



LAW OF UKRAINE

On preventing and counteracting to legalization (laundering) of the proceeds of crime, terrorist financing, and financing proliferation of weapons of mass destruction

This Law aims at protecting the rights and lawful interests of individuals, society and the state, ensuring national security by identifying the legal mechanism for counteracting to legalization (laundering) of the proceeds of crime, terrorist financing, and financing proliferation of weapons of mass destruction, as well as at forming the national multi-source analytic database to be provided to Law enforcement authorities of Ukraine and foreign countries to detect, verify and investigate the crimes related to money laundering and other illegal financial operations.

Section I. GENERAL

Article 1. Definition of terms

1. In this Law the following terms are used in the following meaning:
 - (1) assets - money, property, property and non-property rights;
 - (2) impeccable business reputation - a set of confirmed information on an individual which enables to conclude that its activities are in line with legislation, and that its has no criminal record which is not released or canceled in accordance with the Law;
 - (3) client verification - the primary financial monitoring entity establishing (verifying) in the client's presence that the client (the client's representative) matches the identification data received from it;
 - (4) a separate subdivision of the primary financial monitoring entity - a branch, another subdivision of the primary financial monitoring entity which is not located at the location of such entity, and carries out financial transactions or ensures that they are carried out, including providing services on behalf of the primary financial monitoring entity (except for exercising representative functions);
 - (5) client examination - the primary financial monitoring entity, while identifying and/or servicing the client, receiving the information on the financial status of the client and the subject matter of its activities; assessing the financial condition of the client; determining if the client or the person acting on its behalf can be referred to national or foreign public figures who perform political functions in international organizations, or related entities; determining the place of its residence or the location or the place of temporary stay in Ukraine (all the data concerning the address of the place of residence (stay): the name of the country, region (area), district, city (villages, town), street (alley), number of the building, and apartment number);
 - (6) the beneficiary - a person in whose favor or interest a financial operation is effected;
 - (7) the spending financial operation - a financial operation which leads to a decrease in the assets in the client's account owning assets;
 - (8) high risk - the result of risk assessment by the primary financial monitoring entity which is based on the results of analyzing the aggregate of defined criteria, which indicates high probability that the primary financial monitoring entity may be used for legalization (laundering) of the proceeds of crime and/or terrorist financing;
 - (9) internal financial monitoring - a set of the measures taken to detect the financial transactions which are subject to internal financial monitoring, using the approach which is based on risk assessment of legalization (laundering) of the proceeds of crime or terrorist financing; identifying and verifying clients (representatives of clients), keeping records of such transactions, and information on their participants; mandatory reporting to the central executive body which implements the state policy in the sphere of preventing and counteracting to legalization (laundering) of the proceeds of crime, terrorist

financing and financing proliferation weapons of mass destruction, and suspicious financial transactions, as well as providing additional and other information in the cases stipulated by this Law;

(10) the data which enable to determine the ultimate beneficiary (controller) - the information on the individual which include the last name, first name and patronymic (if any) of the individual (individuals), the country of its (their) permanent place of residence and date of their birth;

(11) state financial monitoring - a set of the measures which are taken by state financial monitoring entities and aim at meeting the requirements of the legislation in the sphere of preventing and counteracting to legalization (laundering) of the proceeds of crime, terrorist financing and financing proliferation weapons of mass destruction:

the state financial monitoring which is performed by the central executive body which implements the state policy in the sphere of preventing and counteracting legalization (laundering) of the proceeds of crime, terrorist financing, and financing proliferation of weapons of mass destruction- the aggregate of the measures taken by such body to collect, process and analyze the information on financial transactions which is submitted by primary entities and state financial monitoring and other state authorities, the respective authorities of foreign countries, other information which may be associated with any suspicion of preventing and counteracting to legalization (laundering) of the proceeds of crime, terrorist financing and financing proliferation weapons of mass destruction and/or other illegal financial operations, as well as the measures taken to verify such information in accordance with the legislation of Ukraine;

the state financial monitoring of other state financial monitoring entities - a set of measures which are implemented by other entities defined by Part 3 Article 5 of this Law, and aim at meeting the legislation in the sphere of preventing and counteracting to legalization (laundering) of the proceeds of crime, terrorist financing and financing proliferation weapons of mass destruction;

(12) business relations - the relations between the client and primary financial monitoring entity which arise on the basis of a contract (including the public one) on providing financial or other services;

(13) the figures who perform political functions in international organizations - the officials of international organizations who hold or held managerial positions during the last three years in such organizations (directors, heads of boards or their deputies), or perform any other executive functions at the highest level, including international intergovernmental organizations, members of international parliamentary assemblies, judges and senior officials of international courts;

(14) additional information - the information on the financial transactions which become subject to financial monitoring, and related financial transactions, the information on their participants, as well as any other information available with the primary financial monitoring entity or the information which must be stored with it in accordance with requirements of the legislation, in particular, the information with restricted access, copies of documents or the information from them, which is required to carry out the tasks entrusted to the central executive body which implements the state policy in the sphere of preventing and counteracting to legalization (laundering) of the proceeds of crime, terrorist financing and financing proliferation weapons of mass destruction;

(15) additional generalized materials - the information collected through analyzing additional information in addition to previously submitted generalized materials;

(16) proceeds of crime - any benefit obtained by committing a socially dangerous act preceding the legalization (laundering) of income which may consist of movable or immovable property, property and non-property rights, irrespective of their value;

(17) identification data:

for an individual - the information specified in Clause 1 Part 9 and 10, Parts 11 and 12 Article 9 of this Law;

for an individual entrepreneur - the information specified in Clause 2 Part 9, Part 12 Article 9 of this Law;

for a legal entity - the information specified in Clause 3 Part 9 and Clause 2 Part 10 Article 9 of this Law;

the data listed by state financial monitoring entities in the cases determined by Part 16 Article 9 of this Law;

(18) identification - the initial financial monitoring entity obtaining identification data from the client (the client's representative);

(19) foreign politically exposed persons (PEPs) - the individuals who perform or performed special public functions in foreign countries during the last three years, namely:

head of state, head of government, ministers and their deputies; deputies of the Parliament;

chairmen and members of management boards of central banks;

members of the Supreme Court, Constitutional Court or other judicial bodies whose decisions are not subject to appeal, except for appeal under exceptional circumstances;

special ambassadors and plenipotentiaries, persons charged by appointment, and heads of central military management bodies;

leaders of the administrative, management or supervisory bodies of state enterprises, which are of strategic importance;

leaders of governing bodies of the political parties represented in the parliament;

(20) the ultimate beneficial owner (controller) - an individual who regardless of formal ownership may exercise decisive influence on management or economic activity of a legal entity either directly or through other persons, which is carried out, in particular, through implementing rights of ownership or use of all assets or their significant Part, the rights of decisive influence on forming the structure, voting results, as well as taking actions which enable to determine the terms and conditions of business, give binding instructions or perform the functions of a management body, or which can exercise influence through direct or indirect (through another individual or legal entity) possession by one person alone or together with associated individuals and/or legal entities a share in the legal entity of 25 or more per cent of the share capital or voting rights in such legal entity.

Besides, the ultimate beneficiary owner (controller) may not be the person who has the formal right to 25 or more percent of the share capital or voting rights of a legal entity, but is an agent, nominal holder (nominal owner) or is only a mediator in relation to such right;

(21) the client - any individual who:

applies for services to the primary financial monitoring entity or uses the services of the primary financial monitoring entity;

a party to the agreement (for the primary financial monitoring entities in relation to which the National Commission for Securities and Stock Market in accordance with Article 14 of this Law, performs the functions of state regulation and supervision, as well as in the cases stipulated by Article 64 of the Law of Ukraine "On banks and banking activity");

is a player in the lottery or gambling game, including casinos, electronic (virtual) casino (for primary financial monitoring entities determined in Subclause "C" Clause 7 Article 5 of this Law);

(22) international sanctions - the sanctions which are recognized by Ukraine in accordance with international treaties or decisions of intergovernmental associations, international intergovernmental organizations in which Ukraine participates, and also foreign countries (in the order specified by the Cabinet of Ministers of Ukraine) regarding freezing the assets of designated persons or restricting any access to them;

(23) a properly executed notice - executed and submitted to the central executive body which implements the state policy in the sphere of preventing and counteracting legalization (laundering) of illegally derived income, financing terrorism and financing proliferation of weapons of mass destruction; in accordance with the requirements of the Law the notice on the financial transaction which is subject to financial monitoring, or a notice which contains any additional information on financial transactions and their participants, which become the targets of financial monitoring by the central executive body which implements the state policy in the sphere of preventing and counteracting to legalization (laundering) of the proceeds of crime, terrorist financing and financing proliferation weapons of mass destruction;

(24) the national risk assessment - a system of the measures which are taken by state financial monitoring entities, competent state authorities with the involvement of other entities (if necessary) to identify (determine) the risks (threats of) to legalization (laundering) of the proceeds of crime and terrorist financing, their analysis, assessing and developing the measures aiming at preventing and/or mitigating negative consequences;

(25) National politically exposed persons (PEPs) - the individuals who perform or performed special public functions in Ukraine during the last three years, namely:

Ukraine's President, Prime Minister of Ukraine, members of the Cabinet of Ministers of Ukraine;

first deputies and deputies of Ministers, heads of other central executive bodies, their first deputies and deputies;

people's deputies of Ukraine;

Chairman and members of the Board of the National Bank of Ukraine, members of the Board of the National Bank of Ukraine;

heads and courts of the Constitutional Court of Ukraine, the Supreme Court of Ukraine, and higher specialized courts;

members of the High Council of Justice;

Attorney General of Ukraine and his deputies; head of the security service of Ukraine and his deputies;

Chairman of the Antimonopoly Committee of Ukraine and its deputies; Head and members of the Accounting Chamber;

members of the National Council on Television and Radio Broadcasting of Ukraine; special ambassadors and plenipotentiaries;

Head of General Staff - Commander-in-Chief of the armed forces of Ukraine, heads of army of Ukraine, air forces of Ukraine, naval forces of Ukraine;

the state officials whose posts are referred to the first category of posts;

leaders of administrative, managerial or supervisory bodies of state and public enterprises which the Cabinet of Ministers refers to those of strategic importance;

heads of governing bodies of political parties and members of their central statutory bodies;

(26) non-profit organizations - the legal entities (except for state authorities, state administration bodies and institutions of state and communal property) which are not financial institutions and created to run scientific, educational, cultural, recreational, environmental, religious, charitable, social, political and other activities to meet the needs and interests of the public within the limits determined by the legislation of Ukraine, without deriving profit;

(27) unacceptably high risk - the highest risk which cannot be accepted by the primary financial monitoring entity according to the internal documents on financial monitoring;

(28) the financial monitoring entity - the actions with the assets related to the respective participants of financial transactions which carry out them, provided there are the risks that such assets may be used to legalization (laundering) of the proceeds of crime or terrorist financing or financing of proliferation of weapons of mass destruction, as well as any information on such actions or events, assets and their participants;

(29) obligatory financial monitoring - a set of the measures which primary financial monitoring entities take to detect financial transactions which are subject to mandatory financial monitoring, identification, verification of clients (representatives of clients), keeping the records of such transactions and information on their participants, mandatory reporting on them to the central executive body which implements the state policy in the sphere of preventing and counteracting to legalization (laundering) of the proceeds of crime, terrorist financing and financing proliferation weapons of mass destruction, as well as submitting additional and other information in the cases stipulated by this Law;

(30) an official document - a document compiled, published, and certified in compliance with the Law by an authorized person who is according to the Law entitled in connection with its professional or business activities to compose, issue, and certify certain types of documents to confirm or certify certain events, phenomena or facts and which contains the details and information provided by legislation;

(31) initial financial monitoring - a set of measures which are taken by initial financial monitoring entities and aim at meeting the requirements of this Law, normative legal acts of state financial monitoring entities, and which include, in particular, mandatory and internal financial monitoring;

(32) suspicion - an assumption which is based on the results of analyzing existing information and may indicate that a financial operation or its participants, their activities or sources of origin of assets are associated with legalizing (laundering) of the proceeds of crime or terrorist financing or related to committing any other socially dangerous act which are defined by the Criminal Code of Ukraine as a crime or for which international sanctions are provided;

(33) detail client verification - the primary financial monitoring entity taking measures to obtain (in particular from governmental authorities, civil registrars, official or public sources) the information on the client (the client's representative) to confirm or refute the information which the client submits and which seems questionable;

(34) a representative of the client - and individual who legally has the right to perform certain actions on behalf of the client;

(35) the ownership structure - a documented system of relations of legal entities and individuals which enables to determine all existing ultimate beneficiary owners (controllers), including the controlling relations between them regarding such legal entity, or the absence of such ultimate beneficiary owners (controllers);

(36) risks - danger (threat, vulnerable locations) for primary financial monitoring entities to be used for legalization (laundering) of the proceeds of crime, terrorist financing and financing proliferation weapons of mass destruction as they render services subject to the type of their activities;

(37) a specifically authorized body - the central executive body which implements the state policy in the sphere of preventing and counteracting to legalization (laundering) of the proceeds of crime, terrorist financing and financing proliferation weapons of mass destruction;

(38) an attempt to effect a financial transaction - the client or the person acting in its interests taking the actions aiming at carrying out financial transactions, provided such financial operation is not carried out on the initiative of the client;

(39) socially dangerous acts preceding the legalization (laundering) of the proceeds of crime - the acts for which the Criminal Code of Ukraine provides the basic penalty in the form of imprisonment or a fine in the amount above three thousand tax-free allowances of individuals, or an act committed outside Ukraine, provided it is recognized socially dangerous and unlawful and preceded the legalization (laundering) of the proceeds of crime according to the Criminal Code of Ukraine as the result of which any income was illegally derived;

(40) financial monitoring secret - the information obtained in the course of state financial monitoring by a specifically authorized body, and in particular, the information on financial transactions and their participants, additional information, and any other information which may be associated with suspicion in legalization (laundering) of the proceeds of crime, terrorist financing and financing proliferation weapons of mass destruction and/or other illegal financial transactions;

(41) trust - a non-resident legal entity which runs its operations on fiduciary terms where the attorney acts for the account of and in the interests of the principal, and is obliged to take certain legal actions for reward;

(42) generalized materials - the information on financial transactions which were subject to financial monitoring and which, following the analysis of which, the specifically authorized body has suspicion regarding laundering illegally derived income, and financing terrorist, or committing socially dangerous acts preceding legalization (laundering) of the proceeds of crime. Generalized materials include the notice of a committed criminal offence. Generalized materials can also serve as the grounds for the Law enforcement and intelligence bodies of Ukraine to perform operational and investigation and counter-intelligence activities. The form and structure of generalized materials are established by the central executive body forming and ensuring the implementation of the state policy in the sphere of preventing and counteracting to legalization (laundering) of the proceeds of crime and terrorist financing, in consultation with Law enforcement authorities;

(43) risk management - the measures which primary financial monitoring entities take to create and ensure the functioning of the risk management system, which provides, among other things, determining (detecting), assessing (measuring), monitoring, and controlling risks to mitigate them;

(44) clarifying information on the client - updating the data on the client, including identification data by obtaining documentary confirmation of changes (if any) in them;

(45) participants of the financial operation - a client, contractor, and the persons acting on their behalf or for their benefit, or the person on behalf of or in the interests of whom the client or the contractor act;

(46) branch of a foreign bank - an isolated structural unit of a foreign bank which does not have the status of a legal entity and runs its activity in the territory of Ukraine in accordance with the requirements established by the laws of Ukraine for banks;

(47) a financial transaction - any actions concerning the assets of the client which are taken with the help of the primary financial monitoring entity, or of which the state financial monitoring entity learns in the framework of implementing this Law;

(48) financial monitoring - a set of the measures which financial monitoring entities take to prevent and counteract legalization (laundering) of the proceeds of crime, terrorist financing, and financing proliferation of weapons of mass destruction, including state financial monitoring and primary financial monitoring;

(49) financing of proliferation of weapons of mass destruction - any actions taken to submit, collect or use any assets to proliferate weapons of mass destruction which are subject to international sanctions;

(50) terrorist financing - providing or collecting any assets with the knowledge that they will be used wholly or partly:

for any purpose by a terrorist, terrorist group or terrorist organization;

to organize, prepare and commit by a terrorist, terrorist group or terrorist organization defined in the Criminal Code of Ukraine, terrorist act, engaging into committing an act of terrorism, public incitement to committing a terrorist act, creating a terrorist group or terrorist organization, assisting in committing a terrorist act, running any other terrorist activity, as well as attempting to commit such acts.

2. The term "related entities" is used in the sense given in the Law of Ukraine "On the principles of preventing and counteracting corruption."

Article 2. Scope of Application of the Law

1. This Law applies to citizens of Ukraine, foreigners and stateless persons, individual entrepreneurs, as well as legal entities, their branches, representative offices and other separated units, which provide carrying out financial operations in the territory of Ukraine and abroad in accordance with international agreements of Ukraine which are recognized binding by the Verkhovna Rada of Ukraine.

2. The implementation of this Law is not a violation of the Law of Ukraine "On protecting personal data" in terms of processing personal data. Personal data are processed in accordance with the requirements of this Law without obtaining the consent of the personal data entity.

Article 3. The Law in the sphere of preventing and counteracting the legalization (laundering) of the proceeds of crime, terrorist financing, and financing proliferation of weapons of mass destruction

1. The relations which arise in the sphere of preventing and counteracting to legalization (laundering) of the proceeds of crime, terrorist financing and financing proliferation weapons of mass destruction are governed by this Law, other legislative acts of Ukraine which regulate the activity of financial monitoring entities, the acts of the Cabinet of Ministers of Ukraine, as well as other regulations.

Article 4. The actions which are classified as legalizing (laundering) of the proceeds of crime

1. The legalization (laundering) of the proceeds of crime includes any actions related to carrying out financial transactions or a transaction with assets acquired as the result of committing a crime, as well as taking actions aimed at concealing or disguising illegal origin of such assets or ownership of such assets, their origin, location, moving, changing their form (transformation), as well as the acquisition, possession or use of assets acquired as the result of committing a crime.

Section II. FINANCIAL MONITORING SYSTEM

Article 5. Financial monitoring system and entities

1. The financial monitoring system consists of the initial and state levels.
2. The reporting entities are:
 - (1) banks, insurers (reinsurers), insurance (reinsurance) brokers, credit unions, pawn brokers, and other financial institutions;
 - (2) payment organizations, participants or members of payment systems;
 - (3) commodity and other exchanges which conduct financial transactions with goods;
 - (4) professional participants of the stock market (security market);
 - (5) postal operators, other institutions which conduct financial transactions with transfer of funds;
 - (6) branches or representative offices of foreign economic entities which provide financial services in the territory of Ukraine;
 - (7) specifically identified primary financial monitoring entities:
 - (a) business entities which provide intermediary services during purchase - sale of real estate;
 - (b) business entities which trade precious metals and precious stones, and products from them for cash;
 - (c) business entities which conduct lotteries and gambling games, including casinos, electronic (virtual) casino;
 - (d) notaries, lawyers, lawyers' offices and associations, auditors, accounting firms, economic entities which render accounting services, economic entities which provide legal services (except for the entities which provide services within the framework of labour relations);
 - (8) other legal entities which by their legal status are not financial institutions, but provide separate financial services.
3. The state financial monitoring entities are the National Bank of Ukraine, the central executive body forming and ensuring the implementation of the state policy in the sphere of preventing and counteracting to legalization (laundering) of the proceeds of crime, or terrorist financing, the Ministry of Justice of Ukraine, central executive bodies which ensure the formation of the state policy in the sphere of providing postal communication services, in the sphere of economic

development, the National Commission on Securities and Stock Market, the National Commission which carries out state regulation in the sphere of financial service markets, and specifically authorized body.

Article 6. Tasks, Responsibilities and Rights of Reporting Entities

1. The initial financial monitoring entity (reporting entity) (except for specifically identified primary financial monitoring entities which conduct their activities alone, without forming a legal entity) subject to the requirements of the Law develops, implements and constantly updates subject to the legislation the rules of financial monitoring, financial monitoring programs and other internal documents in the sphere of financial monitoring (hereinafter - the internal documents on financial monitoring) and assigns an employee responsible for such implementation (hereinafter - the responsible officer).

The financial groups whose members are initial financial monitoring entities, develop and adopt the common rules of financial monitoring, including the procedure for using information within the group for the purpose of financial monitoring. Such rules cover all primary financial monitoring entities which are a Part of the financial group.

2. The initial financial monitoring entity (reporting entity) is obliged to:

(1) be registered by a specifically authorized body as a primary financial monitoring entity and notify the specially authorized authority in the manner adopted by the National Bank of Ukraine for primary financial monitoring entities for which the National Bank of Ukraine in accordance with Article 14 of this Law performs the functions of state regulation and supervision, and the Cabinet of Ministers of Ukraine for other primary financial monitoring entities on:

appointing or dismissing the responsible officer;

appointing the person who temporarily performs the duties of the responsible officer in its absence;

changing the information on the initial financial monitoring entity and/or the responsible officer or the person who temporarily fulfills its duties;

terminating the operations of the initial financial monitoring entity (reporting entity);

(2) identifying and verifying the client (the client's representative), examining the customer and clarifying the information on the client in the cases established by Law;

(3) ensuring the detection of the financial transactions which are subject to financial monitoring, before, during, and on the day of suspicion, after or while they are conducted, or after the client refuses to conduct them, including with any means of automation. The special features and terms of initial financial monitoring entities detecting the financial transactions depending on the specifics may be established by normative legal acts of state financial monitoring entities which according to this Law perform the functions of state regulation and supervision over initial financial monitoring entities;

(4) use risk management methods in its activities and develop risk criteria;

(5) ensure the registration of the financial operations which are subject to financial monitoring, not later than on the next working day after they are detected, including the use of means of automation;

(6) notify the specially authorized organ of:

(a) the financial transactions which are subject to mandatory financial monitoring - within three working days from the day of their registration or attempt of their implementation;

(b) the financial transactions which are subject to internal financial monitoring, as well as the information on its suspicions in relation to the activities of persons or their assets provided there is reason to believe that they are connected with a crime defined by the Criminal Code of Ukraine, - on the day of suspicion or sufficient grounds for suspicion or attempts to conduct the financial transactions, but no later than on the next working day from the date of registration of such financial transactions;

(c) the financial transactions with respect to which there is reason to suspect that they are related to, or intended for financing terrorism or financing proliferation of weapons of mass destruction - on the day of their discovery, but no later than on the next working day from the date of registration of such financial transactions, as well as inform Law enforcement bodies of such financial transactions and their participants;

(7) provided a notice is received from the specifically authorized body:

with non-zero error codes for specific financial transactions or in general in relation to the notice by the initial financial monitoring entity of the financial transaction which is subject to financial monitoring or in relation to tracking (monitoring) the financial transactions are submitted within three working days after the date of receipt of such notice by the specifically authorized body;

on an error in processing additional information (the information on performing the request of the authorized body of the foreign state) duly executed additional information is provided within two working days from the date of receipt of such notice;

(8) assisting within the legislation employees of the specifically authorized body in analyzing financial transactions;

(9) submit the following to the request of the specifically authorized body:

(a) any additional information which may be associated with financing terrorism or financing proliferation of weapons of mass destruction, as well as the information which may be associated with terminating financial transactions according to this Law

- within one working day after the date of receipt of such request;

(b) any other information which is not specified in Sub-paragraph A of this Clause - within five working days after the receipt of the request or within any another term approved in the prescribed manner by the specifically authorized body;

(10) submit at the request of the specifically authorized body any additional information which is necessary to fulfill the request which is received from the authorized body of a foreign state, including the information with restricted access, within five working days from the date of receipt of the request or within any another term approved in the prescribed manner by the specifically authorized body;

(11) submit at the request of the specifically authorized body the information on tracking (monitoring) the financial operations of the client whose operations become the subject of financial monitoring in the manner prescribed by the central executive body for forming and implementing the state policy in the sphere of preventing and counteracting to legalization (laundering) of the proceeds of crime, or terrorist financing, in consultation with the relevant state financial monitoring entities which according to this Law perform the functions of state regulation and supervision over primary financial monitoring entities;

(12) if the terms established in Clauses 9 and 10 of this Part of the Article cannot be met, for objective reasons (taking into account the amount of the requested information, and its submission forms

- electronic or paper, copying or scanning, obtaining data from archives, etc.) are approved by the specifically authorized body no later than two business days from the date of receipt of the request, the term of submitting the requested information in the manner prescribed by the central executive body for forming and ensuring the implementation of the state policy in the sphere of preventing and counteracting to legalization (laundering) of the proceeds of crime, or terrorist financing;

(13) in the manner prescribed by the respective state financial monitoring entity which according to this Law performs the functions of state regulation and supervision over the primary financial monitoring entity, to the request of the state financial monitoring entity timely and fully submit (execute, certify) any reliable information, documents, copies or extracts of documents which necessary for the relevant state financial monitoring entity to perform the state regulation functions and supervision over primary financial monitoring entities, including checking the facts of violations of the requirements of the legislation in the sphere of preventing and counteracting to legalization (laundering) of the proceeds of crime, terrorist financing and financing proliferation weapons of mass destruction, exercising control over primary financial monitoring entities fulfilling the decisions of the state financial monitoring entities in terms of applying sanctions, written requests;

(14) take measures to prevent disclosure (in particular to the individuals in respect of the financial transactions which are subject to verification) of the information which is submitted to the specifically authorized body, and any other information on financial monitoring (including the fact of submitting such information or receiving request from the specifically authorized body);

(15) keep official documents, other documents (including the electronic documents created by the primary financial monitoring entity), their copies as to identifying the persons (clients, representatives of clients), as well as the persons who are denied by the primary financial monitoring entity to conduct financial transactions, examine the client, clarify information on the client, as well as all documents which pertain to business relations (conducting financial transactions) with the client (including the results of any analysis as measures are taken to verify the client or conduct detail examination of the client) no less than five years after the financial transaction is completed, terminating any business relations with the client, and all the necessary data on financial transactions (sufficient to trace the progress of such operation) - no less than five years after the transaction is completed, the account is closed, and business relations are terminated. The normative legal

act of the state financial monitoring entity which according to this Law, performs the state regulation and supervision functions over the primary financial monitoring entity may provide for longer terms of keeping the documents;

(16) ensure free access to the respective state financial monitoring entities which according to this law perform the functions of state regulation and supervision over primary financial monitoring entities, and to the documentary request of Law enforcement bodies in relation to the documents or information which they contain, in full, in accordance with the Law. Law enforcement bodies receive the documents and information which constitute commercial secret from the banks in the manner and amount established by the Law of Ukraine "On banks and banking activity";

(17) under the instructions of the specifically authorized body provided to fulfill the request of the authorized body of the foreign state, terminate or ensure the monitoring of the financial transaction of the respective person in accordance with the legislation;

(18) by the decision of the specifically authorized body made to terminate a financial transaction as the one which may be connected with legalizing (laundering) illegally derived income or financing terrorism or financing proliferation of weapons of mass destruction, terminate or ensure the monitoring of a financial transaction of the the respective person in accordance with the legislation;

(19) in the manner prescribed by the state financial monitoring which according to this Law performs the functions of state regulation and supervision over the respective primary financial monitoring entity carry out the internal audits of its activities as to the compliance with the Law in the area of preventing and counteracting the legalization (laundering) of the proceeds of crime, terrorist financing, and financing proliferation of weapons of mass destruction, or an independent audit of its activities (except for banking activities) in such sphere;

(20) according to the Law take measures to ensure that the responsible officer is trained in the field of preventing and counteracting the legalization (laundering) of the proceeds of crime, terrorist financing, and financing proliferation of weapons of mass destruction within three months after the date of its appointment, and that the responsible officer improves its qualification through training at least every three years in the respective educational institution which belongs to the competence of the specifically authorized body, and in other educational institutions in consultation with the specifically authorized body;

(21) take measures on a regular basis to train the personnel to detect the financial transactions which are subject to financial monitoring according to this Law, and take other measures related to financial monitoring by carrying out educational and practical activities;

(22) analyze if the financial transactions carried out by the client are in line with the existing information on its activities and financial status to detect the financial transactions which are subject to financial monitoring;

(23) manage the risks associated with the introduction and use of new and existing information products, business practices or technologies, including the ones which ensure that financial operations are carried out without direct contact with the client;

(24) meet the requirements of the respective state financial monitoring entities which according to this Law perform the functions of state regulation and supervision over primary financial monitoring entities to meet (eliminate any violations) the requirements of the legislation which regulates the relations in the sphere of preventing and counteracting legalization (laundering) of the proceeds of crime, terrorist financing, and financing proliferation of weapons of mass destruction;

(25) during the verification confirm if the identification data of the client (the client's representative) are in line with the information specified in the official documents received from it, and if the official documents are executed according to the legislation, and check their validity (effect);

(26) establish and distribute by determining with labor agreements (in job descriptions, contracts, etc.) and inform the responsible officers and other employees of the primary financial monitoring entity of their functional responsibilities in terms of primary financial monitoring, identification and verification of the client (the client's representative), examining the client, determining (identifying) and assessing the risks of laundering illegally derived income, financing terrorism or financing proliferation of weapons of mass destruction, and monitoring the risks of clients, etc.

3. The primary financial monitoring entity is obliged independently to assess the risks of its clients subject to the risk criteria identified by the central executive body forming and implementing the state policy in the field of preventing and counteracting the legalization (laundering) of illegally derived income or financing terrorism and the state financial monitoring entities which perform state regulation and supervision over the activities of the respective primary financial monitoring

entities during their identification and in other cases stipulated by the legislation and internal documents on financial monitoring, and take precautionary measures as to the clients found to have high risks.

4. The initial financial monitoring entity is obliged to establish high risk, in particular, with respect to the following clients:

the clients residing (staying, being registered) in the state which does not use or does not adequately use the recommendations of The Financial Action Task Force on Money Laundering (FATF) and other international organizations which conduct activities in the field of preventing and counteracting the legalization (laundering) of illegally derived income and financing terrorism;

foreign financial institutions (except for the financial institutions which are registered in the Member States of the European Union, the Member States of The Financial Action Task Force on Money Laundering (FATF) with which correspondent relations are established;

national and foreign Politically exposed persons (PEPs) who perform political functions in international organizations, or related entities to which the client or the person acting on its behalf is found to belong according to the decision of the initial financial monitoring entity;

the clients which are added to the list of the persons related to terrorist activity, or on which international sanctions are imposed.

5. The primary financial monitoring entity is obliged to take the following additional measures to high-risk clients:

(1) with respect to a foreign financial institution with which correspondent relations are established in the manner prescribed by the respective state financial monitoring entity which according to this Law performs the functions of state regulation and supervision over the primary financial monitoring entity:

(a) ensure that the information on its reputation is collected, as well as determine if the foreign financial institution was subject to any measures (sanctions) taken by the body which carries out state regulation and supervision over its activities in the field of preventing and counteracting the legalization (laundering) of the proceeds of crime and financing terrorism;

(b) establish what measures the foreign financial institution takes to prevent and counteract the legalization (laundering) of the proceeds of crime, terrorist financing, and financing proliferation of weapons of mass destruction;

(c) determine on the basis of the received information the sufficiency and effectiveness of the measures which the foreign financial institution takes to combat the legalization (laundering) of the proceeds of crime, terrorist financing, and financing proliferation of weapons of mass destruction;

(d) open correspondent accounts for the foreign financial institution and in foreign financial institutions upon permission of the head of the primary financial monitoring entity;

(2) with respect to national and foreign Politically exposed persons (PEPs) and the figures which perform political functions in international organizations, their close or related persons (the related persons are the persons with whom the family members of the national and foreign public figures and the figures who perform political functions in international organizations have business or personal relations, as well as the legal entities whose ultimate beneficiaries are the owners (controllers) are such figures or their family members or the persons with whom such figures have business or personal relations):

(a) identify, according to internal documents on financial monitoring if the client or the person acting on its behalf belongs to the specified category of clients during their identification, verification and service, as well as if they are the ultimate beneficial owners (controllers) or heads of legal entities;

(b) establish upon permission of the head of the primary financial monitoring entity business relations with such persons;

(c) before or while business relations are established, take measures to determine the origin of the funds of such persons on the basis of the documents received from them and/or the information from other sources provided such information is public (open) to confirm the origin of their assets, the rights to such assets, etc.;

(d) conduct subject to the recommendations of the respective state financial monitoring entity which in accordance with this Law performs the functions of state regulation and supervision over the primary financial monitoring entity, primary financial monitoring of the financial transactions for which such persons are participants or beneficiaries in the manner determined for high risk clients;

(e) at least every year update the information on the client.

Insurers (reinsurers), insurance (reinsurance) brokers, in addition to the measures provided by this Clause, also take measures to establish if such person is the beneficiary under the life insurance agreement (policy). If it is established

that such person is the beneficiary in terms of the insurance payments under such policy, the head of the primary financial monitoring entity is informed, and a detail verification of the client holding such insurance policy is performed. Following the results of such verification the decision is made as to informing the specifically authorized body.

6. The initial financial monitoring entity (reporting entity) as to the non-profit organizations, including charities, is obliged to take measures to limit the risk of their use to legalize (launder) illegally derived income or finance terrorism or finance proliferation of weapons of mass destruction, in particular on the basis of the recommendations of the respective state financial monitoring entity which according to this Law performs the functions of state regulation and supervision over the primary financial monitoring entity.

7. The measures stipulated by the legislation in the sphere of preventing the legalization (laundering) of the proceeds of crime, terrorist financing, and financing proliferation of weapons of mass destruction, are taken directly by the primary financial monitoring entity, its affiliates, other separated units and subsidiaries, including the ones located in the states in which the recommendations of FATF do not apply or apply insufficiently within the limits determined by the legislation of such State.

The primary financial monitoring entity with regard to affiliates, other separate units and subsidiaries located in the states in which the recommendations of FATF do not apply or apply insufficiently are obliged to assess the measures taken in such countries to combat money laundering and financing terrorism.

If such measures are not allowed by the Law of such state, the primary financial monitoring entity is obliged to inform the respective state financial monitoring entity which according to this Law performs the functions of state regulation and supervision over the primary financial monitoring entity of the respective precautionary measures which the primary financial monitoring entity will take to limit the risks of using affiliates, other separate units and subsidiaries to legalization (laundering) of the proceeds of crime, or terrorist financing.

At the same time, the primary financial monitoring entity takes appropriate precautionary measures to: conduct in-depth verification of the client to establish business relations with the persons or companies of such countries; notify the specifically authorized body on the financial transactions with the clients of the respective states; warn the representatives of the non-financial sector that transactions with individuals or legal entities in the respective countries may contain the risk of laundering illegally derived income or financing terrorism or financing proliferation of weapons of mass destruction.

8. The provisions of Clause 12 Part 2 of this Article do not apply to specially defined primary financial monitoring entities.

The provisions of Subclause A Clause 6 Part 2 of this Article do not apply to the specially defined primary financial monitoring entities, except for the entities mentioned in Subclause "C" Clause 7 Part 2 Article 5 of this Law.

The provisions of Clauses 25 and 26 Part 2 of this Article apply exclusively to the primary financial monitoring entities for which the National Bank of Ukraine in accordance with Article 14 of this Law performs the functions of state regulation and supervision.

9. The initial financial monitoring entity in order to perform the tasks assigned to it by this Law may send inquiries to executive authorities, public registers, Law enforcement bodies, the National Bank of Ukraine, and legal entities which, in the manner established by the legislation inform of the results of considering such requests.

10. The managers and responsible officers of primary financial monitoring entities, as well as other employees engaged to implement the requirements in the field of preventing and counteracting the legalization (laundering) of the proceeds of crime, terrorist financing, and financing proliferation of weapons of mass destruction, provided the requirements of this Law and/or regulations which govern the activities in the field of preventing and counteracting the legalization (laundering) of illegally derived income, bear responsibility according to the Law.

The state financial monitoring entities which according to this Law perform the functions of state regulation and supervision over primary financial monitoring entities, set qualification requirements to the respective responsible employees of the respective primary financial monitoring entities, as well as the requirements as to the primary financial monitoring entities checking if the candidates to the posts of responsible officers meet such qualification requirements.

The regulations of the state financial monitoring entities which according to this Law perform the functions of state regulation and supervision over primary financial monitoring entities may set the requirements as to irreproachable business reputation of the responsible officer.

11. The responsibility for failing properly to fulfill the legislation in the field of preventing and counteracting the legalization (laundering) of the proceeds of crime, terrorist financing, and financing proliferation of weapons of mass destruction, and to organize the internal system of the primary financial monitoring system to prevent and counteract the

legalization (laundering) of illegally derived income, financing terrorism and financing proliferation of weapons of mass destruction is born by the head of the primary financial monitoring entity.

12. In case of liquidating the primary financial monitoring entity, including declaring it bankrupt, or appointing interim administration, the responsibility for failing to meet the requirements:

of Clauses 9-11 Part 2 Article 6 of this Law is born by the members of the liquidation committee, the liquidator, the authorized person of the individual deposits guarantee fund;

provided by this Law, the regulations of the respective state financial monitoring entity which according to this Law performs the functions of state regulation and supervision over primary financial monitoring entities is born by the authorized person of the individual deposit guarantee fund.

Article 7. Legal status of responsible officer of primary financial monitoring entity

1. The responsible officer is appointed at the management level of the primary financial monitoring entity.

2. The responsible officer is appointed in the manner established by the respective state financial monitoring entity which according to this Law performs the functions of state regulation and supervision over the primary financial monitoring entity.

The responsible officer is obliged to have impeccable reputation and meet the qualification requirements established by the state financial monitoring entity which according to this Law performs the functions of state regulation and supervision over the primary financial monitoring entity.

The responsible employees of primary financial monitoring entities for which the national bank of Ukraine performs state regulation and supervision according to Article 14 of this Law are appointed and dismissed in consultation with the National Bank of Ukraine.

3. The authorities of the responsible officer include:

(1) ensuring that the specifically authorized body is informed of the financial transactions which are subject to mandatory and/or internal financial monitoring, the financial transactions of persons provided there is sufficient reason to believe that their activities or assets are associated with committing an offence defined by the Criminal Code of Ukraine;

(2) ensuring that the specifically authorized body and Law enforcement bodies determined by the legislation of the financial transactions (their participants) with respect to which there is reason to suspect that they are related to, or intended to finance terrorism or finance proliferation of weapons of mass destruction;

(3) auditing any division of the primary financial monitoring entity and its employees as to whether they fulfill the internal documents on financial monitoring;

(4) the right of access to all premises, documents, information, databases, telecommunications facilities, archives of the primary financial monitoring entity;

(5) engaging any employees of the primary financial monitoring entity to taking measures to prevent legalization (laundering) of the proceeds of crime, terrorist financing, and financing proliferation of weapons of mass destruction and conducting the respective inspections;

(6) organizing that the internal documents on financial monitoring are developed, submitted for approval, and regularly updated subject to the requirements of the legislation, as well as checking if such documents are fulfilled;

(7) receiving explanations from primary financial monitoring employees irrespective of their posts on the issues of financial monitoring;

(8) assisting authorized representatives of state financial monitoring entities which according to this Law perform the functions of state regulation and supervision over the respective primary financial monitoring entities, checking the activities of the primary financial monitoring entity in terms of meeting the requirements of the legislation in the sphere of preventing and counteracting legalization (laundering) of illegally derived income, financing terrorism and financing proliferation of weapons of mass destruction;

(9) making the decision on submitting the information on financial monitoring to the requests of the specifically authorized body and respective Law enforcement bodies.

4. The responsible officer also performs other functions pursuant to legislation and internal documents on financial monitoring.

5. The head of the primary financial monitoring entity is obliged to assist the responsible officer to perform its functions.

6. The responsible officer acts independently and reports only to the head of the primary financial monitoring entity, and is obliged at least every month, but no later than on the last working day of the reporting month to inform in writing the head of the primary financial monitoring entity of any financial transactions which are found to be subject to financial monitoring, and the measures taken, in particular, to:

ensure that the measures of financial monitoring are taken;

develop and regularly update the internal documents on financial monitoring subject to the requirements of the legislation;

train the personnel to meet the requirements of this Law by conducting educational and practical activities.

Article 8. Activities of specifically identified primary financial monitoring entities

1. The performance of the duties of the initial financial monitoring entity is ensured by lawyers, Law offices and associations, notaries, and the persons who provide legal services, auditors, audit firms, economic entities which provide accounting services provided such services are used in the financial transactions of the client, and related to:

purchasing and selling real estate; managing the client's assets;

managing a bank account or a security account;

raising funds to form legal entities, ensure their activities and manage them;

forming legal entities, ensuring that they operate (including audit) or manage them, as well as purchase legal entities (corporate rights).

2. The performance of the obligations of the primary financial monitoring entity is ensured by entrepreneurs who provide mediating services while real property is purchased, and while transactions are prepared and/or implemented to purchase real estate.

3. The performance of the obligations of the initial financial monitoring entity is ensured by economic entities which trade precious metals and precious stones and jewelry made of them for cash provided the amount of the financial transaction equals or exceeds the amount determined by Part 1 Article 15 of this Law, and in case financial operations are performed with high value items (in particular with precious metals, precious stones, antique items, objects of art, etc.), or while the purchase of such items is organized, including by way of auctions.

4. The performance of the obligations of the initial financial monitoring is ensured by the economic entities which conduct lotteries and gambling, including casinos, electronic (virtual) casino while the financial transactions associated with accepting or returning bets or payoffs.

5. Notaries, lawyers, lawyers offices and associations, the individuals who provide legal services, auditors, accounting firms, economic entities which provide accounting services are free not to notify the specifically authorized body of their suspicions provided they find out the respective information by the circumstances which are the subject of their professional secret, or has the privilege to being kept secret, as well as in the cases when they perform their obligations to protect the client, represent its interests in courts and pre-court proceedings.

6. The managers and responsible officers of the specifically identified initial financial monitoring entities in case of violation of the requirements of this Law and/or regulations of the state financial monitoring entities bear responsibility in accordance with the Law.

Article 9. Identifying, verifying, and examining clients

1. The initial financial monitoring entity in accordance with the Law and on the basis of the official documents provided by the client (the client's representative) or the copies certified in the established manner (unless otherwise provided by this Law) identifies and verifies the client (the client's representative).

The initial financial monitoring entity while servicing the client clarifies the information on the client in the manner prescribed by the state financial monitoring entity which according to this Law performs the functions of state regulation and supervision over the primary financial monitoring entity.

2. The documents specified in Part 1 of this Article must be effective (valid) at the time of their submission and include all the necessary identification data. The copies of the official documents, except for notarized ones, on the basis of

which the primary financial monitoring entity establishes the identification data of the client (the client's representative) are certified in the manner prescribed by the state financial monitoring entity which according to this Law performs the functions of state regulation and supervision over the primary financial monitoring entity.

3. The identification and verification of the client are carried out in the following cases:

business relations are established (except for the business relations established on the basis of insurance contracts by types of insurance other than life insurance, under which the client is an individual, and the total insurance payment does not exceed UAH 5,000, or its amount is equivalent to the specified amount, including in foreign currency; the business relations which arise on the basis of the agreements on participating in lotteries provided the size of the bet of the player does not exceed UAH 5,000; the payment organization, participant or member of the payment system, bank, branch of a foreign bank conducting financial operations without opening an account in the amount which is less than UAH 150,000 or in the amount which is equivalent to the specified amount, including in foreign currency, precious metals, other assets, and units of value);

suspicion;

the financial transaction subject to financial monitoring;

money transfers (including international ones) made by an individual, individual entrepreneur without opening an account in the amount which equals or exceeds UAH 15,000, or the amount which is equivalent to the specified amount, including in foreign currency, precious metals, other assets, units of value, but is less than the amount provided by Part 1 Article 15 of this Law;

a one-time financial transaction conducted without establishing any business relations with clients in the amount which equals or exceeds UAH 150,000, or the amount which is equivalent to the specified amount, including in foreign currency, precious metals, and other assets.

Depending on the level of risk of the financial transaction, the identification and verification of the client are also performed if the amount of the financial transaction equals the amount provided in Part 1 Article 15 of this Law, regardless of whether such financial operation is one-time, or multiple financial transactions may be related to such person.

4. If there is reason to doubt the authenticity or completeness of the information provided on the client, the primary financial monitoring entity is obliged to conduct in-depth verification of the client.

5. The procedure for financial institutions authorizing third parties to perform identification and verification of the client may be determined by regulations of the state financial monitoring entities which according to this Law perform the functions of state regulation and supervision over the respective financial institutions.

6. The primary financial monitoring entity may demand, and state bodies and state registrars are obliged within ten working days from the day when the request is received in accordance with the Law to provide the information which is related to identification and/or necessary to examine the client, clarify the information on it or perform in-depth client verification. Such information is submitted free of charge. The procedure for submitting the information is determined by the Cabinet of Ministers of Ukraine.

7. The initial financial monitoring entity may demand, and the client, the client's representative are obliged to submit the information (official documents) which is required to identify, verify, examine the client, clarify the information on the client, and for such primary financial monitoring entity to meet the requirements of the legislation in the field of preventing and counteracting the legalization (laundering) of the proceeds of crime, terrorist financing, and financing proliferation of weapons of mass destruction.

In order to establish the ultimate beneficiary owner (controller) the primary financial monitoring entity demands the information and/or documents confirming that such client has the ownership structure from the client which is a legal entity.

The details of the bank in which an account is opened for the client, the current account number, the place of residence or the place of stay of an individual who is a resident of Ukraine (the place of residence or the place of temporary stay of an individual who is a non-resident of Ukraine), the information on the executive body, as well as any other information which is required to examine the client, are established by the primary financial monitoring entity and on the basis of the official documents and/or the information received from the client (the client's representative) and certified by it, and from other sources, provided such information is public (open).

8. The identification and verification of the client are carried out before/or during business relations are established, and transactions are carried out (except for the cases stipulated by this Law), but before the financial operation is performed, and the account is opened.

The client is also verified in other cases stipulated by the National Bank of Ukraine for the primary financial monitoring entity for which it carries out state regulation and supervision in accordance with this Law.

9. During the identification and verification of residents the primary financial monitoring entities establish the following:

(1) for an individual - the last name, first name and patronymic, the date of birth, number (and if any - series) of the passport of the citizen of Ukraine (or any other identification document and in accordance with the legislation of Ukraine may be used in the territory of Ukraine to conclude transactions), the date of issue and the issuing authority, the registration number of the registration card of the taxpayer of Ukraine (or the identification number according to the state registry of individuals who are the payers of taxes and other mandatory payments) or the number (and if any - series) of the passport of the citizen of Ukraine stamped to deny the registration number of the registration card of the taxpayer of Ukraine or the passport number with the record on refusing to accept the registration number of the registration card of the taxpayer of Ukraine on an electronic non-contact carrier;

(2) for an individual entrepreneur - the last name, first name and patronymic, the date of birth, number (and if any - series) of the passport of the citizen of Ukraine (or another identification document which in accordance with the legislation of Ukraine may be used in the territory of Ukraine to effect transactions), the date of issue and the issuing authority, the registration number of the taxpayer's registration card (or the identification number according to the state registry of individuals who pay taxes and make other mandatory payments) or the number (and if any - series) of the passport of the citizen of Ukraine with the stamp indicating the refusal to accept the registration number of the taxpayer registration card of Ukraine or the passport number with the note on refusing to accept the registration number of the registration card of the taxpayer of Ukraine on an electronic no-contact carrier; the date and number of the record in the unified state register of legal entities and individual entrepreneurs on state registration; the details of the bank in which an account opened, and the number of the current account (if any);

(3) for a legal entity - the full name, location; the date and number of the record in the Unified State Register of Legal Entities and Individual Entrepreneurs on state registration, the information on the executive body; the identification information of the persons who have the right to manage the accounts and/or property, the data which enable to establish the ultimate beneficial owners (controllers); the identification code according to the Unified State Register of Enterprises and Organizations of Ukraine; the details of the Bank in which an account is opened, and the number of the current account.

The banks as initial financial monitoring entities are free not to establish in respect of the the residents (individuals who are entrepreneurs, legal entities) the details of any other bank in which an account is opened and the number of the current account.

10. During the identification and verification of non-residents the primary financial monitoring entities establish the following:

(1) for an individual - the last name, first name and (if any) patronymic, the date of birth, the number (and if any - series) of the passport (or any other identification document which in accordance with the legislation of Ukraine may be used in the territory of Ukraine to effect transactions), the date of issue and the issuing authority, the citizenship;

(2) for a legal entity - the full name, location; details of the bank in which the account is opened, the number of the bank account; the information on the management bodies; the identification information of the persons who have the right to manage the accounts and/or property, and the data which allow to establish the ultimate beneficial owners (controllers). The initial financial monitoring entity is also provided with a copy of legalized extract from the trade, bank or court register or a notarized registration certificate of the authorized body of the foreign state on the registration of the respective legal entity.

With respect to trust, the primary financial monitoring entity also finds out the identity of trusters and trustees.

11. In the sphere of life insurance, to identify the beneficiary under life insurance contracts (policies), insurers (reinsurers), insurance (reinsurance) brokers, in addition to the identification measures determined by parts 10 and 11 of this Article:

(1) for the beneficiaries who are specifically specified in the contract (policy), establish the last name, the first name and (if applicable) patronymic;

(2) for the beneficiaries who are identified through their characteristics or category (for example, husband, wife or children at the time of the insured event) or other means (e.g., by will), gather sufficient information on beneficiaries for the insurer (reinsurer), insurance (reinsurance) broker to be confident that the beneficiary can be identified when the insurance payment is made.

Insurers (reinsurers), insurance (reinsurance) brokers carry out identification and verification of the beneficiaries under life insurance contracts (policies) according to the requirements mentioned in Clause 1 Part 9 and Clause 1 Part 10 of this Article, when the insurance payment is made.

If the requirements of this Part of the Article cannot be met, the insurer (reinsurer), insurance (reinsurance) broker notifies the specifically authorized body of such transaction.

12. For the purpose of identifying an individual (resident, non-resident), an individual entrepreneur initiating (making) a money transfer (including an international one) without opening an account in an amount which equals or exceeds UAH 15,000, or the amount which is equivalent to the specified amount, including in foreign currency, precious metals, other assets, units of value, but is less than the amount provided by Part 1 Article 15 of this Law, primary financial monitoring entities which the initiator (payer) contacts to make such transfer, establishes the last name, the first name and (if any) patronymic; the place of residence (or place of stay of the individual who is resident or the place of temporary stay of the individual who is non-resident in Ukraine) or the registration number of the taxpayer's registration card or the identification number according to the State Registry of individuals who pay taxes and make other obligatory payments, the number (and if any - series) of the passport of the citizen of Ukraine with the note on refusing to accept an identification number or the passport number with the note on refusing to accept the registration number of the taxpayer's registration card of Ukraine on an electronic non-contact carrier) or the date and place of birth.

13. The economic entities which conduct lotteries are obliged to carry out identification and verification of lottery players, taking into account the following:

(1) the identification and verification of the players who became eligible to receive a prize in a lottery, are performed by the economic entity which conducts such lottery, before/or while the financial transaction is effected to pay the prize, provided such financial transaction is subject to financial monitoring according to articles 15 or 16 of this Law;

(2) the identification and verification of the players who intend to return their bets in a lottery, are performed by the economic entity which conducts such lottery, before/or while the financial transaction is effected to return lottery bets, provided such financial transaction is subject to financial monitoring according to articles 15 or 16 of this Law;

The economic entity which conducts the lottery, while the player is identified and verified, in addition to the identification measures provided by parts 10 and 11 of this Article, establishes the name of the lottery, the lottery ticket number (or the name and number of another document which certifies that the player makes its bet, or the amount of its prize), and (for draw lotteries) the date and number of the draw of such lottery.

14. The initial financial monitoring entities ensure that all the transfers in the amount which equals or exceeds UAH 15,000, or the amount which is equivalent to the specified amount, including in foreign currency, precious metals, other assets, are accompanied with:

(1) the information on the transfer initiator (payer):

(a) an individual (individual entrepreneur) - the last name, the first name and (if any) patronymic; the number of the account from which money is drawn or, if no account is available, the unique registration number of the financial transaction which enables to track the transaction; the place of residence (or place of stay of the individual who is resident or the place of temporary stay of the individual who is non-resident in Ukraine) or the registration number of the taxpayer's registration card or the identification number according to the state registry of individuals who pay taxes and make other obligatory payments, the number (and if any - series) of the passport of the citizen of Ukraine with the note on refusing to accept the identification number or the passport number with the note on refusing to accept the registration number of the taxpayer's registration card of Ukraine on an electronic non-contact carrier) or the date of and place of birth;

(b) a legal entity – the name, location, identification code according to the Unified State Register of Enterprises and Organizations of Ukraine, the number of the account from which money is drawn or, if no account is available, the unique registration number of the financial transaction;

(2) the information on the beneficiary (recipient):

(a) the individual - the last name, the first name, and (if any) patronymic, the number of the account to which the money is credited, and if no account is available - the unique registration number of the financial transaction;

(b) the legal entity - the full name, the number of the account to which the money is credited, and if no account is available - the unique registration number of the financial transaction;

15. The identification of the client is not mandatory if the financial transaction is performed by the persons who were previously identified or verified in accordance with the requirements of the Law.

Neither identification nor verification of the client are performed if transactions are performed between the banks registered in Ukraine.

16. The normative legal acts of the state financial monitoring entities which in accordance with this Law perform the functions of state regulation and supervision over the respective primary financial monitoring entities may establish the list of the identification data which the primary financial monitoring entities establish in the following cases;

establishing business relations or conducting the financial transaction provided the client is a state body, enterprise which is fully owned by the state, an international institution or organization in which Ukraine participates in accordance with international agreements of Ukraine, and for which the Verkhovna Rada of Ukraine granted consent;

conducting a financial transactions at a stock exchange;

effecting insurance indemnity or making insurance payments under an contract of international obligatory insurance of civil liability;

establishing business relations or effecting a financial transaction provided the client is an institution, body, or agency of the European Union;

establishing business relations or effecting a financial transaction provided the client is a diplomatic representative of a foreign country accredited in Ukraine in the prescribed manner;

establishing business relations with a client who is an issuer which according to the legislation or the terms and conditions of placing shares at the stock exchange is obliged publicly to disclose the information on the ultimate beneficial owners (controllers), or is a subsidiary or a representative office of such client.

The initial financial monitoring entity is obliged to establish the identification data provided by parts 9 - 12 of this Article if it has suspicions about the clients provided by this Part of the Article.

The provisions provided by this Part of the Article may not be applied if the primary financial monitoring entity has suspicions.

17. The state financial monitoring entities which according to this Law perform the functions of state regulation and supervision over primary financial monitoring entities, may establish special requirements to the identification and/or verification of clients (client's representatives),, examination of clients, clarification of the information on clients for the respective primary financial monitoring entities depending on the specifics of their activities and/or risks of clients.

18. If the client (person) acts as a representative of another person or on behalf of or in the best interests of another person, the primary financial monitoring entity is obliged, in accordance with the requirements of this Article and the provisions of other laws which regulate the procedure of identification, identify and verify the person on whose behalf or instructions the financial operation is effected, and establish the beneficiary.

19. If the person acts as a representative of the client, the primary financial monitoring entity uses available official documents to check the authority of such person, as well as identifies and verifies such person.

Article 10. Primary financial monitoring entity refusing to effect financial transaction

1. The initial financial monitoring entity (reporting entity) is obliged to:

refuse to establish (keep) business relationships (including by way of canceling business relations) or performing a financial transaction provided the identification and/or verification of the client (including the establishment of the data which enable to determine the ultimate beneficial owners (controllers) is impossible or provided the primary financial monitoring entity has reason to doubt that the person acts on its own behalf;

refuse to make a money transfer if the data provided by parts 12 and 13 Article 9 of this Law are not available;

refuse to service the client (including by way of canceling business relations) provided it is found to submit false information during its identification and/or verification (the client's detail verification) or any misleading information to the primary financial monitoring entity.

The initial financial monitoring entity (reporting entity) may refuse to:

effect a financial transaction provided the financial operation contains any indicators of a transaction subject to financial monitoring under this Law;

establish (keep) business relations (including by way of canceling business relations) or conducting a financial transaction provided the client fails to provide the documents or information which are necessary to examination, or provided the client is found to have unacceptably high risk following the results of risk assessment or reassessment.

In the cases provided by this Part of the Article, the primary financial monitoring entity is obliged within one working day, but no later than on the next working day from the date of refusal, notify the specifically authorized body on crediting the money which is received in the account of such client, and on the individuals who intend or intended to establish business relations and/or conduct financial transactions.

2. The initial financial monitoring entity in the manner prescribed by the respective state financial monitoring entity is obliged to specify the information on the client in the cases determined by the Law.

The initial financial monitoring entity may refuse to effect financial operations (service) provided the client to the request of the primary financial monitoring entity in terms of clarifying the information on the client fails to submit the appropriate information (official documents and/or their duly certified copies).

3. The initial financial monitoring entities may not establish business relations (effect currency exchange financial transactions, financial operations with banking metals, cash with legal entities or individuals which are added to the list of the persons related to terrorist activity or which are subject to international sanctions. The primary financial monitoring entities are obliged immediately to notify the specifically authorized body on any attempts to establish business relations (effecting currency exchange financial transactions, financial operations with banking metals, with cash by such persons.

4. If the initial financial monitoring entity following the result of changing the list of the persons related to performing terrorist activity or with respect to which international sanctions are applied, establishes the entity of the client (with which business relations are established) which is added to such list, the primary financial monitoring entity is obliged immediately to notify the specially authorized authority of such person.

Article 11. Risk management and assessment

1. The initial financial monitoring entity is obliged to manage risks taking into account the results of identification, verification and examination of the client, the services provided to the client, the analysis of the operations carried out by it, and determine if they agree with the financial status and activity of the client.

The initial financial monitoring entity, while managing risks, takes into account the recommendations determined or provided by the respective state financial monitoring entities which according to this Law perform the functions of state regulation and supervision over such primary financial monitoring entities.

2. The risks of clients are assessed by the primary financial monitoring entity by the respective criteria, in particular by the type of the client, the location of the country in which the client is registered, or the institution through which it transfers (receives) assets, and the type of the goods and services which the client receives from the primary financial monitoring entity.

The initial financial monitoring entity is also obliged to reassess the risks of the client with whom business relations are established, and in other cases established by the Law, no less than every year to keep them up to date and document the results of such risk assessment or reassessment.

Article 12. Submitting information on financial monitoring

1. The procedure for establishing and registering, as well as providing the specially authorized authority with the information on the financial transactions which are subject to financial monitoring, and any other information which may be associated with legalizing (laundering) illegally derived income or financing terrorism or financing proliferation of weapons of mass destruction, is determined by:

The National Bank of Ukraine - for primary financial monitoring entities for which the National Bank of Ukraine performs state regulation and supervision according to Article 14 of this Law;

the Cabinet of Ministers of Ukraine - for other primary financial monitoring entities.

2. The submission of the information by the primary financial monitoring entity to the specifically authorized body in the manner established by with legislation is not a violation of the procedure for disclosing the information with restricted access.

3. The primary financial monitoring entity, its officers and other employees do not bear disciplinary, administrative, civil legal and criminal responsibility for submitting the information to the specifically authorized body provided they act within the limits of this Law, even if such actions cause harm to legal entities or individuals, and other actions related to implementing this Law.

4. The state bodies which operate to prevent and counteract the legalization (laundering) of the proceeds of crime, terrorist financing, and financing proliferation of weapons of mass destruction provided while performing its functions it detects any financial transactions with respect to which there is suspicion, are obliged to notify the specifically authorized body of such financial transactions and their participants. The procedure and requirements on providing information in such cases is established by the Cabinet of Ministers of Ukraine.

5. The central executive body which is the main body in the system of central executive bodies for implementing the unified state tax and state customs policies, provides the information on any facts of illegal transfer across the customs border of Ukraine of any cash, circulating monetary credit documents, precious metals, precious stones and articles made of them, as well as any cultural values in the the amount which equals or exceeds the amount determined in Part 1 Article 15 of this Law.

6. The state authorities (except for the National Bank of Ukraine) and local self-government bodies, and state registrars are obliged to provide the specifically authorized body with the information (copies of documents), and the information from databases which are necessary to perform its tasks, and/or access to their information resources (personal databases) to ensure that the unified state information system operates in the field of preventing and counteracting the legalization (laundering) of the proceeds of crime, terrorist financing, and financing proliferation of weapons of mass destruction.

The volume and procedure for submitting such information and providing access to it are determined by the Cabinet of Ministers of Ukraine.

7. The submission by state bodies, and state registrars to the specifically authorized body, primary financial monitoring entities of the information in accordance with the requirements of this Law, is not a violation of the procedure for disclosing the information with restricted access.

The officials and other employees of state bodies, and the National Bank of Ukraine do not bear disciplinary, administrative, civil legal and criminal responsibility for submitting the information to the specifically authorized body in accordance with the requirements of this Law.

8. Economic entities, enterprises, institutions and organizations irrespective of their forms of ownership, are not primary financial monitoring entities and in accordance with Clause 2 Part 1 Article 20 of this Law, provide to the request of the specifically authorized body the information which is related to analyzing financial transactions which are subject to financial monitoring, the individuals who participated in them, certificates, and copies of documents (including the ones which contain the information with restricted access) which are necessary for this body to perform its tasks in the field of combating the legalization (laundering) of the proceeds of crime, terrorist financing, and financing proliferation of weapons of mass destruction, and/or access to its information resources (personal databases) to ensure that the unified state information system operates in the field of preventing and counteracting the legalization (laundering) of the proceeds of crime, terrorist financing, and financing proliferation of weapons of mass destruction.

The amount and procedure for submitting such information are determined by the Cabinet of Ministers of Ukraine.

9. The submission by the officials and other employees of economic entities, enterprises, institutions and organizations to the specifically authorized body of the information according to the requirements of this Law is not a violation of the procedure for disclosing the information with restricted access.

The officials and other employees of economic entities, enterprises, institutions and organizations do not bear disciplinary, administrative, civil legal and criminal responsibility for submitting the information to the specifically authorized body in accordance with the requirements of this Law.

10. The unlawful refusal to provide information (certificates and copies of documents), untimely or incomplete submission of false information entail the responsibility of officials of state bodies (except for the National Bank of Ukraine) and local self-government bodies, officials of economic entities, enterprises, institutions and organizations irrespective of their forms of ownership which are not primary financial monitoring entities, in accordance with the Law.

11. The exchange of information which is secret of financial monitoring, its disclosure and protection are performed according to the Law.

The employees of initial financial monitoring entities, state financial monitoring entities and other state bodies which provide the specifically authorized body with any information on any financial transaction and its participants are forbidden to inform the persons who take Part in implementing such transactions, and any third parties.

The employees of the initial financial monitoring entity, state bodies, local self-government bodies, officials, employees of economic entities, enterprises, institutions and organizations irrespective of their forms of ownership, which are not primary financial monitoring entities which receive the request of the the specifically authorized body as to the financial transactions, additional information, the information related to analyzing the financial transactions which are subject to financial monitoring, the individuals who participate in their implementation, the certificates and copies of documents, any other information which may be associated with suspicion in legalizing (laundering) illegally derived income, or financing terrorism or financing proliferation of weapons of mass destruction, and/or provide a response to such request of such authority are forbidden to inform the persons who take Part in implementing the financial transactions defined in the request or response, as well as any third parties.

12. The specifically authorized body protects and keeps the secret of financial monitoring. The specially authorized authority is forbidden to disclose and/or transmit any information which is a secret of financial monitoring, except for the cases stipulated by articles 17, 18, 20 and 23 of this Law. If the a request is received in relation to such information by the specifically authorized body returns such request to the respective interested person without consideration, except for the cases when such request is received within the framework of checking the materials previously sent to it and/or any additional generalized materials. If the specifically authorized body has any additional information related to the generalized materials which are previously sent to the Law enforcement bodies, the specifically authorized body may form and provide the respective Law enforcement body with any additional generalized materials.

Any disclosure by the employees of the specifically authorized body of the secret of financial monitoring entails responsibility according to the Law or a court decision.

13. The obligations to keep the secret of financial monitoring and not to disclose the fact of submitting the information to the specifically authorized body in the cases established by this Law also applies to the persons to whom such information becomes in connection with their professional or official activities.

The persons guilty of violating the secret of financial monitoring and prohibition to inform of the fact of submitting the information to the specifically authorized body, bear responsibility in the manner prescribed by the Law.

14. The intelligence bodies of Ukraine are prohibited to transmit any information received from the specifically authorized body in the form of generalized material and additional generalized materials, except for the cases of transmitting it to Law enforcement bodies to make decisions in accordance with the Criminal Procedure Code of Ukraine.

The intelligence bodies of Ukraine are obliged to notify the specifically authorized body of the progress of processing and taking appropriate measures following the results of examining any received generalized materials and additional generalized materials.

Article 13. Registering information on financial transaction subject to financial monitoring

1. The information on the financial transaction which is subject to financial monitoring, and received by the specifically authorized body is registered by such body. The procedure for registering the information on financial transaction subject to financial monitoring is determined by the Cabinet of Minister of Ukraine.

Article 14. Authorities of state financial monitoring entities

1. The state regulation and supervision in the field of preventing and counteracting the legalization (laundering) of the proceeds of crime, terrorist financing, and financing proliferation of weapons of mass destruction are performed in relation to:

(1) non-bank financial institutions which are residents, which are payment organizations and/or members or participants of payment systems in terms of them providing financial services to transfer money on the basis of the respective licenses, including those of the National Bank of Ukraine (except for postal operators in terms of them transferring money), branches of foreign banks and other banks - by the National Bank of Ukraine;

(2) professional participants of the stock market (security market) (except for banks) - by the National Commission for Securities and Stock Market;

(3) payment institutions, payment systems and participants or members of payment systems (in terms of providing financial services except for money transfer services), insurers (reinsurers), insurance (reinsurance) brokers, pawnshops and other financial institutions, as well as the legal entities which according to legislation provide financial services (except for financial institutions and other legal entities for which the state regulation and supervision in the field of

preventing and counteracting the legalization (laundering) of the proceeds of crime, terrorist financing, and financing proliferation of weapons of mass destruction are performed by other state financial monitoring entities) - by the National Commission which carries out state regulation in the sphere of financial service markets;

(4) the economic entities which conduct lotteries or any other gambling, the economic entities which trade precious metals and precious stones and jewelry made of them, auditors, auditing firms, and individual entrepreneurs who provide accounting services (except for the persons providing services within the framework of labor relations) - by the central executive body forming and implementing the state policy in the field of preventing and counteracting the legalization (laundering) of illegally derived income, or financing terrorism;

(5) notaries, lawyers, lawyer office and associations and entities which provide legal services (except for the persons providing services within the framework of labor relations) - by the Ministry of Justice of Ukraine;

(6) postal operators (in terms of them transferring money) - by the central executive body which ensures that the state policy in the sphere of providing postal services is formed;

(7) trade and other exchanges which effect financial transactions with goods - by the central executive body which ensures that the state policy in the field of economic development is formed.

(8) the business entities which provide intermediary services while effecting real estate purchase or sale - by the specifically authorized body.

2. The state financial monitoring entities specified in Part 1 of this Article within their authorities are obliged to:

(1) perform supervision in the field of preventing and counteracting the legalization (laundering) of the proceeds of crime, terrorist financing, and financing proliferation of weapons of mass destruction over the operations of the respective primary financial monitoring entities, in particular, by conducting scheduled and special checks, including the ones with no field visits, in the manner established by the respective state financial monitoring entity which according to this Law performs the functions of regulation and supervision over the primary financial monitoring entity.

The supervision over the implementation of the requirements of the legislation which regulates the relations in the sphere of preventing and countering the legalization (laundering) of the proceeds of crime, terrorist financing, and financing proliferation of weapons of mass destruction, the banks referred to the category of insolvent, and in relation to which the procedure of temporary administration or liquidation is implemented, is performed by the individual deposits guarantee fund in the manner established by such fund;

(2) ensure that the methodological, procedural, and other help to primary financial monitoring entities in the field of preventing and counteracting the legalization (laundering) of the proceeds of crime, terrorist financing, and financing proliferation of weapons of mass destruction (including providing explanations on implementing the legislation of the Law in such field);

(3) perform regulation and supervision and assess the risks in the sphere of preventing and counteracting the legalization (laundering) of the proceeds of crime, terrorist financing, and financing proliferation of weapons of mass destruction to determine if the measures which the primary financial monitoring entities take to limit (remedy) the risks during their operations are sufficient;

(4) demand that the initial financial monitoring entities meet the requirements of the legislation which regulates the relations in the field of preventing and counteracting legalization (laundering) of the proceeds of crime, terrorist financing, and financing proliferation of weapons of mass destruction, and take the measures provided by the Law if any violations are detected. The procedure for applying sanctions to primary financial monitoring entities and/or their official as provided by this Law, setting requirements, and monitoring the fulfillment of such requirements is determined by the respective state financial monitoring entities which perform the functions of state regulation and supervision over such primary financial monitoring entities;

(5) check if the responsible officers undergo professional training, and if the professional training is organized for other employees of the primary financial monitoring entities who are engaged to conduct financial monitoring in the field of preventing and counteracting legalization (laundering) of the proceeds of crime, terrorist financing, and financing proliferation of weapons of mass destruction;

(6) inform the specifically authorized body to fulfill its objectives if any violations are detected in the field of preventing and counteracting legalization (laundering) of the proceeds of crime, terrorist financing, and financing proliferation of weapons of mass destruction by primary financial monitoring entities and the measures taken in relation to the primary financial monitoring entities and/or their officials for violating the legislation in this sphere;

(7) every year, but no later than during January of the next year provide the specifically authorized body with generalized information on the primary financial monitoring entities for which they carry out the functions of state regulation and supervision meeting the requirements of the legislation in the field of preventing and counteracting the legalization (laundering) of the proceeds of crime, terrorist financing, and financing proliferation of weapons of mass destruction, including on any detected violations and the measures taken in relation to primary financial monitoring entities and/or officials to eliminate and/or avoid them in future;

(8) ensure that the information received from primary and state financial monitoring entities and Law enforcement bodies is kept;

(9) co-ordinate with the specifically authorized body the drafts of any normative legal acts on the issues related to meeting the requirements of this Law;

(10) provide the specifically authorized body with the information, including the documents, which is required to fulfill its tasks (except for the information on the personal life of citizens) in the manner prescribed by the Law;

(11) take measures according to the legislation to check irreproachable business reputation of the persons who will manage or manage, intend to acquire a substantial Part (or are ultimate beneficiaries) in the primary financial monitoring entities;

(12) take measures according to the legislation to prevent any persons with criminal records not spent or released in the manner established by the Law for acquisitive crimes or terrorism to manage primary financial monitoring entities;

(13) take measures in the cases established by the Law to prevent the respective primary financial monitoring entities from forming their capital with the money whose origin cannot be confirmed on the basis of official documents or their copies certified in the prescribed manner;

(14) use the information of the specifically authorized body on any indicators of potential violations by the primary financial monitoring entities of the requirements of the legislation in the field of preventing and counteracting legalization (laundering) of the proceeds of crime, terrorist financing, and financing proliferation of weapons of mass destruction to establish the respective violations.

(15) provide (if applicable) the specifically authorized body with the information on the primary financial monitoring entities terminating their operations in the field of state regulation and supervision.

The provisions of Clauses 6, 7, 9, 10, 14 and 15 Part 2 of this Article do not apply to the state financial monitoring entities, except for the specifically authorized body.

3. The state financial monitoring entities, in order to fulfill their functions, may receive the information, documents, copies of documents executed and certified by the primary financial monitoring entity from primary financial monitoring entities in the manner which they establish (for which they according to this Law carry out the functions of state regulation and supervision).

The National Bank of Ukraine, in order to supervise initial financial monitoring entities for which it, in accordance with Article 14 of this Law, performs the functions of state regulation and supervision, has the right of free access (including automated one) to the respective information systems (databases) of public authorities in the manner approved by the National Bank of Ukraine with the respective public authority.

4. The initial financial monitoring entities, in order to perform the obligations imposed on them by this Law, may send requests to executive authorities, public registers, Law enforcement bodies, and legal entities.

The entities to which such requests are sent are obliged to provide the respective information within ten working days. If it impossible to provide the information by the specified deadline for justified reasons, the respective entity may request that such deadline for providing the information should be extended by the state financial monitoring entity, but no more than 20 working days.

5. The state financial monitoring entities determine and develop the procedure for applying the respective preventive measures in relation to the states which fail to fulfill or properly fulfill the recommendations of international and intergovernmental organizations engaged to combat the legalization (laundering) of the proceeds of crime, terrorist financing, and financing proliferation of weapons of mass destruction: in particular with regard to close attention to the cases when any branches, representative offices or subsidiaries of primary financial monitoring entities are created in such countries; warning the primary financial monitoring entities of the non-financial sector that any transactions with individuals or legal entities in the respective state may have a risk of laundering illegally derived income or financing terrorism or financing proliferation of

weapons of mass destruction; limiting business relations or financial transactions with the respective state or persons in such state, etc.

Section III. FINANCIAL TRANSACTIONS SUBJECT TO MANDATORY AND INTERNAL FINANCIAL MONITORING

Article 15. Financial transactions subject to mandatory and internal financial monitoring

1. The financial transaction is subject to mandatory financial monitoring if its amount equals or exceeds UAH 150,000 (for the economic entities which conduct lotteries or conduct and provide access to gambling in casinos, any other gambling games, including electronic (virtual) casino - UAH 30,000) or equals or exceeds the amount in foreign currency, precious metals, other assets which is equivalent to UAH 150,000 (for the economic entities which conduct lotteries or conduct and provide access to gambling in casinos, any other gambling games, including electronic (virtual) casino - UAH 30,000), and has one or more of the following indicators:

(1) money is transferred to an anonymous (numbered) account abroad, and money is received from anonymous (numbered) account from abroad; money is credited or transferred when at least one of the entities participating in financial transaction has the respective registration, place of residence or location in the state which is added by the Cabinet of Ministers of Ukraine to the list of offshore zones, or money is transferred to an account opened with a financial institution registered in such state;

(2) cheques, traveller's cheques, including other payment instruments or payment means or methods of payment are purchased or sold for cash;

(3) money is credited or transferred, loan is extended or received, any other financial transactions are effect when at least one of the entities participating in the financial transaction has the respective registration, place of residence or location in the state (territory) which fails to fulfill or properly fulfill the recommendations of international, and intergovernmental organizations which conduct activities in the field of combating the legalization (laundering) of the proceeds of crime, terrorist financing, and financing proliferation of weapons of mass destruction (including any diplomatic representation, embassy, or consulate of such foreign country), or one of the entities participating in the financial transaction is a person who has an account in the bank registered in such country (territory). The list of such states (territories) is determined according to the procedure established by the Cabinet of Ministers of Ukraine, on the basis of the conclusions of international, intergovernmental organizations whose activities are aimed at counteracting the legalization (laundering) of the proceeds of crime, terrorist financing, and financing proliferation of weapons of mass destruction, and is subject to disclosure;

(4) any financial transactions with cash (depositing, transferring, or receiving money);

(5) making payments for a financial transaction in cash;

(6) crediting money to the current account of a legal entity or individual entrepreneur or drawing money from the current account of a legal entity or individual entrepreneur with the period of activity less than three months from the day of registration, or crediting money to the current account or drawing money from the current account of a legal entity or individual entrepreneur provided no transactions are effected in the specified account from the day of its opening;

(7) money is transferred abroad under foreign economic agreements (contracts), except for transferring money under the agreements (contracts) which provide that goods are in fact supplied to the customs territory of Ukraine;

(8) exchanging banknotes for banknotes of another denomination;

(9) effecting financial transactions with securities to bearer which are not deposited at depository institutions;

(10) effecting transactions with bills (except for financial treasury bills), order securities;

(11) transferring or receiving money by a nonprofit organization;

(12) effecting financial operations under the activities for which the form of payment is not determined;

(13) receiving (paying, transferring) an insurance or reinsurance payment (insurance or reinsurance payment, insurance or reinsurance premium), except for making the unified payment for mandatory state social insurance;

(14) make the insurance or reinsurance payment or insurance or reinsurance reimbursement or pay the surrender value, except for crediting or debiting money to/from accounts (accounts) of state extrabudgetary funds;

- (15) pay (transfer) to the person winning the lottery, buy game pieces, coins, the person making a payment in a different way to participate in a gambling game, paying (transfer) the prize by the economic entity which conducts gambling;
 - (16) extending credit to a person who is a member of a non-bank credit institution, on the same day twice or more provided the total amount of financial transactions equals or exceeds the amount specified in Part 1 of this Article;
 - (17) the financial transactions of the persons found to have high risk.
2. The information on financial transactions in accordance with Clauses 5, 12 and 16 Part 1 of this Article is submitted to the specifically authorized body by all primary financial monitoring entities, except for banks.
 3. Insurance (reinsurance) brokers carry out mandatory financial monitoring in case provided they are engaged in making payments and receive insurance or reinsurance premiums in the amount specified in Part 1 of this Article.

Article 16. Financial transactions subject to internal financial monitoring

1. The financial transaction is subject to internal financial monitoring provided the primary financial monitoring entity has suspicions based in particular on:
 - the risk criteria which are determined by the primary financial monitoring entity by itself subject to the risk criteria established by the central executive body forming and ensuring the implementation of the state policy in the field of preventing and counteracting the legalization (laundering) of illegally derived income or financing terrorism;
 - the facts established following the results of the analysis of the fact (facts) of the financial transactions mismatching the financial condition and/or the subject of the activity of the client;
 - the typological researches in the field of preventing and counteracting the legalization (laundering) of the proceeds of crime, terrorist financing, and financing proliferation of weapons of mass destruction, prepared and published by the specifically authorized body.

Section IV. SUSPENSION OF FINANCIAL OPERATIONS

Article 17. Suspension of financial operations

1. The primary financial monitoring entity may suspend a financial operation(s) which has (have) the features described in Articles 15 and/or 16 of this Law and/or crediting or debiting financial operations which result from actions which have features of commission of a crime defined in the Criminal Code of Ukraine, and has the obligation to suspend the financial operation(s), where a party or beneficiary is a person included in the list of designated persons involved in terrorist activity or subject to international sanctions (provided that the types and conditions of sanctions require financial operations to be suspended or prohibited), and to notify the authorized agency on the suspension day in a manner set forth in law about such a financial operation(s), its (their) parties and the balance in the customer's account(s) maintained with the primary financial monitoring entity which has suspended the financial operation(s) and, in the event funds have been credited to transit accounts of the primary financial monitoring entity, about the balances in such accounts to the extent such funds have been credited. Financial operations are so suspended for two business days starting on (and including) the suspension day.
2. The authorized agency may decide to further suspend the financial operation(s) in accordance with part one of this Article for a term of up to five business days, of which decision it should immediately notify the primary financial monitoring entity and law enforcement agencies authorized to make decisions in accordance with the Code of Criminal Procedure of Ukraine.
3. In the event of any suspicion, the authorized agency may decide to suspend an expense financial operation(s) for a term of up to five business days, of which decision it should immediately notify the primary financial monitoring entity and law enforcement agencies authorized to make decisions in accordance with the Code of Criminal Procedure of Ukraine. In this event, the primary financial monitoring entity has the obligation, on the day of receipt but, at any rate, at or before 11:00 on the business day following the day of receipt of the respective decision, to notify the authorized agency of the balance in the customer's account in which financial operations (funds) have been suspended and, in the event financial operations have been suspended in transit accounts of the primary financial monitoring entity, of the balances in such accounts to the extent such funds have been credited.
4. Receipt financial operations are not suspended in the event of suspension of expense financial operations in accordance with part three of this Article. In this event, the primary financial monitoring entity has the obligation, on the day of posting but, at any rate, at or before 11:00 of the business day following the day of the execution of a receipt operation, to

notify the authorized agency that receipt financial operations have been executed and/or expense financial operations have been attempted.

5. In the event a decision is made in accordance with parts two and three of this Article, the authorized agency undertakes analytical work, collects, processes, verifies, analyzes additional information as may be required, during the term of further suspension of expense financial operations and, if the review discovers that:

the signs of legalization (laundering) of proceeds of crime, terrorist financing or commission of any other crime defined in the Criminal Code of Ukraine are not corroborated, the authorized agency must immediately recall its decision regarding further suspension of the respective financial operation(s) or suspension of expense financial operations and notify the primary financial monitoring entity thereof;

there is reasonable suspicion, the authorized agency makes a decision to continue the suspension of the respective financial operation(s) (expense financial operations), prepares and submits respective generalized material or additional generalized material to law enforcement agencies authorized to make decisions in accordance with the Code of Criminal Procedure of Ukraine and, on the day such a decision is made, advises the respective primary financial monitoring entity of the date suspension of the respective financial operation(s) is to expire. Suspension of the respective financial operation(s) is extended by the authorized agency on the business day after the day when the respective generalized material or additional generalized material is submitted provided that the total term of suspension does not exceed 30 business days.

The initial financial monitoring entity resumes financial operations: on the third business day after suspension of the financial operation in the event the primary financial monitoring entity does not receive, during the term referred to in part one of this Article, the decision of the authorized agency regarding further suspension of the financial operation(s);

on the business day following the day when the primary financial monitoring entity, during the term referred to in the decision of the authorized agency regarding further suspension of the respective financial operation(s) in accordance with part two of this Article or suspension of an expense financial operation in accordance with part three of this Article, receives notice of cancellation of such a decision by the authorized agency but, at any rate, within 31 business days of the suspension day of the financial operation(s);

on the business day following the expiration day of suspension of the respective financial operation(s), which expiration day is referred to in the decision of the authorized agency regarding extended suspension of the respective financial operation(s) (expense financial operations);

on the business day following the day when the primary financial monitoring entity receives a directive from the authorized agency in accordance with part five of Article 23 of this Law regarding the resumption of financial operations suspended pending fulfillment of the respective request of a foreign authorized agency.

The initial financial monitoring entity notifies the customer, in response to the latter's application, about suspension of a financial operation(s) in the event the suspension thereof has exceeded seven business days.

6. The financial operation(s) is (are) suspended and resumed in a manner defined by state financial monitoring entities in charge of state regulation and supervision of primary financial monitoring entities within their authority.

The authorized agency makes decisions regarding suspension (further suspension, extended suspension) of the respective financial operation(s), suspension or resumption of, or the provision of monitoring of, the financial operation of the respective person in fulfillment of a request of a foreign authorized agency and makes decisions or directives of the authorized agency available to the primary financial monitoring entity in a manner defined by the central government agency in charge of the making and implementation of public policy in the area of prevention of and counteraction to the legalization (laundering) of proceeds of crime or terrorist financing.

The terms of suspension of a financial operation(s) by primary financial monitoring entities and the authorized agency referred to in parts one–five of this Article are final and may not be extended.

7. The list of persons involved in terrorist activity or subject to international sanctions is formed in a manner defined by the Cabinet of Ministers of Ukraine. A legal or natural person is entered on the list referred to above on the following grounds:

(1) a court verdict that has come into force recognizing a natural person guilty of committing crimes covered by Articles 258-258⁵, 439 and 440 of the Criminal Code of Ukraine, a court decision to designate (declare) an organization, a legal or natural person as one involved in terrorist activity or the proliferation of weapons of mass destruction;

(2) details prepared by international organizations or their authorized agencies about organizations, legal and natural persons associated with terrorist organizations or terrorists and about persons that are subject to international sanctions;

(3) court verdicts (decisions), decisions of other foreign competent agencies in respect of organizations, legal or natural persons involved in terrorist activity or the proliferation of weapons of mass destruction, which decisions are recognized by Ukraine in accordance with treaties of Ukraine.

8. The list of persons involved in terrorist activity or subject to international sanctions is made available to primary financial monitoring entities by the authorized agency in a manner defined by the central government agency in charge of the making and implementation of public policy in the area of prevention of and counteraction to the legalization (laundering) of proceeds of crime or terrorist financing and agreed to by other state financial monitoring entities which, in accordance with this Law, perform the functions of state regulation and supervision of primary financial monitoring entities.

Initial financial monitoring entities and the authorized agency are responsible for compliance with the types and conditions of enforcement of sanctions referred to in the list above.

9. Assets associated with terrorist financing and related to financial operations suspended in accordance with the decision made by virtue of a resolution of the UN Security Council may be accessed in a manner set forth in law. Such access is carried out to cover basic or extraordinary expenses.

10. Suspension of a financial operation(s) in accordance with parts one–three and five of this Article, part three of Article 23 of this Law is not the grounds for the primary financial monitoring entity and its officials to accrue civil liability for violation of conditions of respective deeds.

11. Removal from the list of persons involved in terrorist activity or subject to international sanctions is carried out in a manner defined by the Cabinet of Ministers of Ukraine. A legal or natural person is removed from the list referred to above on the following grounds:

(1) the criminal record of a natural person convicted under a court verdict that has come into force recognizing the person guilty of committing crimes covered by Articles 258-258⁵, 439 and 440 of the Criminal Code of Ukraine is expunged or cleared;

(2) details of the person are removed from details prepared by international organizations or their authorized agencies about organizations, legal and natural persons associated with terrorist organizations or terrorists and about persons that are subject to international sanctions;

(3) the criminal record of a natural person convicted under a court verdict (decision), a decision of other foreign competent agencies in respect of organizations, legal or natural persons involved in terrorist activity or the proliferation of weapons of mass destruction, which decisions are recognized by Ukraine in accordance with treaties of Ukraine, is expunged or cleared.

12. Requests for removal from the list of persons involved in terrorist activity or subject to international sanctions are considered in a manner defined by the Cabinet of Ministers of Ukraine within 30 business days.

Section V. OBJECTIVES, FUNCTIONS AND RIGHTS OF THE AUTHORIZED AGENCY

Article 18. Objectives and functions of the authorized agency

1. The authorized agency pursues objectives which involve:

(1) collecting, processing and analyzing (in the operating and strategic framework) information about financial operations subject to financial monitoring, other financial operations or information that may involve a suspected legalization (laundering) of proceeds of crime, terrorist financing or the financing of proliferation of weapons of mass destruction.

The principles on which information about financial operations subject to financial monitoring received from primary financial monitoring entities is processed and the criteria of analysis of such operations are set by the central government agency in charge of the making and implementation of public policy in the area of prevention of and counteraction to the legalization (laundering) of proceeds of crime or terrorist financing;

(2) procuring the implementation of public policy in the area of prevention of and counteraction to the legalization (laundering) of proceeds of crime, terrorist financing and the financing of the proliferation of weapons of mass destruction;

(3) procuring the operation and development of a single information system in the area of prevention of and counteraction to the legalization (laundering) of proceeds of crime, terrorist financing and the financing of the proliferation of weapons of mass destruction;

(4) facilitating cooperation, collaboration and information exchange with government agencies, the National Bank of Ukraine, foreign competent agencies and international organizations in the area of prevention of and counteraction to the legalization (laundering) of proceeds of crime, terrorist financing and the financing of the proliferation of weapons of mass destruction;

(5) carrying out national risk assessment;

(6) procuring due representation of Ukraine in international organizations on matters of prevention of and counteraction to the legalization (laundering) of proceeds of crime, terrorist financing and the financing of the proliferation of weapons of mass destruction.

2. Based on its objectives, the authorized agency:

(1) makes proposals on the drafting of laws, duly participates in the preparation of other regulations on matters of prevention of and counteraction to the legalization (laundering) of proceeds of crime, terrorist financing and the financing of the proliferation of weapons of mass destruction;

(2) submits requests in accordance with law to officials, government agencies (other than the National Bank of Ukraine), including law enforcement and prosecution agencies, courts, local self-government agencies, State Execution Service agencies, enterprises, institutions, organizations for information (including copies of documents) required for the fulfillment of its objectives;

(3) cooperates with government agencies, the National Bank of Ukraine, other government agencies within the system of prevention of and counteraction to the legalization (laundering) of proceeds of crime, terrorist financing or the financing of the proliferation of weapons of mass destruction;

(4) provides generalized materials (additional generalized materials) to law enforcement agencies authorized to make decisions in accordance with the Code of Criminal Procedure of Ukraine, and intelligence agencies of Ukraine for the purpose of operative investigations, and receives reports on the progress of consideration thereof from such agencies, in the event there are reasonable grounds to believe that a financial operation or a group of related financial operations may be associated with the legalization (laundering) of proceeds of crime, terrorist financing or the financing of the proliferation of weapons of mass destruction;

(5) provides information to the respective law enforcement or intelligence agency of Ukraine as generalized materials or additional generalized materials in the event there is reasonable suspicion that a financial operation or customer is associated with the commission of a socially dangerous act defined in the Criminal Code of Ukraine as a crime that does not involve the legalization (laundering) of proceeds of crime or terrorist financing;

(6) participates in international cooperation on matters of prevention of and counteraction to the legalization (laundering) of proceeds of crime, terrorist financing and the financing of the proliferation of weapons of mass destruction;

(7) analyzes methods and financial schemes of the legalization (laundering) of proceeds of crime, terrorist financing or the financing of the proliferation of weapons of mass destruction;

(8) carries out annual generalization of information on the status of prevention of and counteraction to the legalization (laundering) of proceeds of crime, terrorist financing and the financing of the proliferation of weapons of mass destruction in the country;

(9) agrees to draft regulations of state financial monitoring entities on matters of prevention of and counteraction to the legalization (laundering) of proceeds of crime, terrorist financing and the financing of the proliferation of weapons of mass destruction;

(10) receives from primary financial monitoring entities the information about the tracing (monitoring) of financial operations of customers which have become subject to financial monitoring;

(11) carries out typological research in the area of counteraction to the legalization (laundering) of proceeds of crime, terrorist financing or the financing of the proliferation of weapons of mass destruction;

(12) demands that primary financial monitoring entities comply with requirements of laws regulating relationships in the area of prevention of and counteraction to the legalization (laundering) of proceeds of crime, terrorist financing and the financing of the proliferation of weapons of mass destruction and, in the event any failure to comply with legal requirements is uncovered, takes legal action and respectively notifies state financial monitoring agencies which, in accordance with this Law, perform the functions of state regulation and supervision of primary financial monitoring entities;

(13) procures the implementation of public policy, and coordinates activities of government agencies, in the area of prevention of and counteraction to the legalization (laundering) of proceeds of crime, terrorist financing and the financing of the proliferation of weapons of mass destruction;

(14) in a manner defined by the Cabinet of Ministers of Ukraine, organizes and coordinates the effort for retraining and advanced training of government agencies' specialists on matters of financial monitoring and designated staff of primary financial monitoring entities, staff members involved in financial monitoring regarding the combating of the legalization (laundering) of proceeds of crime, terrorist financing and the financing of the proliferation of weapons of mass destruction based on the respective educational institution — an academy within the administrative responsibility of the authorized agency;

(15) in accordance with laws, provides state financial monitoring entities with information for more effective supervision over the compliance by primary financial monitoring entities with legal requirements on matters of prevention of and counteraction to the legalization (laundering) of proceeds of crime, terrorist financing and the financing of the proliferation of weapons of mass destruction (the scope and manner of provision of such information is defined in a regulation of the central government agency in charge of the making and implementation of public policy in the area of prevention of and counteraction to the legalization (laundering) of proceeds of crime or terrorist financing and agreed to by the National Bank of Ukraine (in respect of primary financial monitoring entities which are subject to state regulation and supervision by the National Bank of Ukraine in accordance with Article 14 of this Law) and joint regulations of other state financial monitoring entities (in respect of other primary financial monitoring entities);

(16) following receipt of information from courts or law enforcement agencies authorized to make decisions in accordance with the Code of Criminal Procedure of Ukraine, notifies the primary financial monitoring entity that the person has been served with a written notice of a suspected criminal offense, closure of a criminal proceeding instituted on the basis of notice from such an entity received by the authorized agency in accordance with requirements of Articles 6, 10, 12, 17 of this Law, and provides information about decisions adopted by courts within such criminal proceedings and, at the same time, notifies the respective state financial monitoring entity thereof. The manner of notifying and advising the primary financial monitoring entity and the state financial monitoring entity is defined by the central government agency in charge of the making and implementation of public policy in the area of prevention of and counteraction to the legalization (laundering) of proceeds of crime or terrorist financing;

(17) participates in the drafting of respective treaties of Ukraine when so instructed by the Cabinet of Ministers of Ukraine;

(18) performs other functions arising out of its objectives and exercises its authority in accordance with law.

3. Under this Law, the authorized agency maintains records of:

(1) information about financial operations that are subject to financial monitoring;

(2) generalized materials and additional generalized materials provided to law enforcement or intelligence agencies, and procedural decisions adopted as a result of consideration thereof;

(3) information about the results of pretrial investigation and court decisions adopted in criminal proceedings which used (use) generalized materials provided, and about the number of people who have committed, or are suspected of committing, criminal offenses and have been convicted of crimes;

(4) information about assets confiscated and attached under criminal proceedings which used (use) generalized materials provided, and about the number of people whose assets the court adopted a decision to confiscate or have been attached;

(5) international cooperation requests sent and fulfilled in the area of prevention of and counteraction to the legalization (laundering) of proceeds of crime, terrorist financing and the financing of the proliferation of weapons of mass destruction;

(6) initial financial monitoring entities (reporting entities) .

4. The authorized agency procures information, materials, documents received or created during the enforcement of this Law to be kept for at least five years after information about a financial operation is received, a financial operation is rejected, or law enforcement agencies or courts make decisions in proceedings that used generalized materials.

5. In a manner prescribed by the Cabinet of Ministers of Ukraine, the authorized agency procures de-registration of primary financial monitoring entities based on their application in the event they discontinue respective activities, or on an application of state financial monitoring entities which, in accordance with this Law, perform the functions

of state regulation and supervision of primary financial monitoring entities, or based on information from respective state registration agencies on revocation of state registration (for legal entities and sole traders) or in the event of state registration of death (for natural persons).

Article 19. Political independence of the authorized agency.

1. The head of the authorized agency is appointed and dismissed in a manner set forth in law.
2. The authorized agency may not be used for party, group or personal interests.
3. Membership of officials and staff of the authorized agency in parties, movements or other civil groups that pursue political goals is suspended during their service or employment with the authorized agency.
The head of the authorized agency may not be a member of a political party, movement or other civil groups that pursue political goals.
4. Membership of staff members that have an employment contract with the authorized agency in trade unions or other civil groups that do not pursue political goals is not prohibited.

Article 20. Rights of the authorized agency

1. The authorized agency has the right to:
 - (1) engage specialists of central and local government agencies, enterprises, institutions and organizations (subject to the consent of their directors) in the consideration of matters within its terms of reference;
 - (2) receive, free of charge and in a manner set forth in law, information (certificates, copies of documents), including restricted information required for the fulfillment of its objectives, from government agencies, officials, law enforcement agencies, courts, the National Bank of Ukraine, local self-government agencies, business entities, enterprises, institutions and organizations;
 - (3) request that a primary financial monitoring entity, if required following analysis, provide details of the tracing (monitoring) of financial operations potentially associated with the legalization (laundering) of proceeds of crime, terrorist financing or the financing of the proliferation of weapons of mass destruction;
 - (4) request that the central government agency implementing public policy in the area of vital statistics records should provide details of death of natural persons in a manner prescribed by the central government agency in charge of the making and implementation of public policy in the area of prevention of and counteraction to the legalization (laundering) of proceeds of crime or terrorist financing and the Ministry of Justice of Ukraine;
 - (5) have access, including automated, in a manner set forth in law to databases of government agencies (other than the National Bank of Ukraine) and other government information resources;
 - (6) request and receive additional information from primary financial monitoring entities;
 - (7) draft, and submit for consideration, regulations required for the fulfillment of objectives and functions referred to in Article 18 of this Law to the central government agency in charge of the making and implementation of public policy in the area of prevention of and counteraction to the legalization (laundering) of proceeds of crime or terrorist financing;
 - (8) in a manner set forth in law, receive information about the progress of processing, and about respective measures taken on the basis of, generalized materials (additional generalized materials) from law enforcement and intelligence agencies of Ukraine that have been provided with such materials in accordance with this Law;
 - (9) enter into multi-agency cooperation treaties with respective foreign agencies in a manner set forth in law;
 - (10) in situations set forth in this Law, make decisions regarding suspension (further suspension, extended suspension) of a financial operation(s) for a term referred to in this Law;
 - (11) subject to the agreement of respective state financial monitoring agencies which perform the functions of state regulation and supervision of primary financial monitoring entities in accordance with this Law, participate in the preparation and/or holding of inspections at primary financial monitoring entities (other than inspections of primary financial monitoring entities carried out by the National Bank of Ukraine) in the area of compliance with legal requirements on matters of prevention of and counteraction to the legalization (laundering) of proceeds of crime, terrorist financing and the financing of the proliferation of weapons of mass destruction;
 - (12) advise state financial monitoring entities which perform the functions of state regulation and supervision of primary financial monitoring entities in accordance with this Law about possible failure of such primary financial monitoring entities to comply with requirements of this Law;
 - (13) provide data to state financial monitoring entities in accordance with laws to the extent defined in part three of Article 18 of this Law.

Section VI. NATIONAL RISK ASSESSMENT

Article 21. National risk assessment

1. The authorized agency, authorized government agencies participate in the national risk assessment and may engage (if necessary) other entities.
2. The national risk assessment is carried out regularly but, at any rate, at least once every three years. The authorized agency is the entity responsible for carrying out national risk assessment.
3. The information about the results of activities of financial monitoring entities, government agencies involved in the operation of the system of prevention of and counteraction to the legalization (laundering) of proceeds of crime, terrorist financing and the financing of the proliferation of weapons of mass destruction and any other information associated with the operation of this system is collected, processed and analyzed in a manner defined by the Cabinet of Ministers of Ukraine.
4. National risk assessment is carried out, its results are published and required measures are taken in a manner defined by the Cabinet of Ministers of Ukraine in conjunction with the National Bank of Ukraine.

Section VII. INTERNATIONAL COOPERATION IN THE AREA OF PREVENTION OF AND COUNTERACTION TO THE LEGALIZATION (LAUNDERING) OF PROCEEDS OF CRIME, TERRORIST FINANCING AND THE FINANCING OF THE PROLIFERATION OF WEAPONS OF MASS DESTRUCTION

Article 22. General framework for international cooperation in the area of prevention of and counteraction to the legalization (laundering) of proceeds of crime, terrorist financing and the financing of the proliferation of weapons of mass destruction

1. International cooperation in the area of prevention of and counteraction to the legalization (laundering) of proceeds of crime, terrorist financing and the financing of the proliferation of weapons of mass destruction is pursued on the principle of reciprocity in accordance with this Law, treaties of Ukraine consent to be bound by which has been granted by the Verkhovna Rada of Ukraine, other regulations.

Article 23. Authority of government agencies to facilitate international cooperation in the area of prevention of and counteraction to the legalization (laundering) of proceeds of crime, terrorist financing and the financing of the proliferation of weapons of mass destruction

1. The authorized agency pursues international cooperation with respective foreign agencies to the extent of experience and information exchange on prevention of and counteraction to the legalization (laundering) of proceeds of crime, terrorist financing and the financing of the proliferation of weapons of mass destruction in accordance with treaties of Ukraine on the principle of reciprocity or upon its own initiative.
2. The authorized agency provides restricted information to the respective foreign agency in a manner set forth in law and provided that the foreign agency maintains a mechanism identical to the national mechanism of protection in effect in Ukraine and uses such information solely for the purposes of criminal justice in matters of legalization (laundering) of proceeds of crime, terrorist financing or the financing of the proliferation of weapons of mass destruction.
3. A request received by the authorized agency from the respective foreign agency is the basis for discovery by the authorized agency of additional information required to fulfill the request from government agencies, enterprises, institutions, organizations and primary financial monitoring entities. The letter of requirement of the authorized agency to provide information necessary to fulfill the request of the respective foreign agency should refer to the number and date of registration of such a request in the respective register of the authorized agency.
Fulfillment of the request on international cooperation in the area of prevention of and counteraction to the legalization (laundering) of proceeds of crime, terrorist financing and the financing of the proliferation of weapons of mass destruction may be denied or postponed only on the basis of treaties that Ukraine is a party to.
To fulfill the respective request of the foreign authorized agency, the authorized agency may instruct the primary financial monitoring entity to suspend or resume, or procure the monitoring of, the respective person's financial operation(s) for a term referred to in such a request.

4. Facilitation of international cooperation in the area of prevention of and counteraction to the legalization (laundering) of proceeds of crime, terrorist financing and the financing of the proliferation of weapons of mass destruction is entrusted to:

the Ministry of Justice of Ukraine to the extent of execution of court decisions regarding the confiscation of proceeds of crime;

the General Prosecutor's Office of Ukraine to the extent of procedural action within a criminal proceeding pertaining to the legalization (laundering) of proceeds of crime, terrorist financing or the financing of the proliferation of weapons of mass destruction;

the Security Service of Ukraine in conjunction with the Ministry of Foreign Affairs of Ukraine to the extent of submission of proposals to committees of the UN Security Council to include (remove) natural or legal persons to respective lists;

the Ministry of Foreign Affairs of Ukraine to the extent of requesting that the UN Security Council Committee should grant access to assets associated with terrorist financing and related to financial operations suspended by a decision made on the basis of the UN Security Council resolutions to cover basic or extraordinary expenses.

5. Proceeds of crime that are confiscated under a court verdict (decision) in the matter of the legalization (laundering) of proceeds of crime, terrorist financing or the financing of the proliferation of weapons of mass destruction and are subject to return to Ukraine or a foreign country are disposed of in accordance with the treaty of Ukraine with the country in question on the allocation of confiscated assets or proceeds from the placement of such assets. Funds received by Ukraine under such a treaty are credited to the National Budget of Ukraine unless otherwise required by law.

6. State financial monitoring agencies and law enforcement agencies pursue international cooperation with respective foreign agencies on matters of prevention of and counteraction to the legalization (laundering) of proceeds of crime, terrorist financing and the financing of the proliferation of weapons of mass destruction in accordance with treaties of Ukraine or upon their own initiative.

7. The authorized agency and other state financial monitoring entities, within their authority, facilitate cooperation with international, intergovernmental organizations operating to facilitate international cooperation in the area of prevention of and counteraction to the legalization (laundering) of proceeds of crime, terrorist financing and the financing of the proliferation of weapons of mass destruction, including the Financial Action Task Force (FATF), the Council of Europe Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL), the European Union, the World Bank, the International Monetary Fund, the Egmont Group of Financial Intelligence Units, the United Nations Organization.

8. In accordance with treaties of Ukraine consent to be bound by which has been granted by the Verkhovna Rada of Ukraine and laws of Ukraine, Ukraine recognizes court verdicts (decisions), decisions of other competent foreign agencies which have come into force in respect of persons that have derived proceeds from crime, and in respect of confiscation of proceeds of crime or equivalent property located within Ukraine.

Confiscated proceeds of crime or equivalent property may, under a respective treaty of Ukraine, be transferred, in full or in part, to the foreign country whose court or other competent agency has made the confiscation verdict (decision).

9. The decision to extradite to a foreign country persons (other than citizens of Ukraine and the stateless residing in Ukraine) recognized guilty under a court verdict (decision) of crimes involving the legalization (laundering) of proceeds of crime, terrorist financing or the financing of the proliferation of weapons of mass destruction is made in accordance with treaties of Ukraine.

In the event Ukraine does not have the respective treaty with the foreign country requesting extradition of persons referred to in paragraph one, part nine of this Article, such persons may be extradited for crimes involving the legalization (laundering) of proceeds of crime, terrorist financing or the financing of the proliferation of weapons of mass destruction solely when and if the principle of reciprocity is followed.

Section VIII. LIABILITY FOR FAILURE TO COMPLY WITH LEGAL REQUIREMENTS IN THE AREA OF PREVENTION OF AND COUNTERACTION TO THE LEGALIZATION (LAUNDERING) OF PROCEEDS OF CRIME AND REINSTATEMENT OF RIGHTS AND LAWFUL INTERESTS OF OWNERS

Article 24. Liability for failure to comply with legal requirements in the area of prevention of and counteraction to the legalization (laundering) of proceeds of crime

1. Persons guilty of failing to comply with the requirements of this Law and/or regulations governing the area of prevention of and counteraction to the legalization (laundering) of proceeds of crime, terrorist financing and the financing of the proliferation of weapons of mass destruction have criminal, administrative and civil liability under the law.

2. Legal persons which have carried out financial operations involving the legalization (laundering) of proceeds of crime, financed terrorism or the proliferation of weapons of mass destruction may be liquidated under a court decision.

3. Any initial financial monitoring entity which fails to comply with (unduly complies with) the requirements of this Law, other regulations governing the area of prevention of and counteraction to the legalization (laundering) of proceeds of crime is subject to the following penalties:

up to 500 income-tax-free minimums for any failure to comply with requirements of the identification, verification, know your customer (persons) procedures in situations set forth in laws (up to 100 income-tax-free minimums for primary financial monitoring entities other than legal persons);

up to 800 income-tax-free minimums for any failure to uncover, or for late uncovering of, and for an inadequate procedure of registration of, financial operations that are subject to financial monitoring in accordance with laws (up to 100 income-tax-free minimums for primary financial monitoring entities other than legal persons);

up to 2000 income-tax-free minimums for any failure to submit, late submission of, an inadequate procedure of submission of information to, or submission of inaccurate information to, the authorized agency (up to 200 income-tax-free minimums for primary financial monitoring entities other than legal persons);

up to 2000 income-tax-free minimums for any failure to comply with the procedure of suspension of a financial operation(s) (up to 200 income-tax-free minimums for primary financial monitoring entities other than legal persons);

up to 2000 income-tax-free minimums for any failure to submit, submission of incomplete, inaccurate information/documents, submission of copies of documents with some details illegible, that may have been requested by a state financial monitoring entity and required for the performance of its functions of state regulation and supervision in accordance with this Law, or for the loss of documents (including information about accounts and assets) (up to 200 income-tax-free minimums for primary financial monitoring entities other than legal persons);

up to 300 income-tax-free minimums for failure to carry out responsibilities set forth in this Law and/or regulations in the area of prevention of and counteraction to the legalization (laundering) of proceeds of crime, terrorist financing and the financing of the proliferation of weapons of mass destruction and not described in paragraphs two–six of this part (up to 200 income-tax-free minimums for primary financial monitoring entities other than legal persons);

4. Repeated failure(s) by a primary financial monitoring entity to comply with the requirements of this Law and/or regulations governing the area of prevention of and counteraction to the legalization (laundering) of proceeds of crime, terrorist financing and the financing of the proliferation of weapons of mass destruction, i.e. a failure that occurs within three years after the state financial monitoring entity which performs the functions of state regulation and supervision of the primary financial monitoring entity in accordance with this Law uncovers a similar failure for which a decision is made to enforce a sanction under this Law against the primary financial monitoring entity, entails (entail) the imposition of a penalty of up to 3000 income-tax-free minimums on the primary financial monitoring entity (up to 400 income-tax-free minimums on primary financial monitoring entities other than legal persons).

5. In the event two or more of any repeated failures by the primary financial monitoring entity are uncovered, it may be additionally subject to a sanction by way of revocation of the license or any special authorization to carry out certain types of activity.

6. In the event an official of the primary financial monitoring entity fails to comply with the requirements of this Law and/or regulations governing the area of prevention of and counteraction to the legalization (laundering) of proceeds of crime, terrorist financing and the financing of the proliferation of weapons of mass destruction, the state financial monitoring entity which performs the functions of state regulation and supervision of the primary financial monitoring entity in accordance with this Law may, as prescribed by law, make a decision to impose sanctions on the primary financial monitoring entity by way of a temporary suspension of the official in question until the failure is eliminated.

7. Provisions of parts three–six of this Article do not apply to banks, branches of foreign banks.

In the event banks, branches of foreign banks fail to comply with the requirements of this Law, regulations of the National Bank of Ukraine regulating the area of prevention of and counteraction to the legalization (laundering) of proceeds of crime, terrorist financing and the financing of the proliferation of weapons of mass destruction, the National Bank of Ukraine may, proportionally to the failure or threat to the interests of depositors or other creditors of the bank, exercise controls in a manner defined in the Law of Ukraine On Banks and Banking and regulations of the National Bank of Ukraine.

8. Sanctions described in this Article against primary financial monitoring entities are enforced by state financial monitoring entities which perform the functions of state regulation and supervision of primary financial monitoring entities in accordance with this Law within six months after the failure is uncovered but, at any rate, within three years of the occurrence thereof, in a manner defined by the respective state financial monitoring entity.

In the event of two or more failures by the primary financial monitoring entity (other than banks, branches of foreign banks) (including repeated failures) to comply with the requirements of this Law and/or regulations governing the area of prevention of and counteraction to the legalization (laundering) of proceeds of crime, terrorist financing and the financing of the proliferation of weapons of mass destruction, penalties are imposed at the higher of the rates for such actual failures.

9. The decision (resolution) of the state financial monitoring entity (its authorized official) to enforce sanctions described in this Article against the primary financial monitoring entity comes into force on the day of making.

The decision (resolution) of the state financial monitoring entity (its authorized official) to enforce penalties described in this Article is an execution document.

The decision (resolution) of the state financial monitoring entity (its authorized official) to impose a penalty must be complied with by the primary financial monitoring entity within fifteen business days of the day of receipt thereof, of which written notice is given to the respective state financial monitoring entity which performs the functions of state regulation and supervision of the primary financial monitoring entity in accordance with this Law.

The decision (resolution) of the state financial monitoring entity (its authorized official) to impose penalties that the primary financial monitoring entity fails to comply with by the date in question is referred by the state financial monitoring entity to the State Execution Service agencies for enforcement.

The decision (resolution) of the state financial monitoring entity (its authorized official) to impose penalties referred to in this Article on the primary financial monitoring entity may be appealed in a court solely to verify the lawfulness of the decision (resolution) in question, and the appeal does not suspend execution of the sanction by the primary financial monitoring entity.

Article 25. Failure to provide information to the authorized agency

1. Failures to provide information to the authorized agency comprise:

failure by the primary financial monitoring entity to provide information about financial operations which are subject to financial monitoring, or any additional information, as a result of which the authorized agency has no registered notice duly executed and submitted by the entity in question;

failure by the primary financial monitoring entity to provide information about financial operations which are subject to financial monitoring, or any additional information after it receives from the authorized agency a notice with non-zero error codes in respect of individual financial operations or as a whole in respect of the notice of a financial operation subject to financial monitoring that is given by the entity in question, or about an error during the processing of additional information, as a result of which the authorized agency has no registered notice duly executed and submitted by the entity in question;

submission by the primary financial monitoring entity of an unduly executed notice after it receives from the authorized agency a notice with non-zero error codes in respect of individual financial operations or as a whole in respect of the notice of a financial operation subject to financial monitoring that is given by the entity in question, or about an error during the processing of additional information, as a result of which the authorized agency has no registered notice duly executed and submitted by the entity in question;

failure by an enterprise, institution, organization other than a primary financial monitoring entity, a member of a liquidation commission, a liquidator, an authorized person of the Deposit Guarantee Fund or a government agency to provide information in situations set forth in this Law.

Article 26. Late provision of information to the authorized agency

1. Late provision of information to the authorized agency comprises:

provision by a primary financial monitoring entity of information about financial operations which are subject to financial monitoring, or any additional information after the dates referred to in this Law;

submission by a primary financial monitoring entity of a duly executed notice after the dates referred to in this Law after it receives from the authorized agency a notice with non-zero error codes in respect of individual financial operations or as a whole in respect of the notice of a financial operation subject to financial monitoring that is given by the entity in question, or about an error during the processing of additional information;

submission by the primary financial monitoring entity of a duly executed notice after it consecutively receives from the authorized agency three or more notices with non-zero error codes in respect of individual financial operations or as a whole in respect of the notice of a financial operation subject to financial monitoring that is given by the entity in question, or about an error during the processing of additional information, other than when such information has been provided by the authorized agency by due dates referred to in clauses 6, 7, 9, 10 and 12, part two, Article 6 of this Law;

provision by an enterprise, institution, organization other than a primary financial monitoring entity, a member of a liquidation commission, a liquidator, an authorized person of the Deposit Guarantee Fund or a government agency of information requested by the authorized agency after the dates required by law.

Article 27. Reinstatement of rights and lawful interests

1. Proceeds of crime are subject to confiscation under a court decision in favor of the state or to return to their owner whose rights or lawful interests have been violated or their worth is compensated.

2. Deeds aimed at the legalization (laundering) of proceeds of crime, terrorist financing or the financing of the proliferation of weapons of mass destruction are recognized null and void in a manner prescribed by law.

3. Financial monitoring entities, their officials and other staff members are not liable for any harm caused to a legal or natural person as a result of fulfillment of their official responsibilities during financial monitoring provided that they have acted within objectives, responsibilities and in a manner referred to in this Law.

4. Harm caused to a legal or natural person through unlawful acts of government agencies as a result of measures against the legalization (laundering) of proceeds of crime, terrorist financing or the financing of the proliferation of weapons of mass destruction is compensated from the National Budget of Ukraine in a manner set forth in law.

Section IX. COMPLIANCE CONTROL AND SUPERVISION IN THE AREA OF PREVENTION OF AND COUNTERACTION TO THE LEGALIZATION (LAUNDERING) OF PROCEEDS OF CRIME, TERRORIST FINANCING AND THE FINANCING OF THE PROLIFERATION OF WEAPONS OF MASS DESTRUCTION

Article 28. Compliance control in the area of prevention of and counteraction to the legalization (laundering) of proceeds of crime, terrorist financing and the financing of the proliferation of weapons of mass destruction

1. Compliance control in the area of prevention of and counteraction to the legalization (laundering) of proceeds of crime, terrorist financing and the financing of the proliferation of weapons of mass destruction is carried out by government agencies within their respective authority and in a manner defined in the Constitution and laws of Ukraine.

2. In March, the authorized agency submits an annual due form report to the Verkhovna Rada of Ukraine on the status of prevention of and counteraction to the legalization (laundering) of proceeds of crime, terrorist financing and the financing of the proliferation of weapons of mass destruction for the previous year.

Section X. FINAL PROVISIONS

1. This Law enters into force 90 days after publication.

The initial financial monitoring entity which has failed to comply with the Law of Ukraine On the Prevention of and Counteraction to the Legalization (Laundering) of Proceeds of Crime or Terrorist Financing and/or regulations governing the area of prevention of and counteraction to the legalization (laundering) of proceeds of crime has liability in accordance with the law in effect on the day of such failure (unless this Law alleviates or revokes liability for failure to meet requirements of laws which were in effect on the day of failure).

The decision to enforce sanctions against a primary financial monitoring entity is made in a manner prescribed by laws in effect on the decision-making day by the state financial monitoring entity which, in accordance with this Law, performs the functions of state regulation and supervision of the primary financial monitoring entity in question.

2. Rescind the Law of Ukraine On the Prevention of and Counteraction to the Legalization (Laundering) of Proceeds of Crime or Terrorist Financing (The Official Bulletin of the Verkhovna Rada of Ukraine, 2003, No. 1, p. 2, No. 5, p. 48, No. 14, p. 104; 2004, No. 36, p. 433; 2006, No. 12, p. 100; 2010, No. 29, p. 392; 2011, No. 41, p. 413; 2012, No. 7, p. 53, No. 25, p. 263; 2013, No. 21, p. 208, No. 51, p. 716; 2014, No. 4, p. 61, No. 12, p. 178, No. 20-21, p. 712).

3. Amend the following laws of Ukraine:

(1) Article 166⁹ of the Code of Ukraine on Administrative Offenses (The Official Bulletin of the Verkhovna Rada of UkrSSR, 1984, the annex to No. 51, p. 1122) shall be changed to read:

"Article 166⁹. Failure to comply with laws on prevention of and counteraction to the legalization (laundering) of proceeds of crime, terrorist financing and the financing of the proliferation of weapons of mass destruction

Failure to comply with requirements of the identification and verification of the customer (customer's representative), know your customer (persons) procedures, request more specific information about the customer; failure to provide, late provision of, an inadequate procedure of submission of information to, or submission of inaccurate information to the central government agency implementing public policy in the area of prevention of and counteraction to the legalization (laundering) of proceeds of crime, terrorist financing and the financing of the proliferation of weapons of mass destruction in situations set forth in laws; failure to follow the requirements of maintaining official documents, other documents (including electronic documents created by the primary financial monitoring entity), their copies regarding the identification of persons (customers, customers' representatives) and persons whose financial operations have been rejected by the primary financial monitoring entity, more specific information about the customer, and any documents pertaining to business relationships (execution of the financial operation) with the customer (including results of any analysis during actions involving customer verification/customer in-depth check) and details of financial operations;

- failure to follow the procedure of suspension of a financial operation(s) is subject to the imposition of a penalty of one hundred to two hundred income-tax-free minimums on officials of primary financial monitoring entities, sole traders, members of a liquidation commission, liquidators or the authorized person of the Deposit Guarantee Fund.

Failure to provide, late provision of, or the provision of inaccurate information associated with the analysis of financial operations that have become subject to financial monitoring, certificates and copies of documents (including those that contain restricted information) requested by the central government agency implementing public policy in the area of

prevention of and counteraction to the legalization (laundering) of proceeds of crime, terrorist financing and the financing of the proliferation of weapons of mass destruction is subject to the imposition of a penalty of one hundred to two hundred income-tax-free minimums on officials of enterprises, institutions, organizations, sole traders other than primary financial monitoring entities.

Any kind of disclosure of information which is in accordance with law subject to exchange between the primary financial monitoring entity and the central government agency implementing public policy in the area of prevention of and counteraction to the legalization (laundering) of proceeds of crime, terrorist financing and the financing of the proliferation of weapons of mass destruction or provision (receipt) of such information by a person who becomes aware of such information in his/her professional or official capacity is subject to the imposition of a penalty of three hundred to five hundred income-tax-free minimums.

(2) in Article 209 of the Criminal Code of Ukraine (The Official Bulletin of the Verkhovna Rada of Ukraine, 2001, No. 25–26, p. 131):

paragraph one of part two after the expression "movement" shall be added with the expression "modification of their form (transformation)";

in clause 1 of the note the expression and digits "(other than acts described in Articles 212 and 212¹ of the Criminal Code of Ukraine)" shall be deleted;

(3) part one of Article 4 of the Civil Code of Ukraine (The Official Bulletin of the Verkhovna Rada of Ukraine, 2003, Nos. 18–22, p. 144) shall be added with paragraph seven that reads:

"relationships involving business entities and arising out of compliance with requirements of laws governing relationships in the area of prevention of and counteraction to the legalization (laundering) of proceeds of crime, terrorist financing and the financing of the proliferation of weapons of mass destruction";

(4) In the Civil Code of Ukraine (The Official Bulletin of the Verkhovna Rada of Ukraine, 2003, Nos. 40–44, p. 356):

part one of Article 1074 after the expression "terrorist financing" shall be added with the expression "or the financing of the proliferation of weapons of mass destruction";

part two of Article 1075 after clause 2 shall be added with a new clause that reads:

"(3) in situations set forth in laws governing relationships in the area of prevention of and counteraction to the legalization (laundering) of proceeds of crime, terrorist financing and the financing of the proliferation of weapons of mass destruction".

Consequently, clause 3 shall read as clause 4;

(5) part five of Article 117 of the Code of Administrative Adjudication of Ukraine (The Official Bulletin of the Verkhovna Rada of Ukraine, 2005, Nos. 35–37, p. 446) shall be added with clause 4 that reads:

"(4) suspension of decisions of the National Bank of Ukraine regarding enforcement of controls, sanctions against banks and other persons that may be subject to an inspection of the National Bank of Ukraine under the law, revocation (forfeiture) of respective licenses granted by the National Bank of Ukraine";

(6) in Article 216 of the Code of Criminal Procedure of Ukraine (The Official Bulletin of the Verkhovna Rada of Ukraine, 2013, Nos. 9–13, p. 88):

in paragraph one of part two, digits "209" shall be deleted; part five shall be changed to read:

"5. In criminal proceedings regarding crimes described in Articles 384, 385, 386, 387, 388 and 396 of the Criminal Code of Ukraine, the pretrial investigation is carried out by the investigator of the agency that has investigative jurisdiction over the crime in respect of which the pretrial investigation has been instituted";

the Article shall be added with new parts that read:

"6. In criminal proceedings regarding crimes described in Articles 209 and 209¹ of the Criminal Code of Ukraine, the pretrial investigation is carried out by the investigator of the agency that has initiated the pretrial investigation or has investigative jurisdiction over the socially dangerous act which preceded the legalization (laundering) of proceeds of crime.

The pretrial investigation in proceedings on the legalization (laundering) of proceeds of crime is carried out without the person held, earlier or concurrently, to criminal liability for a socially dangerous act which preceded the legalization (laundering) of proceeds of crime within criminal proceedings under Article 209 of the Criminal Code of Ukraine in the event, among other things:

the socially dangerous wrongful act which preceded the legalization (laundering) of proceeds of crime was committed outside Ukraine while the legalization (laundering) of proceeds of crime was carried out within Ukraine;

the fact of the socially dangerous wrongful act which preceded the legalization (laundering) of proceeds of crime has been established by a court in respective procedural decisions.

7. If the pretrial investigation establishes any other crimes committed by the person who is subject to the pretrial investigation, or any other person, if they are associated with crimes committed by the person who is subject to the pretrial investigation, and which are beyond the investigative jurisdiction of the agency which carries out the pretrial investigation in the criminal proceeding, the prosecutor supervising over the pretrial investigation makes a resolution to determine the investigative jurisdiction of all these crimes if such materials cannot be separated into an independent proceeding";

(7) in the Notary Law of Ukraine (The Official Bulletin of the Verkhovna Rada of Ukraine, 1993, No. 39, p. 383; 2009, No. 13, p. 161; 2011, No. 5, p. 29; 2013, No. 21, p. 208, No. 33, p. 436; 2014, No. 20–21, p. 712):

Article 8 after part four shall be added with two new parts that read: "That the notary provides, duly and in situations referred to in the Law of Ukraine On the Prevention of and Counteraction to the Legalization (Laundering) of Proceeds of Crime, Terrorist Financing and the Financing of the Proliferation of Weapons of Mass Destruction, information to the central government agency implementing public policy in the area of prevention of and counteraction to the legalization (laundering) of proceeds of crime, terrorist financing and the financing of the proliferation of weapons of mass destruction does not constitute breach of the notarial secrecy duty.

The notary has no disciplinary, administrative, civil or criminal liability for providing the central government agency implementing public policy in the area of prevention of and counteraction to the legalization (laundering) of proceeds of crime, terrorist financing and the financing of the proliferation of weapons of mass destruction with information about the financial operation even if such acts cause harm to a legal or natural person, and for any other acts if the notary has acted within the Law of Ukraine On the Prevention of and Counteraction to the Legalization (Laundering) of Proceeds of Crime, Terrorist Financing and the Financing of the Proliferation of Weapons of Mass Destruction".

Consequently, parts five–eleven shall be read as parts seven–thirteen, respectively;

in clause 9, part one, Article 49 the expression "with this Law" shall be replaced with the expression "with law";

(8) in the Law of Ukraine on the National Bank of Ukraine (The Official Bulletin of the Verkhovna Rada of Ukraine, 1999, No. 29, p. 238 amended as follows):

Article 7 shall be added with clause 30 that reads:

"(30) carries out state regulation and supervision in the area of prevention of and counteraction to the legalization (laundering) of proceeds of crime, terrorist financing and the financing of the proliferation of weapons of mass destruction over resident non-bank financial institutions which are payment organizations and/or members of/parties to payment systems to the extent of their providing a financial service of money transfer based on respective licenses, in particular, from the National Bank of Ukraine (other than mail operators to the extent of money transfers offered by them)";

paragraph nineteen, clause 1, Article 15 shall be changed to read:

"on the enforcement of controls (sanctions) against banks and other persons whose activities are reviewed by the National Bank of Ukraine in accordance with the Laws of Ukraine On Banks and Banking, On the Prevention of and Counteraction to the Legalization (Laundering) of Proceeds of Crime, Terrorist Financing and the Financing of the Proliferation of Weapons of Mass Destruction, On Payment Systems and Money Transfers in Ukraine. The Management Board of the National Bank of Ukraine may delegate to an authorized agency (official) of the National Bank of Ukraine the authority to enforce certain controls (sanctions) in a manner described in regulations of the National Bank of Ukraine against banks and other persons whose activities are reviewed by the National Bank of Ukraine in accordance with the laws referred to above";

(9) in Article 8 of the Law of Ukraine On Accounting and Financial Reporting in Ukraine (The Official Bulletin of the Verkhovna Rada of Ukraine, 1999, No. 40, p. 365; 2010, No. 48, p. 564; 2011, No. 23, p. 160, No. 45, p. 484):

part seven shall be added with paragraph six that reads:

"provides, duly and in situations referred to in the Law of Ukraine On the Prevention of and Counteraction to the Legalization (Laundering) of Proceeds of Crime, Terrorist Financing and the Financing of the Proliferation of Weapons of Mass Destruction, information to the central government agency implementing public policy in the area of prevention of and counteraction to the legalization (laundering) of proceeds of crime, terrorist financing and the financing of the proliferation of weapons of mass destruction";

after part seven shall be added with a new part that reads:

"8. The accountant has no disciplinary, administrative, civil or criminal liability for providing the central government

agency implementing public policy in the area of prevention of and counteraction to the legalization (laundering) of proceeds of crime, terrorist financing and the financing of the proliferation of weapons of mass destruction with information about the financial operation even if such acts cause harm to a legal or natural person, and for any other acts if the notary has acted within the Law of Ukraine On the Prevention of and Counteraction to the Legalization (Laundering) of Proceeds of Crime, Terrorist Financing and the Financing of the Proliferation of Weapons of Mass Destruction".

Consequently, part eight shall be read as part nine.

(10) Article 21 of the Law of Ukraine On the Licensing of Certain Types of Business Activity (The Official Bulletin of the Verkhovna Rada of Ukraine, 2000, No. 36, p. 299; 2002, No. 17, p. 121; 2010, No. 9, p. 76, 2012, No. 36, p. 419; 2014, No. 28, p. 935) after part one shall be added with a new part that reads:

"Two or more repeated failures to comply with the requirements of the Law of Ukraine On the Prevention of and Counteraction to the Legalization (Laundering) of Proceeds of Crime, Terrorist Financing and the Financing of the Proliferation of Weapons of Mass Destruction and/or regulations governing the area of prevention of and counteraction to the legalization (laundering) of proceeds of crime may be grounds for revocation of a license to engage in certain types of activity".

Consequently, parts two–eight shall be read as parts three–nine, respectively;

(11) in the Law of Ukraine On Banks and Banking (The Official Bulletin of the Verkhovna Rada of Ukraine, 2001, No. 5–6, p. 30 amended as follows):

Article 2 shall be added with the following term subject to the requirements of the alphabetical order:

"shell bank means a bank, any other non-resident financial institution which has no permanent location and does not engage in business at the address of registration and/or is not subject to respective supervision in the country (territory) of its location";

paragraph four, clause 4, part three, Article 17 shall be added with the expression "source of origin of such funds" in Article 34:

paragraph four, clause 2, part eight after the expression "the authorized capital of the bank" shall be added with the expression "the source of origin of such funds";

part ten shall be added with clause 3¹ that reads:

"(3¹) documents determined by the National Bank of Ukraine that can be used to make a finding about the sources of origin of funds to be used by the natural person for the acquisition or increase of a significant interest in the bank";

in Article 62:

part one shall be added with clause 8 that reads:

"(8) other banks in situations set forth in this Law and the Law of Ukraine On the Prevention of and Counteraction to the Legalization (Laundering) of Proceeds of Crime, Terrorist Financing and the Financing of the Proliferation of Weapons of Mass Destruction";

part twelve shall be changed to read:

"Provisions of parts two and four of this Article do not apply to situations when the central government agency implementing public policy in the area of prevention of and counteraction to the legalization (laundering) of proceeds of crime, terrorist financing and the financing of the proliferation of weapons of mass destruction is provided with information in situations set forth in law, and the revenue and duties agencies are provided with information about the opening (closing) of taxpayers' accounts in accordance with Article 69 of the Tax Code of Ukraine";

the title of Chapter 11 shall be added with the expression "terrorist financing and the financing of the proliferation of weapons of mass destruction";

Articles 63 and 64 shall be changed to read:

Article 63. Prevention of the legalization (laundering) of proceeds of crime, terrorist financing and the financing of the proliferation of weapons of mass destruction

During the supervision of activities of banks, the National Bank of Ukraine checks whether banks comply with requirements of laws governing relationships in the area of prevention of and counteraction to the legalization (laundering) of proceeds of crime, terrorist financing and the financing of the proliferation of weapons of mass destruction and whether

measures for the prevention of and counteraction to the legalization (laundering) of proceeds of crime and terrorist financing are sufficient.

Article 64. Customer identification duty Banks may not:

- open and maintain anonymous (numbered) accounts;
- establish correspondence relationships with shell banks, banks and other non-resident financial institutions that maintain correspondence relationships with shell banks;
- enter into contractual relationships (execute foreign exchange financial operations, financial operations in banking metals, cash (cash funds) with corporate or individual customers:
 - if there is doubt that the person may be acting other than on its own behalf;
 - included in the list of designated persons involved in terrorist activity or subject to international sanctions;
 - otherwise as may be required by law.

The bank has the obligation to identify and verify, as required by laws of Ukraine:

- customers (other than banks registered in Ukraine) which open accounts with the bank; customers which make financial operations that are subject to financial monitoring;
- customers (persons) in the event their financial operation(s) is (are) suspected to be associated with terrorist financing or the financing of the proliferation of weapons of mass destruction;
- customers which make money transfers without creating an account for 15,000 hryvnias or more or an equivalent amount, including in a foreign currency, banking metals, other assets, value units but less than 150,000 hryvnias or an equivalent amount, including in a foreign currency, banking metals, other assets, value units;
- customers which make financial operations in cash without opening an account for 150,000 hryvnias or more or an equivalent amount, including in a foreign currency, banking metals, other assets;
- customers from which the bank raises funds on terms of subordinated debt;
- customers which enter with the bank into facility agreements, agreements for the safekeeping of valuables or rent (hire) of an individual safe deposit box in custody of the bank;
- persons (other than banks registered in Ukraine) with which the bank enters as a professional securities market player into agreements regarding professional activities in the securities (stock) market. Such a person becomes the bank's customer on the execution date of the agreement;
- persons authorized to represent designated customers/persons (customer's representative); customers (persons) identified in a regulation of the National Bank of Ukraine on matters of financial monitoring.

The bank carries out the identification, verification of the customer (person, customer's representative) and takes action required by laws governing relationships in the area of prevention of the legalization (laundering) of proceeds of crime, terrorist financing and the financing of the proliferation of weapons of mass destruction before opening an account for the customer, entering into agreements or executing financial operations referred to in part two of his Article.

The bank may request, and the customer (person, customer's representative) has the obligation to provide, documents and details required for the identification and/or verification (including the establishment of identification details of ultimate beneficial owners (controllers), analysis and uncovering of financial operations that are subject to financial monitoring, and other legally required documents and details that the bank may request to comply with requirements of laws governing relationships in the area of prevention of and counteraction to the legalization (laundering) of proceeds of crime, terrorist financing and the financing of the proliferation of weapons of mass destruction.

In the event the customer (person, customer's representative) does not provide documents required for the identification and/or verification (including the establishment of identification details of ultimate beneficial owners (controllers), analysis and uncovering of financial operations that are subject to financial monitoring, the account is not opened, agreements (financial operations) referred to in part two of this Article are not entered into (executed).

The bank may refuse to establish (maintain) contractual relationships (including through termination of contractual relationships) or execute a financial operation in the event the customer is assigned an unacceptably high risk as a result of risk assessment or reassessment.

The bank may request information related to the identification of the customer (including managers of a corporate customer, the customer's representative), the know your customer procedure, more specific information about the customer, an in-depth background check of the customer from government agencies, state registrars, banks, other legal persons, and may take action to collect such information from other sources.

The bank has the obligation to request that government agencies, state registrars, banks, other legal persons should provide information (official documents) required to analyze whether the financial operation is consistent with the substance of its activities and its financial position.

Government agencies, state registrars, banks, other legal persons have the obligation to provide such information to the bank free of charge within 10 business days";

Article 65 shall be deleted;

part one of Article 73 after the expression "banking laws" shall be added with the expression "laws in the area of prevention of and counteraction to the legalization (laundering) of proceeds of crime, or terrorist financing";

Article 74 shall be added with parts three and four that read:

"Controls against banks, branches of foreign banks for failure to comply with requirements of laws in the area of prevention of and counteraction to the legalization (laundering) of proceeds of crime, or terrorist financing may be exercised by the National Bank of Ukraine within six months of the uncovering of the failure but, at any rate, within three years of such failure.

The decision of the National Bank of Ukraine to enforce controls against a bank, a branch of a foreign bank by way of imposition of a penalty is an execution document and comes into force on the day of making. The decision that is not complied with by the bank, the branch of the foreign bank is referred by the National Bank of Ukraine to State Execution Service agencies for enforcement";

in clause 4, part one, Article 76 the expression "prevention of and counteraction to the legalization (laundering) of proceeds of crime, or terrorist financing" shall be deleted;

part two, Article 77 shall be added with clause 3 that reads:

"(3) systematic failure by the bank to comply with laws in the area of prevention of and counteraction to the legalization (laundering) of proceeds of crime, or terrorist financing, which failure poses a threat to the interests of depositors or other creditors of the bank";

(12) in the Law of Ukraine On Financial Services and State Regulation of the Financial Services Markets (The Official Bulletin of the Verkhovna Rada of Ukraine, 2002, No. 1, p. 1; 2003, No. 14, p. 104; 2010, No. 29, p. 392, No. 37, p. 496; 2011, No. 1, p. 3, No. 52, p. 591; 2014, No. 22, p. 816):

Article 18 shall be changed to read:

Article 18. Prevention of the legalization (laundering) of proceeds of crime When providing financial services, financial institutions may not:

enter into contractual relationships with anonymous persons, open and maintain anonymous (numbered) accounts.

Financial institutions may not enter into contractual relationships with corporate or individual customers if there is doubt that the person may be acting other than on its own behalf.

Agencies in charge of state regulation of the financial services markets may request that legal persons applying to be included in respective state registers of financial institutions and/or granted licenses for the provision of financial services (hereinafter the applicants) should, and the applicants should, to the extent required by such agencies in charge of state regulation of the financial services markets:

disclose information about ultimate beneficial owners (controllors) of the applicants, the chairperson and members of the supervisory and executive body of the applicants;

provide official documents (copies of which are duly certified) in support of sources of origin of amounts used to fund the authorized (share) capital of the applicants.

In the event owners of a significant interest in the authorized (share) capital, chairs and members of the supervisory and executive bodies include persons whose criminal record has not been expunged or duly cleared, and the sources of origin of amounts used to fund the authorized (share) capital cannot be established, this serves as grounds for the refusal to include the applicant in the respective state register of financial institutions and/or for the refusal to grant the applicant licenses for the provision of financial services";

clause 9, part one, Article 28 shall be added with the expression "and other legal and natural persons whose activity involves the provision of financial services and is subject to a legal requirement that a license and/or registration needs to be obtained, without the respective license and/or registration";

in Article 32:

part one shall be added with paragraph two that reads:

"Within international cooperation, the national commission for state regulation of the financial services markets may execute or join written multi-agency treaties (agreements, memorandums, protocols etc.) or documents not governed by international law (hereinafter multi-agency agreements)";

paragraph three of part two after the expression "of Ukraine" shall be added with the expression "and";

clause 1, part one, Article 40 shall be added with the expression "and/or take action to eliminate the reasons conducive to the failure";

(13) Article 46 of the Law of Ukraine On Insurance (The Official Bulletin of the Verkhovna Rada of Ukraine, 2002, No. 7, p. 50) shall be changed to read:

"Article 46. Treaties and international cooperation

In the event a treaty consent to be bound by which has been granted by the Verkhovna Rada of Ukraine sets forth rules other than those described in this Law the rules of the treaty shall apply in Ukraine.

The national commission for state regulation of the financial services markets, within its terms of reference, pursues international cooperation to the extent of experience and information exchange on insurance supervision with international organizations, respective insurance supervision agencies of other countries and organizations (associations) of insurance supervision agencies.

The national commission for state regulation of the financial services markets may, within international cooperation: execute or join written multi-agency treaties (agreements, memorandums, protocols etc.) or documents not governed by international law (hereinafter multi-agency agreements);

provide and receive, in situations and in a manner described in multi-agency agreements, restricted information on the activities of individual insurance companies (reinsurance companies);

use restricted information received within international cooperation for the purposes of state supervision over insurance.

Information received within international cooperation by the national commission for state regulation of the financial services markets comprises professional secret and may be disclosed to third parties only with the prior consent of the person that has provided such information or on other conditions defined by the said person.

If the multi-agency agreement executed by the national commission for state regulation of the financial services markets sets requirements to the legal framework and purposes of restricted information received within international cooperation by the national commission for state regulation of the financial services markets, persons that such information is provided to have the obligation to comply with requirements set forth in the multi-agency agreement";

(14) part five of Article 21 of the Law of Ukraine On Credit Unions (The Official Bulletin of the Verkhovna Rada of Ukraine, 2002, No. 15, p. 101; 2005, No. 16, p. 259; 2010, No. 46, p. 539; 2014, No. 20–21, p. 712) after paragraph one shall be added with a new paragraph that reads:

"Limitations imposed under this part on information received from a credit union do not apply to the authorized agency staff members acting within the authority granted by the Law of Ukraine On Financial Services and State Regulation of the Financial Services Markets, and to the central government agency implementing public policy in the area of prevention of and counteraction to the legalization (laundering) of proceeds of crime, terrorist financing and the financing of the proliferation of weapons of mass destruction in situations referred to in the Law of Ukraine On the Prevention of and Counteraction to the Legalization (Laundering) of Proceeds of Crime, Terrorist Financing and the Financing of the Proliferation of Weapons of Mass Destruction".

Consequently, paragraphs two and three shall be read as paragraphs three and four, respectively;

(15) paragraph thirteen of Article 1 of the Law of Ukraine On the Fight against Terrorism (The Official Bulletin of the Verkhovna Rada of Ukraine, 2003, No. 25, p. 180; 2010, No. 29, p. 392; 2011, No. 43, p. 449; 2014, No. 5, p. 62, No. 29, p. 946) shall be replaced with three paragraphs that read:

"terrorist financing means the provision or collection of assets of any type in an awareness that they will be used, in full or in part:

for any purposes by an individual terrorist, a terrorist group or a terrorist organization;

for the organization, preparation and commission, by an individual terrorist, a terrorist group or a terrorist organization, of a terrorism act defined in the Criminal Code of Ukraine, inducement to the commission of a terrorism act, public calls to commit a terrorism act, creation of a terrorist group or a terrorist organization, assistance in the commission of a terrorist act, any other terrorist activity and an attempt at such acts".

Consequently, paragraphs fourteen–twenty two shall be read as paragraphs sixteen–twenty four, respectively;

(16) in the Law of Ukraine On Auditing (The Official Bulletin of the Verkhovna Rada of Ukraine, 2006, No. 44, p. 432; 2013, No. 14, p. 89):

part two of Article 6 after the expression "of this Law" shall be added with the expression "of the Law of Ukraine On the Prevention of and Counteraction to the Legalization (Laundering) of Proceeds of Crime, Terrorist Financing and the Financing of the Proliferation of Weapons of Mass Destruction"; Article 19 shall be added with clause 8 that reads:

"(8) provide, duly and in situations referred to in the Law of Ukraine On the Prevention of and Counteraction to the Legalization (Laundering) of Proceeds of Crime, Terrorist Financing and the Financing of the Proliferation of Weapons of Mass Destruction, information to the central government agency implementing public policy in the area of prevention of and counteraction to the legalization (laundering) of proceeds of crime, terrorist financing and the financing of the proliferation of weapons of mass destruction, and the central government agency in charge of the making and implementation of public policy in the area of prevention of and counteraction to the legalization (laundering) of proceeds of crime or terrorist financing.

That the auditor (audit firm) duly provides information to the the central government agency implementing public policy in the area of prevention of and counteraction to the legalization (laundering) of proceeds of crime, terrorist financing and the financing of the proliferation of weapons of mass destruction, and the central government agency in charge of the making and implementation of public policy in the area of prevention of and counteraction to the legalization (laundering) of proceeds of crime or terrorist financing does not constitute breach of trade secret";

Article 22 shall be added with part five that reads:

"The auditor and the audit firm have no disciplinary, administrative, civil or criminal liability for providing the central government agency implementing public policy in the area of prevention of and counteraction to the legalization (laundering) of proceeds of crime, terrorist financing and the financing of the proliferation of weapons of mass destruction with information about the financial operation even if such acts cause harm to a legal or natural person, and for any other acts if they have acted within the Law of Ukraine On the Prevention of and Counteraction to the Legalization (Laundering) of Proceeds of Crime, Terrorist Financing and the Financing of the Proliferation of Weapons of Mass Destruction";

(17) part three of Article 28 of the Law of Ukraine On State Registration of Real Rights in Real Estate and Encumbrances over such Rights (The Official Bulletin of the Verkhovna Rada of Ukraine, 2010, No. 18, p. 141) after the expression "revenue and duties agencies" shall be added with the expression "the central government agency in charge of the making and implementation of public tax and customs policy and its regional agencies, the central government agency implementing public policy in the area of prevention of and counteraction to the legalization (laundering) of proceeds of crime, terrorist financing and the financing of the proliferation of weapons of mass destruction";

(18) part two of Article 17 of the Law of Ukraine On Enforcement Proceeding (The Official Bulletin of the Verkhovna Rada of Ukraine, 2011, No. 19-20, p. 142; 2014, No. 12, p. 178) shall be added with clause 10 that reads:

"(10) decisions (resolutions) of state financial monitoring entities (their authorized officials) enforcement of which is entrusted to the State Execution Service";

(19) in part two of Article 41 of the Law of Ukraine On Restoration of Solvency of a Debtor or Recognition of its Bankruptcy (The Official Bulletin of the Verkhovna Rada of Ukraine, 2012, No. 32-33, p. 413):

paragraph fourteen shall be added with the expression "for a term of at least five years after the date that the person is recognized bankrupt";

after paragraph eighteen shall be added with a new paragraph that reads:

"provides, duly and in situations referred to in the Law of Ukraine On the Prevention of and Counteraction to the Legalization (Laundering) of Proceeds of Crime, Terrorist Financing and the Financing of the Proliferation of Weapons of Mass Destruction, information to the central government agency implementing public policy in the area of prevention of and counteraction to the legalization (laundering) of proceeds of crime, terrorist financing and the financing of the proliferation of weapons of mass destruction".

Consequently, paragraph nineteen shall be read as paragraph twenty;

(20) Article 23 of the Law of Ukraine On Civil Groups (The Official Bulletin of the Verkhovna Rada of Ukraine, 2013, No. 1, p. 1; 2014, No. 17, p. 593, No. 20-21, p. 712) shall be added with part seven that reads:

"7. Civil groups have the obligation to:

(1) keep ownership documents, documents with information about the activity carried out in accordance with the goal (purposes) and objectives; information and details sufficient for the legally required identification of ultimate beneficial owners (controllers), including founders, managers, governing bodies and proxies. This information may not be designated as restricted information;

(2) prepare annual financial statements with a detailed analysis of income and expenses;

(3) implement controls to procure that all funds are credited and expended in full in a manner consistent with the purposes and objectives of the stated activity of the civil group;

(4) procure the record-keeping and maintenance for at least five years of all necessary accounting documents pertaining to domestic and international operations, and information referred to in clauses 1 and 2 of this part, and provide it to competent government agencies, when so requested, and as may be otherwise required by laws";

(21) Article 22 of the Law of Ukraine On Advocacy (The Official Bulletin of the Verkhovna Rada of Ukraine, 2013, No. 27, p. 282) shall be added with parts six and seven that read:

"6. "That the attorney provides, duly and in situations referred to in the Law of Ukraine On the Prevention of and Counteraction to the Legalization (Laundering) of Proceeds of Crime, Terrorist Financing and the Financing of the Proliferation of Weapons of Mass Destruction, information to the central government agency implementing public policy in the area of prevention of and counteraction to the legalization (laundering) of proceeds of crime, terrorist financing and the financing of the proliferation of weapons of mass destruction does not constitute breach of the attorney-client privilege.

7. The attorney has no disciplinary, administrative, civil or criminal liability for providing the central government agency implementing public policy in the area of prevention of and counteraction to the legalization (laundering) of proceeds of crime, terrorist financing and the financing of the proliferation of weapons of mass destruction with information about the financial operation even if such acts cause harm to a legal or natural person, and for any other acts if the notary has acted within the Law of Ukraine On the Prevention of and Counteraction to the Legalization (Laundering) of Proceeds of Crime, Terrorist Financing and the Financing of the Proliferation of Weapons of Mass Destruction".

4. The Cabinet of Ministers of Ukraine shall, within three months of this Law coming into force: bring its regulations into line with this Law;

procure that ministries and other central government agencies adopt instruments required for the implementation of this Law and bring their respective regulations into line with this Law.

5. The National Bank of Ukraine shall, within three months of this Law coming into force, bring its regulations into line with this Law.

President of Ukraine
P. POROSHENKO

City of Kyiv
October 14, 2014 № 1702-