility.

II. Requirements for internal documents

12. Internal documents are generated by NBFIs in accordance with the requirements of the Law, this Regulation, Regulation No. 25 and other legal acts of Ukraine and are executed to ensure the operation of the system for prevention and combating of money laundering / terrorist financing.

13. The main principles of development and execution of internal documents are:

1) managing risks associated with money laundering/terrorist financing with the aim of reducing them to a tolerable level;

2) ensuring performance by officers of a NBFI [within the scope of professional duties as set forth in employment contracts (job descriptions, contracts, etc.)], identification, verification of the customers (customer representatives), scrutiny of customers, and identification of financial transactions that are subject to financial monitoring or with regard to which there are sufficient grounds to suspect that they are connected with, related to, or intended for terrorist financing, or financing of weapons of mass destruction; and

3) preventing violations of Ukrainian legislation related to prevention and combating of money laundering/terrorist financing by a NBFI.

14. The development and implementation by NBFIs of financial monitoring rules and programs is performed according to Regulation No. 25.

NBFIs must develop and adopt internal documents with due regard for the specific nature of financial transaction performance using electronic payment instruments and e-money.

NBFIs shall constantly update internal documents, but not later than three months from the date of entry into force of changes to Ukrainian legislation on prevention and counteraction to legalization (laundering) of the proceeds from crime, terrorist financing, and/or identify events that may affect the risk of money laundering / terrorist financing.

15. Internal documents are documents with restricted access.

approval/amendment of internal documents - not later than five working days from the date of approval/amendment;

1) approval, amending of internal documents - not later than five working days from the date of approval, amending;

2) recruitment to a NBFI - prior to beginning performance of professional duties.

16. Internal documents are approved by the head of a NBFI on the recommendation of an authorized employee of such an institution.

NBFIs must send, not later than on the third business day after the receipt of a NBU request concerning the provision of copies of internal documents, paper copies, along with a cover letter to the NBU, duly certified [bound, numbered, and signed by the head of the institution, sealed with a stamp of the institution (if any)], as well as their electronic copies.

Guaranteed delivery and confidentiality is to be ensured for such provision of copies of the internal documents.

17. Internal documents shall regulate:

1) the procedure for carrying out financial monitoring, including:

the description of a system aimed at preventing and counteracting legalization (laundering) of the proceeds of crime or terrorist financing;

the procedure for submitting information to law enforcement agencies as provided for by Ukrainian legislation;

the procedure, including a method (electronic or paper-based) to keep register of financial transactions in accordance with the requirements specified in Procedure No. 552;

2) the procedure for identification, verification, and analysis of customers of a NBFI, which has to include, in particular:

identification, verification of a customer (customer representative), a person on behalf of or by instruction of whom any financial transaction is conducted, a person who seeks to receive a transfer in cases provided for by Article 9 and this Regulation;

the implementation of measures to obtain information and/or documents to establish the ultimate beneficial owner of the customer (customer's controller), beneficiaries of a financial transaction, including a list of relevant procedures specifying the requested information, and/or documents;
a comprehensive customer verification;

3) measures for customer verification, which include requirements regarding the procedure for:

evaluating the financial standing of a customer based on indicators used to classify the customer's financial standing;

factual identification of persons regarding the customer or a person acting on his behalf, or persons related to or associated with public persons, in the process of identification, verification and servicing of such persons, elaborating measures to be undertaken by a NBFIs to ascertain the source of origin of funds (assets, rights to such assets, etc.) owned by such persons on the basis of documents received from them, and/or information from other sources if such information is public (open), authorizing/maintaining/proceeding with business relations formalized in writing with such persons;

clarifying/ascertaining of information about the customer, including with regard to the nature of his activity and financial standing;

studying the financial activity of the customer, including the procedure for analyzing financial transactions of the customer;

4) carrying out measures and the scope of additional information necessary for an extended validation of the customer (customer's representative), including concerning his ultimate beneficial owner (controller), if:

doubts arise as to reliability or completeness of information provided by him;

the risk of carrying out financial transactions by the customer that are related to money laundering/terrorist financing is estimated as high/unacceptably high according to the risk assessment methods set forth in internal documents;

the procedure, including a form (electronic or paper-based) for maintaining questionnaires, which should ensure the timeliness, completeness and relevance of the information entered into the customer's questionnaire compared to data included in the customer's file;

the procedure for refusal of establishing (maintaining) business (contractual) relations, formalized in writing (including by termination of the contractual relationship), or carrying out a financial transaction, in events stipulated by the Law;

requirements for the analysis of financial transactions in order to identify those who are subject to financial monitoring (mandatory, internal), may be connected with, related to or intended for terrorist financing or financing of mass destruction weapons and, if their participants or beneficiaries are persons included in the list of persons related to terrorist activity or in relation to whom international sanctions are applied;

the procedure for providing information by employees (provision using software) to a designated officer of a NBFIs or an officer authorized by the designated officer, related to financial transactions and other information necessary to make an informed decision about the inclusion of information about the financial transaction into the register of financial transactions;

the procedure for making decisions about classifying financial transactions as such that are subject to financial monitoring (identification of financial transactions), and entering of information on financial transactions into the register of financial transactions;

the procedure for providing information on financial transactions to a specially authorized body;

the procedure for providing information upon a request of the specially authorized body in the cases envisaged by law;

the procedure for terminating financial transactions, implementing decisions (instructions) of a specially authorized body, and resuming financial transactions;

the procedure for storing documents [including statements prepared by an authorized officer of NBFIs in accordance with the legislation, internal regulations on suspension (resumption) of financial transactions] and information on financial monitoring of financial transactions;

the procedure for storing information (documents) on financial transactions and initiator/recipient of the transfer for at least five years after the transfer;

requirements for verifying information regarding the initiator/recipient of the transfer if suspicion arises that the transaction is carried out for legalization (laundering) of criminal proceeds, terrorist financing, or the financing of proliferation of weapons of mass destruction.

the procedure for managing risks related to legalization (laundering) of criminal proceeds/ terrorist financing according to the requirements of Ukrainian legislation on prevention and counteraction to the legalization (laundering) of the proceeds from crime/terrorist financing;

the procedure for refusing to conduct the transfer, which does not include relevant information about the initiator or recipient of the payment and further actions of a NBFIs.

18. Internal documents shall outline the procedure for:

- 1) ensuring confidentiality of information regarding the transfer of data about the financial transaction to a specially authorized body;
- 2) ensuring confidentiality of information regarding the internal documents;
- 3) preventing the involvement of officers of a NBFI in money laundering/terrorist financing.

III. Building-up and securing the functioning of the system for managing the risks of money laundering/terrorist financing

19. A NBFI shall determine the customer risk criteria according to Regulation No. 25 and other legal acts of Ukraine.

A NBFI shall establish and secure the functioning of the money laundering/terrorist financing (hereinafter referred to as ML/TF) risk management system.

The ML/TF risk management system for a NBFI shall include the adoption of the following measures in anti-money laundering/combating terrorist financing (hereinafter referred to as AML/CFT) legislation and AML/CFT internal documents:

- 1) determination (identification) and risk assessment/ reassessment in AML/CFT legislation;
- 2) customer risk monitoring;
- 3) control after AML/CFT;
- 4) undertaking precautionary measures.

20. Securing ML/TF risk management shall rest directly on a designated officer of a NBFI.

21. To ensure the development and functioning of the ML/TF risk management system, a NBFI shall establish, distribute [through determining in employment contracts (job descriptions, contracts, etc.)], and bring, as per the requirements established in item 15 of Section II of this Regulation, to the awareness of the designated officers of a NBFI their functional responsibilities regarding the financial monitoring, identification, verification of customer (customer representative), inspection of customer, determination

(identification) and assessment/reassessment of ML/TF risk of customers, risk monitoring of customers, analysis of financial transactions (operations), etc.

22. Implementation of risk assessment shall involve establishing the level of risk for the customer where the procedure of customer identification and inspection is initiated considering the following key components of risk: risk by type of customer, risk of service (financial transaction), and geographical risk before/or in establishment of business (contractual) relationship, before carrying out financial transactions, signing an agreement.

Customer risk level is revalued not less often than once per annum as per the results of the customer risk monitoring conducted by the NBFI, including those that involve a customer's exercise of risky financial transactions that are subject to financial monitoring, and their regularity, including splitting amounts of the financial transactions carried out by one person out of a number of interconnected financial transactions, overseeing money transfer for several entities simultaneously, or during the closest period.

The scale for customer risk level classification shall include high and inadmissibly high risk levels (a sub-category of high risk, i.e. maximum high risk that can not be accepted by the NBFI in accordance with its internal documents).

23. A NBFI shall establish customer risk level, taking into account risk criteria defined under Law, Regulation No. 25, this Regulation and internal documents.

24. A NBFI shall establish a high level of customer risk for the customers defined under the Law, and, in case of establishing:

- 1) fact of nonconformity of the financial transaction(s) with the financial condition and/or nature of the customer's activities - on the day of registration of such financial transactions in the registry of financial transactions;
- 2) in case of doubt regarding trustworthiness or completeness of the information submitted by the customer (including for the period of a profound inspection of such a customer) - on the day when such doubt arose and/or the customer provided such information.

25. A NBFI shall set an inadmissibly high level of customer risk as the maximum high risk, that can not be accepted by it, according to the internal documents.

Characteristics of inadmissibly high customer risk include as follows:

- 1) regular conduct of financial transactions to avoid the performance of the requirements and limitations provided for by the banking, FX legislation, AML/CFT legislation, including as regards to identification/verification (e.g., splitting amounts of transmittances, etc.);
- 2) regular exercise by one person of an array of related financial transactions involving the transfer of funds to several people simultaneously or over the most recent period of time.

26. Customer risk control at a NBFI shall foresee:

- 1) bringing to the awareness of the manager of a NBFI the results of customer risk monitoring, proposals regarding the precautionary measures issued in a form of a report (hereinafter - the Report)

The Report, in particular, shall include:

conclusions of customer risk monitoring;

proven facts of belonging of a customer or a person acting on its behalf, their ultimate beneficial owners (controllers), beneficiaries to public persons, and persons close to or related to the public persons;

a list of precautionary measures taken to identify the financial transactions of the respective clients by a NBFI;

a list of precautionary measures taken for high-risk/ inadmissibly high-risk customers;

proposals, procedure, and timing of precautionary measures that are to be planned for the next quarter(s);

control of the results as per precautionary measures taken.

The report shall be formalized in the form of a memorandum and submitted to the NBFI manager, signed by its designated officer not less often than once per quarter, but not later than the last working day of the second month following the reporting quarter. The NBFI manager shall make an endorsement on the Report on Precautionary Measures (an inscription on the document that suggests the manager's decision on execution of the document, date and personal signature);

2) ensuring the NBFI's review of the Report on Precautionary Measures determined in the internal documents.

27. Reports submitted by a designated officer of a NBFI according to the requirements of the Law and this Regulation, along with the resolutions of a NBFI manager are stored in a separate file for not less than five years.

28. Internal audits of a NBFI on financial monitoring shall be carried out in accordance with Regulation No. 25.

IV. IV. Procedure for identification, verification, and inspection of customers (representatives of customers)

29. A NBFI shall carry out identification and verification of customers/persons (customer's representative) in the cases provided for in Part three of Article 9 of the Law.

Identification and verification of a customer shall also be made in case of their carrying out the financial transaction for an amount specified in Part one of Article 15 of the Law, regardless of whether such a financial transaction is conducted once, or as a number of financial transactions that might be related between each other.

30. In the course of verifying a customer/ customer's representative, NBFI shall prove the conformity of a customer/customer's representative to the ID data received from him.

31. Before establishment of business relations, formalized in writing, arousal of suspicion, performance of a financial transaction that is subject to financial monitoring, money transmittance (including international settlements) by an individual or private entrepreneur that is carried out without opening an account for an amount that equals or exceeds UAH 15,000, or equals or exceeds the amount provided in FX/other assets that are equivalent to this amount in the respective FX at the official FX rate, but is less than the amount foreseen in Part one of Article 15 of the Law, or a non-recurrent financial transaction for a significant amount, a NBFI shall confirm the effectiveness of the documents submitted by the customer/customer's representative and their conformity with the formalization requirements foreseen in the legislation of Ukraine.

32. Establishment of business relations formalized in writing to carry out a non-recurrent financial transaction for a significant amount by public persons/persons close or related to public persons shall be carried out based on a written permission of a NBFI manager.

33. If, in the course of the customer's inspection, clarification/additional clarification of the information on the customer by the NBFI, there was finding of a fact that the customer or a person acting on his behalf belong to public persons/persons related to or associated with public persons, then a designated officer of the NBFI or a person that temporarily fulfills the duties of a designated officer of the NBFI shall, on the day of finding such a fact, inform in writing the NBFI's manager to obtain written permission for the continuation of current business (contractual) relations formalized in writing.

34. Before establishing business relations, formalized in writing, in the course of the client's inspection, and in the terms envisaged for clarification/additional clarification of the information on the customer, a NBFI shall, in case of finding a fact that the customer or a person acting on his behalf belong to public persons/persons close to or related to public persons, determine the sources of origin for funds and assets of such persons on the basis of the documents and/or information received from them from other sources, if such information is public (open), and confirm the source of origin for their assets, rights for such assets, etc.

To identify the sources of origin for receiving funds and assets of such entities, a NBFI shall analyze the information submitted by the customer and information received from other sources, draw up a justified conclusion (in writing) regarding the availability of potential and actually sufficient financial capacities to carry out or initiate financial transactions for the relevant amounts.

The following documents allowing carrying out such an analysis and drawing up a reasonable conclusion shall include as follows:

- 1) copy of declaration on material condition and income statement (hereinafter - tax declaration) with the notes on its receipt made by the Ukrainian controlling body (for tax residents of Ukraine);
- 2) copy of the declaration on property, revenues, expenditures, and financial obligations/declaration of the person authorized to carry out the functions of state or local government received, specifically, from the Unified State Registry of Declarations of Persons authorized to carry out the functions of the state or self-governance body, that is formed and maintained by the National Agency for Prevention of Corruption;
- 3) copy of tax declaration (income statement) with the notes on its receipt made by the Ukrainian controlling body (for non-residents of Ukraine) (if available);
- 4) other documents confirming the sources of origin for the individual's funds and assets.

35. A NBFI shall undertake all the measures undertaken to establish the fact of relation/non-relation of the customer to a public person/person close or related to a public entity regarding the clarification of the sources of origin for the funds and assets of such a customer to confirm them in a documentary form.

36. Before establishing business relations formalized in writing for carrying out a non-recurrent financial transaction for a considerable amount, a NBFI shall be obliged to request from a customer/legal entity the information and/or documents containing the information on the customer's ownership structure where a NBFI shall identify all available beneficial owners (controllers) or the fact of their absence.

Information and/or documents (specifically, a schematic image of the ownership structure) provided by the customer/legal entity shall contain data on all individuals that, regardless of formal ownership, have an opportunity to exert a controlling influence on the management or business activity of a legal entity directly or through other persons, that is exerted, specifically, through exercising the right of ownership or usage of all assets or their substantial part, or the right of a controlling influence on drawing up the composition

of management bodies, voting outcomes, and performance of legal deeds that enable determining the conditions of business activities, issue of binding instructions or carrying out the functions of a management body, or enabling exerting impact through direct or indirect (through another natural person or legal entity) ownership by one person independently, or jointly with related individuals and/or legal entities having a share of 25% or more in an authorized equity, or voting right in a legal entity.

Data on individuals that exercise a formal right for 25 or more percent of the authorized capital, or voting rights in a legal entity, but acting as agents, nominees/nominee shareholders act as intermediaries for such rights only cannot be considered proof for establishing an ultimate beneficial owner (controller).

A NBFI shall establish data that allows establishing an ultimate beneficial owner (controller) for each individual if multiple individuals simultaneously act as ultimate beneficial owners (controllers) of a customer/legal entity.

An employee of a NBFI that is held responsible for identification shall reflect the information on (a) respective person(s) of (an) ultimate beneficiary owner(s) [controller(s)], or information on his (their) absence in a respective part of the questionnaire.

37. A NBFI shall determine and establish the procedures for receipt from the customer information on changes of the information that was previously provided to a NBFI, including information on ultimate beneficial owners (controllers).

38. A NBFI shall, for the purpose of identification and verification of a customer/customer's representative, establish the data foreseen in the Law in the following order:

1) in case of money transmittance (including international settlements) by an individual/initiator (taxpayer) carried out without opening an account in an amount that equals or exceeds UAH 15,000, or equals or exceeds this amount in FX/other assets that are equivalent to this amount in the respective FX currencies at the official UAH/FX exchange rate but constitutes less than the amount foreseen in Part one of Article 15 of the Law, an authorized employee of a NBFI shall make, in the presence of this person, copies of pages of internal passport of a citizen of Ukraine/passport of a non-resident individual (or another document proving identity and according to the legislation of Ukraine might be used in the territory of Ukraine for the conclusion of legal deeds) containing the information specified in Part twelve of Article 9 of the Law; if there is no information provided for in Part twelve of Article 9 of the Law, the place of residence (or the place of residence of an individual/resident or place of temporary stay of a non-resident individual in Ukraine), date and place of birth, a copy of the document containing a registration number of the taxpayer's registration card of Ukraine (or identification number entered into the State Registry of Natural Persons – Payers of Taxes and Other Compulsory Payments) or number (and series, if available) of the passport of citizen of Ukraine, bearing the notes on refusal to accept the registration number of a taxpayer's registration card of Ukraine, or passport number imprint bearing the notes on refusal to accept the registration number of a taxpayer's registration card of Ukraine on an electronic contactless media, or other documents, and/or information received from the customer containing information on the place of residence (or the place of stay of individual/resident or place of temporary stay of a non-resident individual of Ukraine);

2) in case of carrying out re-current financial transactions for a significant amount by an individual, establishing business relations, formalized in writing, an authorized employee of a NBFI shall carry out, in the presence of that person, copies of pages of the internal passport of citizen of Ukraine/passport of a non-resident individual (or another ID document and that, according to legislation of Ukraine, might be used in the territory of Ukraine for drawing-up legal deeds) containing the information specified in sub-items 1 of Part nine and Part ten of Article 9 of the Law, a copy of the document containing a registration number of the taxpayer's registration card of Ukraine (or identification number as per the State Registry of Natural Persons – Payers of Taxes and Other Compulsory Payments), or number (and series, if available) of the internal passport of a citizen of Ukraine bearing the notes on refusal to accept a registration number

of a taxpayer's registration card of Ukraine, or passport number with the records on refusal to accept a registration number of a taxpayer's registration card of Ukraine on a contactless electronic media;

3) in case a legal entity carries out a non-re-current financial transaction for a significant amount, establishing business relations, formalized in writing on the basis of the originals of the founding documents of this legal entity, or their notarized copies, and information and/or documents containing the information on the customer's ownership structure where a NBFI shall establish all the available ultimate beneficial owners (controllers), or their absence. If a customer/legal entity submits the original copies of the founding documents, copies of these originals must be signed by an authorized person and stamp imprint (if any) of a customer/legal entity and signed by an employee of a NBFI as such that conform with the original copy where the date is specified.

NBFIs do not carry out any identification and verification of the customer/customer's representative in case of money transmittance service through electronic payment means.

39. If a person acts as a customer representative, the NBFI shall have to examine, on the basis of official documents, the presence of the respective authorities with this person, as well as carry out identification and verification of such a person by establishing the information in accordance with requirements of sub-items 1 of Part nine and ten of Article 9 of the Law.

To implement the requirements of Part eighteen of Article 9 of the Law, a NBFI shall identify and verify the identity of a person in whose name or by whose order the financial transaction (operation) is conducted on the basis of official documents or their certified copies in the manner prescribed, and establish the beneficial owner of the financial transaction (operation)

Identification of a person in whose name or by whose order a financial transaction (operation) is carried out according to the requirements of Article 9 of the Law shall be based on the information recorded in a duly executed power of attorney certified in accordance with legislation, or official documents (copies of official documents, certified as prescribed). Verification of such a person shall be carried out at the first submission to the NBFI

If the customer (person) acts as a representative of another person, or on behalf of or in the interests of another person, the NBFI shall ensure finding of a fact that a person, in whose name, or on whose order such a financial transaction is made, and the beneficiary belongs to public persons/persons close to or related to public persons.

40. Copies of the documents mentioned in sub-items 1 and 2 of item 38 and item 39 of section IV of this Regulation shall be certified with the signatures of an employee of a NBFI and natural person - customer/customer representative as the copies conformant with the original copies, bearing the notes on the date of receipt of copies of such documents (date of their copying).

41. A NBFI shall confirm the measures taken regarding customer identification, verification, inspection [including evaluation (additional assessment) of financial condition], clarifications/additional clarification of information on the customer, profound inspection of the customer, be provided by the customer/customer's representative in whose name or on whose order or in whose interests any financial transaction (operation) is carried out, the information received based on the official documents and/or information received from the customer (customer's representative) and certified by him as well as from other sources, if such information is public (open).

Documents on a customer's inspection submitted by the customer/customer's representative where the financial transaction (operation) is carried out in their name, by their order, or in their interests, shall be preserved in a customer's file and stored during the periods prescribed by the laws of Ukraine.

If the financial transmittance transaction (operation) is carried out without opening an account in an amount that equals or exceeds UAH 15,000, or equals or exceeds this amount in FX that is equivalent at the official exchange rate of hryvnia to the respective amount in the respective FX, but is less than the amount foreseen in Part one of Article 15 of the Law, provided that the documents and/or information on the customer's identification submitted by the customer shall be stored in the customer's file or in the documents of the day.

A NBFIs shall ensure, in the manner specified in the internal documents, recording the date of receiving the documents related to the customer's inspection received in pursuance of the measures above.

The NBFIs shall carry out a profound customer's inspection in case of doubt in trustworthiness or completeness of the information provided, serving as a basis for the customer's identification, verification, and/or inspection.

42. A NBFIs shall carry out identification and verification of a person if such a person, that addressed for a transmittance in cash for an amount that is equal to or exceeds UAH 15000, or equals, or exceeds the amount specified in foreign currency, other assets equivalent at the official FX rate to the specified amount in foreign currencies, but is less than the amount provided in Part one of Article 15 of the Law, was not previously identified and verified on the basis of the official documents, or their duly certified copies.

Identification of the person that addressed to receive transmittance according to the procedure set forth in Item 38 of Section IV of this Regulation for a natural person being an initiator (payer) of transfer (international settlements including), carried out without opening an account.

43. In the course of identification, NBFIs shall identify the following:

1) for the public authorities of Ukraine - full name, address, details of an administrative act serving as a basis for establishing a legal entity (name, date of approval/ signature, number of administrative act), identification code as per the Single State Register of Enterprises and Organizations of Ukraine (hereinafter - EDRPOU Code), identification data of the customer's representative (the persons entitled to command the property);

2) for the representative offices of international institutions or organizations where Ukraine participates in accordance with international agreements of Ukraine, consent to enforceability of which are provided by the Verkhovna Rada of Ukraine, - full name, address, details of the international agreement, data on the international agreement according where to such institutions and organizations are established (date of conclusion, number, date of ratification by Ukraine, etc.), identification data for the customer's representative (the persons entitled to command property);

3) for the representative offices of institutions, bodies, offices or agencies of the European Union - full name, location; information on the regulation and/or agreement under which such an institution, office, or agency is established; identification data on the customer's representative (the persons entitled to command property);

4) for diplomatic missions of foreign states accredited in Ukraine in accordance with the established procedure - full name, location in Ukraine, a document confirming accreditation in the territory of Ukraine, identification data on the customer's representative (the persons entitled to command property).

A NBFIs shall, in case of suspicion regarding the customers, specified in this Item, establish their identification data, foreseen in Part nine and Part ten of Article 9 of the Law.

44. A NBFІ shall focus, in the course of inspection of the incorporation documents of a legal entity/ information on state registration of private individual and other documents provided by the customer, specifically, on the following:

- 1) formalization of the incorporation documents (taking into account all the registered changes), documents confirming their state registration;
- 2) types of activities [for residents (legal entities and private individuals according to the Standard Industrial Classification of Economic Activities (hereinafter referred to as SIC))] and financial transactions (operations) that the customer plans to conduct;
- 3) panel of the legal entity's owners, the ownership structure of a legal entity (except for state-owned enterprises), determination of the ultimate beneficiary owner(s) [controller(s)], and determining the fact of his belonging to a public person(s)/person(s) that are included into the list of persons related to terrorism activity, or where international sanctions are applied;
- 4) information on the executive body of a legal entity, including the information on a chief executive officer, or a person entrusted with the function of leadership and management of the economic operations pursued by the customer being a legal entity;
- 5) amount of registered and paid-in authorized capital of a legal entity;
- 6) number of employees.

45. A NBFІ shall ascertain the information concerning the customer's identification and inspection:

- 1) not less than once a year, if the customer's ML/TF risk is evaluated by the NBFІ as high;
- 2) not less than once every two years, if the customer's ML/TF risk is evaluated by the bank as medium.

For other customers, the information ascertainment period shall not exceed three years.

46. A NBFІ shall additionally ascertain the information concerning the customer's identification and inspection in the following cases:

- 1) change of an ultimate beneficiary owner(s) [controller (s)] of the customer being a legal entity, or identification by NBFІ of mismatches between the data on the ultimate beneficiary owner (s) [controller (s)];
- 2) change of address/place of residence by a customer being a legal entity, private entrepreneur, natural person;
- 3) amendments to the incorporation documents;
- 4) expiry (suspension) of validity, loss of effect, or invalidation of the documents submitted.

A NBFІ shall take measures on the additional ascertainment of the information during two months as of the date of receipt of the information in question/event occurrence.

A NBFІ shall verify the customer (customer's representative) at the moment when an internal passport of a citizen of Ukraine is submitted to the NBFІ of Ukraine (or another document to prove ID and that according to the legislation of Ukraine might be used in the territory of Ukraine for the conclusion of legal deeds) in the case when a customer (customer's representative) reaches the age of 25 and 45 years old, and in case of a document exchange, or receipt of other documents in the cases provided by the legislation.

A NBFI might, in internal documents, provide for other cases where additional clarification of the information on the customer's identification (customer's representative) and the customer's inspection is carried out.

47. A questionnaire shall be an internal document made in an electronic or hard copy, generated in the course of establishing a business relationship, formalized in writing, and/or in case of suspicion and/or upon financial transactions that are subject to financial monitoring/non-recurrent financial transactions (operations) for a significant amount, and shall reflect all the information received by the NBFI based on the results of customer identification (simplified customer identification), a customer's inspection including the results of assessment of the customer's financial condition, additionally clarified data on the customer's identification and inspection, a customer's profound inspection, and the conclusions on risk assessment/reassessment of the customer, and specifying the date of such assessments/reassessments in the cases provided for in this Regulation.

Credibility of information (data) contained in the questionnaire shall be confirmed by the documents on the customer's inspection/other documents.

Within five business days after a NBFI receives the documents on the customer's inspection, as well as other documents with relevant information, the information recorded in the questionnaire shall be amended with new or clarified data.

A NBFI shall reflect, in the questionnaire of the natural persons, information about customers' affiliation to public persons/persons close to or related with the public persons, and, for the purpose of the NBFI's clarification, the sources of origin for the funds of public persons (assets, rights for such assets, etc.) based on the documents and/or information received from other sources, if such information is public (open), and whether they act as ultimate beneficial owners (controllers) or managers of legal entities.

The questionnaires for legal entities shall include identification data, level of risk of the ML/TF financial transactions (operations), measures of profound inspection of customers, date of recent changes to the questionnaire, identification data of the customer's representative (if such persons are available), information about the executive body, data on natural persons that act as ultimate beneficial owners (controllers), information on the ownership structure (direct ownership), specifying the share, information on belonging of the persons referred to above to the public persons/persons that are close to or related to the public persons, results of assessment of the customer's financial condition, type(s) of business (economic) activities, nature of activity, licenses (permits) to conduct certain operations (activities) (name, series, numbers, issuing authority, validity), conformity assessment of the financial transactions (operations) of its customer with the nature of activity (in case of finding financial transactions that do not match the nature of the customer's activities, results indicating the measures taken to clarify the nature of activity of their customer and their purpose), assessment of the customers' financial transactions (operations) that do not conform with the customer's nature of activity, results of measures taken by the customer to clarify the nature of activities and their purpose, conformity assessment of the customer's financial transactions with the customer's financial condition (in case of finding financial transactions (operations) that do not conform with the customer's financial condition, the results of actions taken to ascertain the source of origin for the customer's funds, additional funds including, shall be specified).

If the questionnaire is maintained in an electronic form only, then, in case of necessity, its generation in a hard copy by the NBFI shall secure duplication of all the data reflected in an electronic questionnaire in it, as well as mandatory specification of the date of printing

V. Procedure for Analyzing Financial Transactions

48. NBFI has to analyze the financial transactions for the purpose of such findings that, in accordance with the Law, shall be subject to financial monitoring (including those selected via software) in the manner prescribed by internal documents.

49. The analysis of the financial transactions (operations) shall be carried out in the course of servicing customers:

- 1) immediately on the day of a financial transaction's selection that might relate to or be intended for financing terrorism or the proliferation of weapons of mass destruction;
- 2) before the beginning (in the process, in the course of an attempt) but not later than two business days after carrying out a financial transaction (operation) that might be subject to financial monitoring;
- 3) not later than three working days after conducting a financial transaction where, at the moment of its performance, information is available that might prove that such a financial transaction (operation), or its participants, sources of origin of their assets are related to ML/TF, or related to the commission of other socially dangerous act, that defined by the Criminal Code of Ukraine as a crime, or where the international sanctions are foreseen;
- 4) on the day of the customer's refusal to perform a financial transaction (operation).

50. A NBFI shall, when analyzing financial transactions (operations), pay special attention hereto:

- 1) regularity of financial transactions (operations) to initiate/receive transfers initiated in cash, including via payment devices;
- 2) regularity of financial transactions (operations) to initiate/receive remittances (including those through payment devices) that do not meet the financial condition and/or nature of the customer's activity;
- 3) carrying out financial transactions to avoid fulfillment of the requirements and restrictions envisaged in banking, FX, or AML/CFT legislation (splitting amounts of transmittances, etc.);
- 4) fulfillment by one person of a set of interrelated financial transactions (operations) involving several people simultaneously or those recorded over the most recent period of time;
- 5) carrying out financial transactions using electronic money.

A NBFI shall ensure permanently carrying out compliance analysis for financial transactions (operations) conducted by customers, where (a) business (contractual) relationship(s) are established, formalized in writing, available information on the nature of the customer's activity and financial condition for the purpose of identifying financial transactions subject to financial monitoring.

In case of a suspicion that is based on the establishment of fact (facts) of non-compliance of financial transactions (operations) to the customer's financial condition and/or nature of the customer's activity, such a financial transaction (operation) shall be subject to financial monitoring.

A NBFI shall ensure taking sufficient measures to find and submit to a specially authorized agency information on financial transactions (operations) subject to internal financial monitoring, as well as information on suspicions regarding the activity of persons or their assets, if there are grounds to consider that they are related with crime, as set forth in the Criminal Code of Ukraine.

51. A NBFI shall provide disclosure of financial transactions (operations) before the beginning, in the course of, but not later than the next working day after their execution, or on the day when the suspicion arose, or at an attempt to conduct them, or after the customer's failure to conduct them in accordance with Procedure No. 552.

52. A NBFI shall conduct further control after the customers' financial transactions (operations) where business (contractual) relations are formalized in writing (agreements drawn) in the manner prescribed by the internal documents in the course of customer servicing, in order to find the financial transactions (operations) subject to financial monitoring.

In the course of the entire period of legal compliance for the NBU in terms of AML/CFT, such a NBFI shall include the day of beginning of such a financial transaction (operation) [not to cover the financial transactions (operations) carried out within the period of the inspection specified], the NBFI shall not conduct further control after the customers' financial transactions (operations).

53. For carrying out analysis and identification of financial transactions (operations) subject to financial monitoring, a NBFI shall, if at the moment of carrying out the financial transactions (operations), there are no documents and/or information necessary for decision-making, ensure adoption not later than one month after its conduct measures provided for in the legislation of Ukraine and specified in the internal documents, specifically, through the request of additional documents and information related to this financial transaction (operation), with a mandatory recording of the date of receipt of documents and information.

A NBFI shall take all the measures to ascertain the nature and purpose of a financial transaction (operation) confirmed in a documentary form.

54. A NBFI shall ensure taking all measures related to exercising Part one of Article 10 of the Law, including the right of refusal to maintain business relationships/from carrying out a financial transaction (operation), or termination of business relationships in such cases:

1) regular carrying out of financial transactions (operations) to avoid fulfillment of the requirements and restrictions envisaged in banking, FX, or AML/CFT legislation, specifically, with regard to customer identification/verification (e.g., splitting amounts of transmittances, etc.);

2) regular exercise by one person of a set of interrelated financial transactions (operations) involving the transfer of funds to several people simultaneously, or those for the most recent period.

55. An employee of a NBFI shall, in accordance with his/her functional responsibilities, provide information on financial transactions (operations) to the designated officer of this institution, or an employee authorized by the designated employee, if, as per the results of analysis, a customer's financial transaction is found likely to be:

1) subject to compulsory financial monitoring - not later than the following working day after the date of analysis;

2) subject to internal financial monitoring, as well as information on his/her suspicions about the activities of persons or their assets if there is reason to believe that they are connected with a crime as established in the Criminal Code of Ukraine - immediately on the day when suspicion, or reasonable grounds for suspicion, arose, or in case of attempts to conduct financial transactions (operations);

3) where there is reason to suspect that it is related, concerns, or deemed for financing of terrorism or proliferation of weapons of mass destruction - immediately on the day of finding such a financial transactions (operations).

56. The decision on the classification of a financial transaction (operation) that is subject to financial monitoring (finding of financial transactions), and recording the information in the Registry of financial transactions (operations), shall be made by a designated officer of a NBFI, or an employee of the NBFI assigned by this designated officer, not later than the next working day after the receipt of information, and as regards to terrorism financing, or transactions where there is reason to suspect that they are associated, related, or deemed for financing of terrorism or proliferation of weapons of mass destruction, or if the participant or beneficiary is a person included into the list of persons related to the terrorist activity, or where the international sanctions are applied - immediately on the day of receipt of the information on financial transactions.

The powers of the employee authorized by the designated employee of a NBFi to make such a decision shall be foreseen in the labor agreement (job instruction, contracts etc.) of this employee.

57. In the event of finding a financial transaction (operation) subject to financial monitoring, information on such a financial transaction (operation) entered based on the results of the internal audit, or upon the inspection carried out by the NBU (including through on-site banking supervision), the information on such a financial transaction (operation) shall be entered into the Registry of financial transactions (operations) not later than on the fifth business day from the date of drawing up by the designated officer of the act of inspection/statement to prove the inspection by the NBU of a financial transaction (operation) [apart from the instances where at the moment of drawing up an inspection act/date of receipt by the NBFi of an audit statement to prove auditing of a financial transaction (operation) carried out by the NBU (apart from the instances where, at the moment of drawing up an audit act/audit statement by the NBU, the financial transaction (operation) shall not be subject to financial monitoring as per the laws of Ukraine]

58. The NBFi shall, if drawing up an extract from the Registry of financial transactions (operations) maintained in an electronic form/in a hard copy is required, secure reflection in hard copies of all the data matching the electronic data entered in the Registry of financial transactions (operations), be required to be entered into it, according to Regulation No. 552, with mandatory indication of the date of printing.

VI. Procedure for suspension/ resumption of financial transactions and implementation of decisions (instructions) of the specially authorized body

59. Pursuant to the first part of Article 17 of the Law the NBFi:

- 1) has the right to suspend the execution of (a) financial transaction(s) bearing the marks provided for in Articles 15 and/or 16 of the Law, and/or financial transactions on funds crediting or writing off, which result from the actions bearing the marks of the commission of a crime defined by the Criminal Code of Ukraine;
- 2) is required to suspend execution of (a) financial transaction(s) if a person included in the list of persons connected with terrorist activities or being under international sanctions (if the types and conditions of the sanctions involve suspension or prohibition of financial transactions) and is a participant in or beneficiary of the transaction.

The suspension of financial transactions is carried out for two business days from the date of suspension (inclusive).

60. The NBFi is required to provide detection and suspension of the financial transaction before its conduct, when the transaction is carried out in favor or on behalf of a customer of the NBFi, if a participant in the transaction or the beneficiary thereof is a person included in the list of the persons connected with terrorist activities or being under international sanctions (if the types and conditions of the sanctions involve suspension or prohibition of financial transactions), including in the event of availability with the help of the software.

The NBFi is required to provide confirmation of the conduct of checks of the participants or beneficiaries in the financial transaction with respect to their inclusion in the list of the persons connected with the terrorist activities or being under international sanctions (if the types and conditions of the sanctions involve suspension or prohibition of financial transactions).

61. The lists of organizations, legal entities, or individuals connected with terrorist activities or being under international sanctions shall be distributed among NBFis according to the procedure established by the laws of Ukraine through placement on the official website of the State Financial Monitoring Service of Ukraine along with a relevant notification in a news column of this site.

The NBFI is required to update, on a regular basis, the list of persons connected with the terrorist activities or being under international sanctions according to the Procedure for bringing the list of persons connected with the terrorist activities or being under the international sanctions to the attention of the entities subject to primary financial monitoring, approved by the Order of the Ministry of Finance of Ukraine No. 475 of 5 May 2016 and registered by the Ministry of Justice of Ukraine as No. 772/28902 on 26 May 2016.

62. The responsible employee of the NBFI shall issue an internal ordinance in the event of taking a decision on:

- 1) suspension of a financial transaction in cases provided for in Part one of Article 17 of the Law, - on the day of suspension of the financial transaction;
- 2) further suspension of the financial transaction in pursuance of the decision of the specially authorized body pursuant to Part two of Article 17 of the Law;
- 3) continuation of suspension of financial transactions in pursuance of the decision of the specially authorized body according to Part five of Article 17 of the Law;
- 4) suspension (continuation of suspension) of payment of financial transactions in pursuance of the decision of the specially authorized body according to Parts three and five of Article 17 of the Law;
- 5) suspension of carrying out of a financial transaction of the relevant person in pursuance of the instruction of the specially authorized body on satisfaction of a request of an authorized body of other country according to Part three of Article 23 of the Law;
- 6) resumption of carrying out of financial transactions within the time limits set forth in Part five of Article 17 of the Law.

In the event of receipt of the specially authorized body's decision/instruction on suspension [(further suspension/continuation of suspension) of a financial transaction (suspension/continuation of suspension of payment of financial transactions)] the ordinance shall be issued on the day of the receipt thereof by the NBFI with obligatory notification of the chief executive officer of such NBFI. If the decision/instruction of the specially authorized body on suspension came to the NBFI after the end of a business day, then the next business day shall be deemed to be the day of receipt of the decision/instruction of the specially authorized body on suspension.

63. Internal ordinances of the responsible employee of the NBFI, issued pursuant to Chapter 6, paragraph 62 hereof, shall contain the following information:

- 1) customer's name/surname, name, patronymic;
- 2) the name, number, and date of the primary document (except as provided in Chapter 6, paragraphs 4 and 5 hereof);
- 3) the amount of the financial transaction (except as provided in Chapter 62, paragraphs 4 and 5 hereof);
- 4) grounds for suspension of the financial transaction pursuant to legislation (except as provided in Chapter 62, paragraph 6 hereof);
- 5) a period of suspension of the financial transaction (except as provided in Chapter 62, paragraph 6 hereof);
- 6) the responsible employee's signature and ordinance issuance date.

In the event of an issuance by the responsible employee of the NBFI of the internal ordinance on suspension of payment of financial transactions according to the decision/instruction of the specially authorized body, which was received directly in the moment of initiating such a transaction, information that should be contained in such an ordinance (the name, registration number, and date of the initial document, and the amount of the transaction) shall be recorded in the event of its availability in the NBFI

The ordinances specified in Chapter 6, paragraph 62 hereof, shall be stored in a separate file for a minimum of five years according to the procedure provided for the documents of restricted access.

64. The NBFI is required to inform the specially authorized body of the financial transaction's suspension in the cases specified in Article 6, Part 2, Paragraphs 17 and 18, and in Article 17, Part 1, of the Law by means of urgent generation and dispatch of the respective message/message file on the very same business day of the financial transaction's suspension. In the "Comments" field of this message/message file, the end date of the financial transaction's suspension shall be indicated. Alongside with that, the NBFI is entitled to furnish the specially authorized body with additional information about this financial transaction.

65. The NBFI is required to urgently inform the responsible employee of this institution about the decisions and/or instructions received from the specially authorized body.

66. In the event of availability of the relevant hardware and software in the NBFI, having received the relevant decision file of the specially authorized body, the NBFI is required to promptly, but not later than at 11 a.m. of the business day following the day of the receipt thereof, confirm by a letter/letter file the receipt of the decision file with indication of the data on securement of the implementation thereof.

In the event of receiving of a decision and/or instruction of the specially authorized body as a hard copy, the non-bank institution shall, before the deadline specified by the first indent of this paragraph, send to the specially authorized body the confirmation in the letter (as a hard copy or electronic document) or by means of generation and dispatch of the letter file.

Such a letter/letter file shall contain the information about the time and date of receiving the decision or instruction, implementation of the decision or instruction with regard to the suspension, resumption, or securement of monitoring of financial operations.

The procedure of transfer of the letter as a hard copy or electronic document to the specially authorized body shall ensure guaranteed delivery and confidentiality thereof.

67. The total period of the financial transaction's suspension, in cases prescribed by Article 17 of the Law, may not exceed 30 business days.

68. The deadline for the suspension's end or monitoring execution regarding the financial transaction(s) requested by the authorized body of a foreign state shall be specified by the specially authorized body depending on the deadline indicated in the request of the other country's authorized body.

69. The NBFI shall resume carrying out of financial transactions:

- 1) on the third business day from the date of suspension of the financial transaction in the event of non-receipt, within the period prescribed by Article 17, Part one of the Law, of the decision of the specially authorized body on further suspension of the financial transaction(s);
- 2) on the next business day from the date of the end of the suspension of relevant financial transaction(s) specified in the decision of the specially authorized body on prolongation of suspension of the relevant financial transaction(s) (payment financial transaction).

The NBFİ shall resume carrying out of the relevant financial transaction(s) on the next business day after receipt of:

the decision file/decision as a hard copy on revocation by the specially authorized body of the decision on further suspension of the relevant financial transaction(s) or on suspension of the payment of (a) financial transaction(s), which was received during the period specified in this decision but not later than on the 31st business day from the day of suspension of the financial transaction(s);

the decision file/decision as a hard copy on resumption of financial transactions that were suspended pursuant to the relevant demand of the authorized body of a foreign state.

VII. Procedure for approval of the NBFİ's officer responsible for financial monitoring

70. Assignment of an authorized employee of the NBFİ to a position shall be carried out pursuant to Regulation No. 25 after approval of his/her candidacy by the NBU.

71. The internal system for anti-money laundering/terrorism financing shall be managed by the authorized employee of the NBFİ.

72. A NBFİ has the right to assign to the position of the authorized employee of the NBFİ a person who has an impeccable business reputation and shall be appointed by the institution's management, has completed a higher education in economics, law, or management, has work experience of at least three years in the area of AML/CFT or work experience of at least one year in the position of a manager of a NBFİ in the area of AML/CFT; in addition, the employee must know the laws of Ukraine and international standards in the area of AML/CFT and have skills in actual use of the requirements of Ukrainian laws and internal documents.

73. The candidacy of the authorized employee of the NBFİ shall be approved by the Committee on Banking Supervision and Regulation, Payment System Monitoring (Oversight) of the NBU (hereinafter referred to as the NBU Committee).

74. A NBFİ, after determining the candidacy of the authorized employee of the NBFİ, submits to the NBU Financial Monitoring Department a package of documents containing:

- 1) copies of the passport pages bearing the photograph, surname, first name, patronymic (if any), date of birth, passport series and number (or of other identification document), date of its issue and issuing agency, data on the place of residence, and citizenship duly attested by the NBFİ;
- 2) a copy of the employment record or other document (for foreign individuals) duly attested by the NBFİ or certified by a notary;
- 3) a copy of the University diploma (a copy of the document of higher education, which was issued by a foreign educational institution), duly attested by the NBFİ or certified by a notary;
- 4) a copy of the decision of the governing body (the authorized officer) of the NBFİ on vesting the duties of the authorized employee of the NBFİ in the candidate;
- 5) the decision (conclusion) of the NBFİ on the availability of the candidate's impeccable business reputation and the candidate's compliance with qualification requirements, which shall be on the letterhead of the NBFİ, signed by the manager of the NBFİ, and bear the imprinted seal of the NBFİ (if available).

75. A NBFI shall submit to the NBU trustworthy information and documents regarding the person whose candidacy is proposed for approval, and the documents shall be in force at the moment of submission thereof.

76. The procedure for approval by the NBU of the candidacy for the post of the NBFI's authorized employee includes:

- 1) consideration of the documents submitted by the NBFI concerning compliance of the candidate's fitness and propriety;
- 2) submitting the candidate for the position to testing in accordance with the procedure established by the NBU and conducting an interview with him/her by members of the NBU Committee for the purpose of making a reasonable evaluation of the candidate's fitness for the position as the authorized employee of the NBFI;
- 3) taking the decision by the NBU Committee on approval or failure to approve the candidacy of the authorized employee of the NBFI.

If a candidate, who already submitted to the testing and whose appointment to the position as the authorized employee of the NBFI has been approved by the NBU, changes his/her place of work and less than one year since the date of testing has elapsed, the NBU Committee may take a decision on approval of such a candidacy for the position as the authorized employee of the NBFI without repeated testing.

77. The candidacy for the position of the authorized employee of the NBFI shall be approved by the NBU Committee with taking into account the results of testing for the knowledge of Ukrainian legislation requirements, including of AML/CFT laws.

78. The person whose candidacy has been proposed for approval, in the event of unfavorable testing results, may be submitted by the NBFI for repeat testing (by the decision of the NBU Committee).

The NBU shall refuse to approve the candidacy for the position of the authorized employee of the NBFI in the event of unfavorable results of the repeat testing.

In such a case the NBFI shall, during one month from the day of taking the decision by the NBU Committee on the refusal, pursuant to this Regulation, submit to the Department a package of documents necessary for approval of another candidate.

79. In the event of the absence (owing to temporary inability to work, leave, business trip, removal from office pursuant to an NBU decision, dismissal from work to the extent required by Ukrainian laws) of the authorized employee of the NBFI for more than four months, the manager of the NBFI (the governing body) shall appoint an employee, according to the established procedure, to exercise the duties of the temporarily absent (suspended from office) authorized employee of the NBFI. Such an employee must have an impeccable business reputation, meet all eligibility requirements, and have the relevant experience to temporarily exercise the above duties.

The duties and all the rights of the authorized employee of the NBFI, as provided by the Law, this Regulation, and internal documents, shall be vested in the person temporarily exercising the duties of the authorized employee of the NBFI.

In the event of temporary absence of the authorized employee of the NBFI for more than four months, the approval of the candidacy for the position of the authorized employee of the NBFI by the NBU shall be carried out pursuant to the requirements of this section. The package of documents, as provided by Section VII, Paragraph 74 hereof, shall be submitted to the NBU not later than in two weeks after the expiry of the time mentioned above.

80. The dismissal of the authorized employee of the NBFI from office shall be executed according to the procedure prescribed by the laws of the National Commission for the State Regulation of Financial Services Markets after the approval of his/her dismissal by the NBU.

Director, Financial Monitoring Department

Ihor Bereza

APPROVED:

Acting Deputy Governor of the National Bank of Ukraine

Kateryna Rozhkova