

LAW OF UKRAINE

On Preventing and Counteracting to Legalization (Laundering) of the Proceeds from Crime, Financing of Terrorism and Financing of Proliferation of Weapons of Mass Destruction

This Law shall be intended for the protection of rights and legitimate interests of citizens, society and the state, ensuring national security by determining a legal mechanism of preventing and counteracting to legalization (laundering) of the proceeds from crime, financing of terrorism and financing of proliferation of weapons of mass destruction (hereinafter referred to as the “preventing and counteracting”).

Section I.

GENERAL PROVISIONS

Article 1. Definitions

1. In this Law the following terms shall have the following meanings:

1) agent shall mean a person acting on behalf and in the interests of a reporting entity;

2) assets shall mean funds including electronic funds, other property, property and non-property rights;

3) assets related to terrorism and financing thereof, proliferation of weapons of mass destruction and financing thereof shall mean all assets that are directly owned (and concerning ownership right for corporate rights – also indirectly (through other persons), including those that are jointly owned by or are transferred in favour of persons included in the List of Persons related to terrorist activity or against which international sanctions have been applied (hereinafter referred to as the List of Persons), persons conducting financial transactions on behalf of persons included in the List of Persons, and persons owned directly or indirectly (through other persons) or the ultimate beneficial owners of which are persons included in the List of Persons, as well as assets received from such assets;

4) shell bank shall mean a non-resident institution (bank, other financial institution, institution that conducts activities similar to those of financial institutions) that does not have a physical presence in the country of registration and licensing and is not part of a regulated financial group that is subject to effective consolidated supervision.

Physical presence shall mean the actual placement and functioning in the country of management authorities of these non-resident institutions. Presence in the country of only authorized representatives of these institutions or personnel not belonging to the management of these institutions shall not mean physical presence;

5) impeccable business reputation shall mean the aggregate of the absence of the legislation violations established by the competent authorities or the court, as well as the absence of a criminal record which has not been withdrawn or repaid in accordance with the procedure established by law;

6) verification shall mean measures taken by a reporting entity to determine (confirm) belonging identification data received by a reporting entity to the relevant person and/or for the purpose of confirmation of the data allowing to establish the ultimate beneficial owners or lack thereof.

7) beneficiary under agreement (insurance policy, certificate) of life insurance or other insurance agreement (insurance policy, certificate) shall mean a person or a category of persons to whom the insurance compensation will be paid in case of occurrence of an insured event;

8) beneficiary of a trust or another similar legal arrangement shall mean a person who is entitled to benefit and/or generate income from a trust or other similar legal arrangement;

9) beneficiary on securities the rights for which and the rights under which are accounted for in a securities account of a nominee holder shall be a nominee in whose interests a financial transaction is carried out on the account of a nominal holder;

10) debit financial transaction shall mean a financial transaction that leads to the reduction of assets on the account of a customer – owner of assets;

11) high risk shall mean the result of risk assessment by a reporting entity, which is based on the analysis results of the aggregate of defined criteria, provided for by the legislation and internal documents of a reporting entity that testifies a high probability of the use of a reporting entity for the purpose of legalization (laundering) of proceeds from crime, financing of terrorism and/or financing proliferation of weapons of mass destruction;

12) separate division of a reporting entity shall mean a branch, another division of a reporting entity located not at the place of residence of such entity and conducts financial transactions or ensures conducting thereof, including provides services on behalf of a reporting entity (except for performance of representative functions);

13) virtual asset shall mean a digital representation of value that can be digitally traded or transferred and that can be used for payment or investment purposes;

14) group shall mean a banking group, a non-bank financial group as well as two or more business entities that are linked by a control relationship as a parent company and a subsidiary through direct and/or indirect ownership by a parent company of a stake in a subsidiary corresponding to the equivalent of 50 or more percent of the authorized capital and/or voting rights of a subsidiary, or irrespectively of the formal possession, a possibility to exercise a decisive impact over the subsidiary on the basis of an agreement or in any other way;

15) data allowing the identification of an ultimate beneficial owner – surname, name and (if any) patronymic, country of citizenship and permanent residence, date of birth, nature and extent (level, degree, share) of beneficial ownership (benefit, interest, impact);

16) state financial monitoring shall mean a set of measures adopted by state financial monitoring entities and designed in pursuance of this Law requirements and other AML/CFT legislation:

state financial monitoring of the specially authorized body shall mean a range of measures aimed at collecting, processing and analyzing information on financial transactions submitted to the specially authorized body by reporting entities and state financial monitoring entities and other state authorities, relevant authorities of foreign countries, other information that may be related to suspicion of legalization (laundering) of the proceeds from crime, financing of terrorism and/or financing of proliferation of weapons of mass destruction and/or to other illegal financial transactions, as well as measures to verify such information under the laws of Ukraine and other measures designed in pursuance of the AML/CFT legislation;

state financial monitoring of other state financial monitoring entities shall mean a range of measures taken by other entities referred to in part three of Article 6 of this Law and designed in pursuance of the AML/CFT legislation;

17) source of funds related to financial transactions shall mean information about the origin of funds used to perform the financial transactions (funds used to get property right for the assets that are the subject of financial transactions) with the help of a reporting entity, which give an understanding of their origin, the grounds for possession/disposal of them (rights for them) by a person;

18) source of wealth shall mean information about the origin of all available assets of a person, which gives an understanding of the size/amount of the aggregate assets (wealth) of a person and the history of their origin;

19) business relations shall mean relations between a customer and a reporting entity related to business, professional or commercial activity of a reporting entity that arose on the basis of the agreement including public one for provision (use) of financial or other services, conducting other activities (hereinafter referred to as the “services”) by a reporting entity and provide for a continuous existence after they are established;

20) persons performing public functions in international organizations shall mean officials of international organizations, who hold or held manager position (directors, chairman of the board or other) or deputy manager in such organizations, or perform any other managerial (prominent public) functions at the highest level, including in international interstate organizations, members of international parliamentary assemblies, judges and senior officials of international courts;

21) additional information shall mean information on financial transactions, which is a subject to financial monitoring and related financial transactions, information about their participants, as well as other information available to a reporting entity or information that must be kept by such entity in accordance with the law, in particular, restricted information, copies of documents or information from them, which are necessary for the performance of tasks assigned to a specially authorized body;

22) additional case referrals shall mean information collected by a specially authorized body on the basis of analysis of additionally received information in addition to the previously submitted case referrals by this state authority;

23) proceeds from crime shall mean any assets received directly or indirectly as a result of commission of a crime, in particular currency values, movable or immovable property, property and non-property rights, regardless of their value;

24) total annual turnover shall mean total revenues of the reporting period resulting from the operating, investing and financing activities of a reporting entity in accordance with the statement of cash flows;

25) freezing of assets shall mean a ban on the transfer, conversion, placement, movement of assets related to terrorism and financing thereof, proliferation of weapons of mass destruction and financing thereof, on the basis of UN Security Council Resolutions, decisions of foreign countries, court;

26) identification data shall mean an aggregate of data that allows unambiguous identification of a person, namely:

for an individual – information referred to in paragraph 1 of part eight and in paragraph 1 of part nine of Article 11 of this Law;

for an individual-entrepreneur – information referred to in paragraph 2 of part eight of Article 11 of this Law;

for a legal entity – information referred to in paragraph 3 of part eight and in paragraph 2 of part nine of Article 11 of this Law;

for a trust or other similar legal arrangement – information referred to in paragraph 3 of part nine of Article 11 of this Law;

data, the list of which is determined by state financial monitoring entities, – in the cases provided for in part fifteen of Article 11 of this Law;

27) identification shall mean measures taken by a reporting entity to identify a person by obtaining its identification data;

28) foreign politically exposed persons shall mean individuals who perform or performed prominent public functions in foreign countries, in particular:

the head of state, the head of government, ministers (deputies);

members of parliament or other authorities performing functions of state legislative authority;

chairpersons and members of central bank boards or accounting chambers;

members of the supreme court, constitutional court and other judicial authorities whose decisions are not subject to appeal, except appeal in exceptional circumstances;

extraordinary and plenipotentiary ambassadors, trustees in matters and the heads of central authorities of military governance;

the heads of administrative, management or supervisory authorities of state-owned enterprises;

members of governing authorities of political parties;

29) qualifying shareholding shall mean a direct or indirect holding by one person alone or jointly with others a share, which represents 10 percent or more of the authorized capital or voting rights in a legal entity or an opportunity of significant impact on the management or activities of a legal entity independent of formal holding;

30) ultimate beneficial owner shall mean any individual having an ultimate decisive impact (control) on a customer activities and/or individual on whose behalf the financial transaction is conducted.

Ultimate beneficial owner shall be:

for legal entities – any individual having an ultimate decisive impact on legal entity activities (including via control/ownership chain);

for trusts established pursuant to law of a country of their establishment – a founder, trust holder, protector (if any), beneficiary or group of beneficiaries, as well as any other individual having an ultimate decisive impact on trust activities (including via control/ownership chain);

for other similar legal arrangements – a person having a status equivalent or similar to persons specified for the trust.

A sign of direct decisive impact on activities is direct ownership by an individual of a share in the amount not less than 25% of the authorized (compound) capital or voting rights of a legal entity.

Signs of indirect decisive impact on the activities shall be at least ownership by an individual of a share in the amount 25% of the authorized (compound) capital or voting rights of a legal entity through related individuals or legal persons, trusts or other similar legal arrangements, or exercising decisive impact by realizing the right to control, ownership, use or distribution of all or part of assets, the right to receive income from the activities of a legal person, trust or other similar legal arrangement, the right of decisive impact on the composition, results of governing authorities voting, and also the committing of legal transactions that enable to determine the main conditions of the legal entity economic activities, or trust activities or other similar legal arrangement, to make binding decisions having decisive impact on legal entity activities, regardless of formal ownership.

Herewith, an ultimate beneficial owner may not be a person who has the formal right for 25 percent or more of the authorized capital or voting rights in a legal entity but is a commercial agent, nominee or nominal holder or is just an intermediary in respect of such right.

31) customer shall mean any person who:

applies for provision of services to reporting entity;

uses services of a reporting entity;

is a party to an agreement (for reporting entities, in respect of which the National Securities and Stock Market Commission under Article 18 of this Law performs the functions of state regulation and supervision);

is a lottery player or gambler (for reporting entities referred to in sub-paragraph “j” of paragraph 7 of part two of Article 6 of this Law);

32) correspondent relations shall mean relations:

arising when a correspondent bank opens a correspondent account for another bank on the basis of an agreement on the establishment of correspondent relations for making interbank transfers;

established by the Central Depository of securities with the depositories of foreign countries and international depository and clearing institutions under the procedure prescribed by the legislation on Ukraine’s depository system;

established by a depository institution with a foreign financial institution which is a member of the International Securities Services Association (ISSA) on the basis of an agreement on provision of services for securities account servicing of a nominal holder;

arising between banks and/or financial institutions in which a correspondent institution provides services related to the maintenance of correspondent accounts or other similar services;

33) international sanctions shall mean sanctions that are recognized by Ukraine in the manner prescribed by the Cabinet of Ministers of Ukraine, under international treaties of Ukraine or decisions of interstate associations, international, intergovernmental organizations, in which Ukraine is a member, as well as of foreign countries relating to freezing of assets associated with terrorism and financing thereof, proliferation of weapons of mass destruction and financing thereof or restriction of any access to them or a ban on conducting financial transactions;

34) due diligence shall mean measures that include:

customer (its representative) identification and verification;

identification of an ultimate beneficial owner of a customer or his/her absence, including the receipt of the ownership structure for the purpose of understanding it, and the data that allows identifying a beneficial owner and taking measures to verify his/her identity (if available);

establishment (understanding) of the purpose and nature of future business relations or conduct of a financial transaction;

continuous monitoring of the customer’s business relations and financial transactions, which are conducted in the course of such relations, for the compliance of such financial transactions with information available to a reporting entity about a customer, customer’s activities and risk (including, if necessary, about information on the source of funds associated with financial transactions);

ensuring the relevance of the received and existing documents, data and information about a customer;

35) duly executed report shall mean a report on financial transaction executed and submitted to the specially authorized body, pursuant to law, that is subject to financial monitoring, or a report containing additional information on financial transactions and their participants, which have become subject to financial monitoring by the specially authorized body;

36) national risk assessment shall mean a system of measures taken by state financial monitoring entities, empowered state authorities involving other entities (if necessary) to determine (identify) risks (threats) of legalization (laundering) of proceeds from crime and terrorist financing, their analysis, assessment and development of measures to prevent and/or mitigate adverse effects;

37) national politically exposed persons shall mean individuals who perform or performed prominent public functions in Ukraine, in particular:

President of Ukraine, Prime Minister of Ukraine, members of the Cabinet of Ministers of Ukraine and their deputies;

head of a permanent subsidiary body established by the President of Ukraine, his/her deputies;

head and deputy head of the State Directorate for Affairs;

heads of staffs (secretariats) of state authorities, who are not civil servants, whose positions fall within the category "A";

secretary and deputy secretaries of the National Security and Defense Council of Ukraine;

People's Deputies of Ukraine;

chairman and members of the Board of the National Bank of Ukraine, members of the Council of the National Bank of Ukraine;

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

members of the High Council of Justice, members of the High Qualification Commission of Judges of Ukraine, members of the Qualification and Disciplinary Commission of Public Prosecutors;

Prosecutor General of Ukraine and his/her deputies;

head of the Security Service of Ukraine and his/her deputies;

director of the National Anti-Corruption Bureau of Ukraine and his/her deputies;

director of the National Bureau of Financial Investigations and his/her deputies;

head and members of the National Council of Ukraine on Television and Radio Broadcasting, the head and members of the Antimonopoly Committee of Ukraine, the head and members of the National Agency for Prevention Corruption, the head and

members of the Accounting Chamber, the head and members of the Central Election Commission, the heads and members of other state collegial authorities;

ambassadors extraordinary and plenipotentiary;

Chief of General Staff – Chief of the Armed Forces of Ukraine, Chiefs of the Ground Forces of the Armed Forces of Ukraine, Air Forces of the Armed Forces of Ukraine, Naval Forces of the Armed Forces of Ukraine;

civil servants whose positions fall within the category “A”;

heads of prosecution agencies, the heads of regional territorial authorities of the Security Service of Ukraine, chairpersons and judges of the courts of appeal;

heads of the administrative, management or supervisory authorities of public and state-owned enterprises, economic partnerships, the state share in the authorized capital of which directly or indirectly exceeds 50 percent;

members of governing authorities of political parties;

38) non-profit organizations shall mean legal entities, except for state authorities, public administration authorities and institutions in state and municipal ownership, that are not financial institutions, established for carrying out and protecting rights and freedoms, satisfaction of public, in particular economic, social, cultural, environmental and other interests, without the purpose of profit generation;

39) unacceptably high risk shall mean the highest risk, which cannot be accepted by a reporting entity according to internal documents on financial monitoring;

40) nominal owner shall mean a person who on his/her own behalf manages the corporate rights of another person – an ultimate beneficial owner in the interests of the latter;

41) object of financial monitoring shall mean actions with assets associated with the relevant participants of financial transactions, who conduct them, provided that there are risks of such assets being used for legalization (laundering) of proceeds from crime, terrorism financing and/or financing proliferation of weapons of mass destruction, as well as any information about such actions or events, assets and their participants;

42) persons associated with politically significant persons shall mean individuals who meet at least one of the following criteria:

such persons are known to have in common with a politically significant person a beneficial ownership of a legal person, a trust or other similar legal arrangement, or have any other close business relationship with a politically significant person;

are the ultimate beneficial owners of a legal entity, trust, or other similar legal arrangement known that they were de facto created for the benefit of politically significant persons;

43) official source shall mean automated information and reference systems, registers, databases and data banks, the keeper (administrator) of which are state authorities or local self-government authorities, as well as relevant authorities of foreign countries and international, intergovernmental organizations;

44) official document shall mean a document drafted, issued, certified in compliance with statutory standards by the authorized person who is entitled by law in connection with his/her professional or official duties to draft, issue, certify certain types of documents confirming or certifying certain events, phenomena or facts and containing details and information provided for by law;

45) initial financial monitoring shall mean a set of measures carried out by reporting entities and designed in pursuance of the AML/CFT legislation;

46) suspicion shall mean an assumption based on analysis results of available information and may indicate that a financial transaction or its participants, their activities or origin of assets are related to legalization (laundering) of proceeds from crime, financing of terrorism and/or financing of proliferation of weapons of mass destruction or related to the commission of other criminal offense or act for which international sanctions are envisaged;

47) politically significant persons shall mean individuals who are national, foreign politically exposed persons and persons performing public functions at international organizations;

48) funds transfer intermediary shall mean a reporting entity that neither directly serves a payer (initiator of the transfer of funds) or a recipient and performs the transfer of funds on behalf of another reporting entity that serves a payer (initiator of the transfer of funds)

49) enhanced due diligence measures shall mean measures taken by reporting entity on the basis of a risk-oriented approach in respect of customers the business relations with which (financial transactions without establishing business relations) constitute a high risk, which are proportional to the identified risks and aimed at minimization thereof, including by increasing the frequency and the scope of activities related to monitoring of business relations and collecting additional information about business relations;

50) lottery and/or gambling services shall mean services related to organization and conduct of any games based on the risk or drawing of a prize (reward) fund among its players, the condition for participation in which is making by a player a payment (bet), which has monetary value, giving the right to get a reward (prize), the presence and amount of which is dependent on chance in whole or in part, including lotteries, casino games, cylindrical games (roulette), card games, games of dice, games on the slot machine and betting, which are rendered at the actual address or remotely, electronically or with the use of any other communication technologies and on the individual request of the service recipient;

51) virtual asset service providers shall mean any individual or legal entity exercising one or more types of such activities and/or transactions for other individual and/or legal entity or on its behalf:

virtual assets exchange;

virtual assets transfer;

storage and/or administering virtual assets or tools allowing to control virtual assets;

participation and provision financial services related to an issuer's offer and/or sale of virtual assets;

52) customer's representative shall mean a person who legally has the right to perform certain actions on behalf of a customer;

53) risk-oriented approach shall mean identification (revealing), assessment (reassessment) and understanding of the risks of legalization (laundering) of proceeds from crime and/or terrorism financing or financing of weapons of mass destruction, as well as taking appropriate measures to manage risks in the manner and within the scope that ensure minimization of such risks depending on their level;

54) risks shall mean danger (threat, vulnerabilities) for reporting entities to be used for legalization (laundering) of proceeds from crime, terrorism financing and/or financing proliferation of weapons of mass destruction while providing services according to the nature of their activities;

55) specially authorized body shall mean a central executive body responsible for the implementation of the state AML/CFT policy;

56) attempted financial transaction shall mean the implementation of actions aimed at conduct of financial transaction by a customer or a person acting on its behalf or in its interest, if such financial transaction was not conducted;

57) simplified due diligence shall mean measures taken by a reporting entity on the basis of a risk-oriented approach in respect of customers the business relations with which (financial transactions without establishing business relations) constitute a low risk, which are proportional to the identified risks and may provide for, in particular, the reduction of frequency and the scope of activities related to the monitoring of business relations and collecting additional information about business relations;

58) ownership structure shall mean a documented system of relations between individuals and legal entities, trusts, other similar legal arrangements, which makes it possible to identify all ultimate beneficial owners, including control relations between them, or the absence of ultimate beneficial owners;

59) financial monitoring secrecy shall mean information obtained in the course of state financial monitoring by the specially authorized body, namely: the information on financial transactions and their participants, additional information, other information that may be related to suspicion of legalization (laundering) of

proceeds from crime, financing of terrorism and/or financing of proliferation of weapons of mass destruction and/or other illegal financial transactions;

60) trust shall mean legal relations established by the founder during his lifetime or against the possibility of death, when the assets fall under the control of the trustee in favour of the beneficiary or for a specific purpose, which are characterized by the following features:

assets constitute a separate fund and are not part of the trustee's own property;

rights to trust assets registered in the name of the trustee or in the name of another person acting on behalf of the trustee;

a trustee has the powers and responsibilities within which it is responsible, and may manage, use or dispose the assets in accordance with the conditions of the trust agreement and special duties charged with it by the legislation of the respective state;

61) case referrals shall mean information on financial transactions, which have been subject to financial monitoring and following the analysis of which the specially authorized body has suspicion. Case referrals shall be the source of circumstances that may indicate the commission of a criminal offense and give grounds for the investigator, prosecutor to open pre-trial investigation. Case referrals can also be the grounds for law enforcement and intelligence agencies of Ukraine to conduct investigative and counterintelligence activities. The form and structure of case referrals shall be established by the central executive body that ensures formation and implementation of the state policy in the area of AML/CFT to legalization (laundering) of proceeds from crime, financing of terrorism and financing of proliferation of weapons of mass destruction, in coordination with law enforcement agencies;

62) risk management shall mean measures taken by reporting entities aimed at creating and ensuring functioning of a risk management system, which provides for, inter alia, determination (identification), assessment/reassessment (measurement), monitoring, control of risks with a view to minimize them;

63) financial transaction participants shall mean a customer, counterparty and persons acting on their behalf or in their interests or persons on behalf or for the benefit of whom a customer, counterparty acts;

64) foreign bank branch shall mean a separate structural unit of a foreign bank, which has no status of a legal entity and carries out its activities in the territory of Ukraine in accordance with the requirements established by the laws of Ukraine for banks;

65) financial transaction shall mean any actions regarding customer's assets conducted with the assistance of a reporting entity or which have become known to reporting entities referred to in sub-paragraph "a" to "f" of paragraph 7 of part two of Article 6 of this Law, in the framework of business relations with a customer, to state financial monitoring entities, the Deposit Guarantee Fund, state authorities conducting activities in the AML/CFT area, law enforcement and intelligence agencies of Ukraine in the framework of the implementation of this Law;

66) financial monitoring shall mean a set of measures performed by reporting entities in the AML/CFT area, which include the conduct of state financial monitoring and initial financial monitoring;

67) financial transactions subject to financial monitoring shall mean threshold financial transactions, suspicious financial transactions (activities);

68) financing proliferation of weapons of mass destruction shall mean the provision, collection or use of any assets for proliferation of weapons of mass destruction, for the commission of which international sanctions are envisaged;

69) terrorism financing shall mean the provision or collection of any assets directly or indirectly with the purpose of their use or recognition the possibility that they will be used in whole or in part:

for any purpose by an individual terrorist or terrorist group (organization);

for the organization, preparation or commission of terrorist act, involvement in the commission of an act of terrorism, public calls for the organization of an act of terrorism, creation of a terrorist group (organization), facilitating the commission of an act of terrorism, undergoing terrorism training, departure from Ukraine, and entry into Ukraine for terrorist purposes, carrying out any another terrorist activities, as well as attempts to commit such acts;

70) family members shall mean a spouse or equal-status persons, a son, a daughter, a stepson, a stepdaughter, an adopted person, a person under guardianship or care, a son-in-law and a daughter-in-law and equal-status persons, a father, a mother, a stepfather, a stepmother, adoptive parents, guardians or caregivers.

The terms “electronic payment instrument”, “electronic money”, “initiator”, “payer”, “payment instrument”, “money transfer”, “recipient”, “payment system participant” shall be used in this Law in the meanings set forth in the Law of Ukraine “On Payment Systems and Money Transfer in Ukraine”.

The term “banking group” shall be used in this Law in the meaning set forth in the Law of Ukraine “On Banks and Banking”, the term “non-bank financial group” – in the meaning set forth in the Law of Ukraine “On Financial Services and State Regulation of Financial Services Markets”, the term “nominee holder” in the meaning set forth in the Law of Ukraine “On the Depository System of Ukraine”, the term “foreign currency” - in the meaning set forth in the Law of Ukraine “On Currency and Currency Values”.

Article 2. The scope of the Law

1. This Law shall apply to the citizens of Ukraine, foreigners and stateless persons, individuals-entrepreneurs, as well as legal entities, their branches, representative offices and other separate units that are engaged in financial transactions both in Ukraine and abroad pursuant to the international treaties of Ukraine ratified by the Verkhovna Rada of Ukraine, local governments, law enforcement and intelligence, other state authorities of Ukraine.

2. Implementation of this Law shall not constitute a violation of the Law of Ukraine “On Personal Data Protection” as regards personal data processing. Personal data shall be processed in accordance with the requirements of this Law without the consent of personal data holder.

A reporting entity is obliged, when identifying a customer, inform him/her about the imposed on such reporting entity obligations regarding the processing of personal data for the AML/CFT purposes.

Article 3. Key principles of AML/CFT

1. AML/CFT shall be grounded on the following principles:

the priority of protecting the legitimate interests of citizens, society and the state from the damage caused by legalization (laundering) of proceeds from crime, financing of terrorism and financing of proliferation of weapons of mass destruction;

giving priority to measures on preventing legalization (laundering) of proceeds of crime, terrorist financing and the financing of the proliferation of weapons of mass destruction over counteraction measures;

application of risk-oriented approach during financial monitoring;

coordination of the interaction of participants in the national system of AML/CFT

inevitability of the application of measures to freeze assets related to terrorism and financing thereof, proliferation of weapons of mass destruction and financing thereof;

inevitability of punishment and persuasiveness and proportionality of enforcement measures for violation of the AML/CFT legislation;

protection of financial monitoring entities and their officers from threats and other negative or discriminatory actions related to the fulfillment of requirements of this Law;

release from liability for damage caused in connection with the performance of duties regarding the conduct of financial monitoring within the limits and in the manner prescribed by this Law;

preservation, protection of information and completeness, relevance and timeliness of information exchange;

availability of information necessary for financial monitoring to financial monitoring entities;

release from liability for the provision of restricted information in accordance with the requirements of this Law;

cooperation and interaction in the AML/CFT area with foreign countries, their respective authorities, international and intergovernmental organizations, which activities are aimed at ensuring international cooperation in this area.

Article 4. The AML/CFT legislation

1. Relations arising in the AML/CFT area shall be governed by the Constitution of Ukraine, international treaties ratified by the Verkhovna Rada of Ukraine, this Law and other laws as well as by-laws adopted to follow them.

Article 5. Actions pertaining to legalization (laundering) of proceeds from crime

1. Legalization (laundering) of proceeds from crime shall cover any actions related to execution of financial transaction or deed with proceeds from crime, as well as commission of actions aimed at concealing or disguising the illicit origin of such proceeds or their ownership, rights to such proceeds, sources of their origin, location, movement, change in their form (transformation), as well as acquisition, possession or use of proceeds from crime.

Section II.

FINANCIAL MONITORING SYSTEM

Article 6. System and financial monitoring entities

1. Financial monitoring system shall consist of initial and state levels.
2. The reporting entities shall be:
 - 1) banks, insurers (reinsurers), insurance (reinsurance) brokers, credit unions, pawn-shops, and other financial institutions;
 - 2) payment organizations, participants or members of payment systems;
 - 3) commodity and other exchanges that conduct financial transactions in goods;
 - 4) professional participants of stock market (securities market) except for persons involved in stock market trading organization activities;
 - 5) postal operators, other agencies that provide money transfer (postal transfer) and currency transactions services;
 - 6) branches or representative offices of foreign business entities that provide financial services in Ukraine;
 - 7) specially designated reporting entities (except for persons providing services within the framework of labor relations):
 - a) auditing entities;
 - b) accountants, businesses entities providing accounting services;
 - c) tax consulting businesses entities;
 - d) advocate bureaus, advocate associations and advocates conducting advocate activities individually;
 - e) notaries;
 - f) business entities providing legal services;

g) persons providing services for the establishment, maintenance or management of legal entities;

h) business entities providing intermediary services in real estate sale and purchase transactions as well as business entities providing consulting services for compensation related to sale and purchase of real estate;

i) business entities engaged in trade for cash in precious metals and precious stones and products made thereof;

j) business entities providing services in the field of lotteries and/or gambling;

8) virtual assets services providers;

9) other legal entities, which by their legal status are not financial institutions, but provide certain financial services.

3. The state financial monitoring entities shall be the National Bank of Ukraine, the central executive body that ensures formation and implementation of the state policy in the AML/CFT area, the Ministry of Justice of Ukraine, the National Securities and Stock Market Commission, the Ministry of Digital Transformation of Ukraine and a specially authorized body.

Article 7. Application of a risk-oriented approach

1. A reporting entity is obliged, in its activities, to apply a risk-oriented approach, taking into consideration the relevant risk criteria, in particular, those related to its customers, geographical location of the state of customer registration or institution through which it transfers (receives) assets, type of goods and services that the customer receives from a reporting entity, the way of providing (receiving) services. A risk-oriented approach shall be proportional to the nature and scale of a reporting entity activities.

2. A risk-oriented approach shall be applied in accordance with the procedure established by the internal documents on financial monitoring of a reporting entity, taking into account the recommendations of the relevant state financial monitoring entities, which, in accordance with this Law, perform functions of state regulation and supervision of such reporting entities.

A reporting entity is obliged to assess/reassess risks, including those inherent in its activities, document their findings as well as keep updated the information on the assessment of risks inherent in its activities (risk profile of a reporting entity) and the risk of its customers in such a way as to be able to demonstrate its understanding of the risks posed to it by such customers (risk profile of a customer).

3. The risk criteria shall be determined by a reporting entity independently, taking into account the risk criteria set accordingly by:

the National Bank of Ukraine for reporting entities, in relation to which the National Bank of Ukraine performs the functions of state regulation and supervision in accordance with Article 18 of this Law;

a central executive body, which ensures the formation and implementation of the state policy in the AML/CFT area – for other reporting entities.

4. In determining the risk criteria, a reporting entity shall take into account AML/CFT typological research prepared and made public by a specially authorized body, findings of the National Risk Assessment as well as recommendations of state financial monitoring entities.

5. A reporting entity is obliged to establish a high risk of business relations (financial transaction without establishing business relations), in particular with respect to the following customers:

customers, whose place of residence (stay, registration) is a country (jurisdiction), which do not or do not properly comply with the recommendations of international, intergovernmental organizations engaged in AML/CFT;

a list of countries (jurisdictions) that do not or do not properly comply with the recommendations of international, intergovernmental organizations involved in AML/CFT is formed in the manner defined by the Cabinet of Ministers of Ukraine, based on the findings of international, intergovernmental organizations involved in AML/CFT and is published on the specially authorized body official website;

customers included in the list of persons, customers who are representatives of persons included in the list, customers directly or indirectly owned, or the ultimate beneficial owners of which are persons included in the list;

foreign financial institutions (except for financial institutions registered in the European Union Member Countries, Member Countries of the Financial Action Task Force (FATF), except for the countries conducting armed aggression against Ukraine in the meaning referred to in Article 1 of the Law of Ukraine “On Defence of Ukraine”), with which correspondent relations are established;

international politically exposed persons, their family members and persons related to such politically significant persons, as well as customers, whose ultimate beneficial owners are mentioned persons;

customers regarding which (ultimate beneficial owners of which) special economic and other restrictive measures (sanctions) are applied in accordance with Article 5 of the Law of Ukraine “On Sanctions”;

customers, whose place of residence (stay, registration) is a country included by the Cabinet of Ministers of Ukraine in the list of offshore zones.

6. A reporting entity shall establish an unacceptable high risk of business relations (financial transaction without establishing business relations) with respect to the customers in the following cases:

impossibility to perform the obligations specified by this Law or to minimize the identified risks associated with such a customer or a financial transaction;

existence of reasonable suspicions from the results of the investigation of the client’s suspicious activity, that such activity may be fictitious.

7. A reporting entity shall be obliged in respect of non-profit organizations, including charitable organizations, to take measures to minimize the risk of being used for ML/TF/PF purpose, in particular taking into consideration recommendations of the relevant state financial monitoring entity, which, pursuant to this Law, shall perform functions of state regulation and supervision over reporting entities.

8. Initial financial monitoring shall be ensured directly by a reporting entity, its branches, other separate divisions and subsidiaries, including those located in countries where FATF Recommendations are not applied or applied insufficiently, within the limits set by the laws of that country.

A reporting entity, in respect of branches, other separate divisions and subsidiaries located in countries where FATF Recommendations of are not applied or applied insufficiently, shall be obliged to assess the measures of AML/CFT taken in that countries.

Should the implementation of such measures be prohibited by the laws of that state, a reporting entity shall be obliged to notify the relevant state financial monitoring entity, which pursuant to this Law shall perform functions of state regulation and supervision over a reporting entity, of appropriate precautions to be used by a reporting entity to minimize the risks of using the activities of branches, other separate divisions and subsidiaries for legalization (laundering) of proceeds from crime, financing of terrorism or financing proliferation of weapons of mass destruction.

A reporting entity shall take appropriate preventive measures aimed at: adopting enhanced due diligence measures prior to establishing business relations with persons or companies of such countries; notifying a specially authorized body of financial transactions with customers of the relevant countries; warning of customers that transactions with individuals or legal entities, trusts or other similar legal arrangements in the relevant countries may contain risk of laundering of proceeds from crime or financing of terrorism or financing of proliferation of weapons of mass destruction.

Article 8. Tasks, duties and rights of reporting entities

1. A reporting entity (except for specially designated reporting entities that carry out their activities individually, without creation of a legal entity) shall, in accordance with the law, national risk assessment results and assessment of risks inherent in its activities, develops, implements and continuously updates the rules for financial monitoring, financial monitoring programs and other internal documents on financial monitoring (hereinafter referred to as the “internal documents on financial monitoring”) and appoint an officer responsible for its implementation (hereinafter referred to as “a compliance officer”).

Internal documents on financial monitoring shall include procedures sufficient to ensure effective risk management as well as to prevent the use of services and products of a reporting entity for legalization (laundering) of proceeds from crime, terrorism financing and financing proliferation of weapons of mass destruction.

Groups, the members of which are reporting entities, shall develop and implement common rules for financial monitoring, which, in particular, include the procedure for the use of information within the group for the purpose of financial monitoring. Such rules shall apply to all reporting entities, which are members of the group, their branches and subsidiaries located in other countries.

2. A reporting entity shall be obliged:

1) to register with a specially authorized body as a reporting entity and notify the specially authorized body in the manner prescribed by the National Bank of Ukraine for reporting entities, in respect of which the National Bank of Ukraine pursuant to Article 18 of this Law performs functions of state regulation and supervision, and by the Cabinet of Ministers of Ukraine for other reporting entities about the following:

appointment or dismissal of a compliance officer;

appointment of a person who will temporarily perform the duties of a compliance officer in his/her absence;

change in information about a reporting entity and/or about a compliance officer or a person who temporarily performs his/her functions;

termination and/or renewal of reporting entity activities;

2) to ensure according to requirements established by the relevant state financial monitoring entity proper organization and implementation of initial financial monitoring, which will allow to properly detect threshold and suspicious financial transactions (activities) irrespective of the level of risk of business relations with a customer (conducting financial transactions without establishing business relations) and to report them to the specially authorized body, as well as to prevent the use of services and products of a reporting entity for the conduct of financial transactions by customers for unlawful purpose;

3) to ensure the functioning of the appropriate risk management system, application a risk-oriented approach in its activities and to take appropriate measures to mitigate risks;

4) to conduct due diligence of new customers as well as existing customers;

5) to ensure monitoring of financial transactions of a customer (including those conducted in the interests of a customer) in terms of compliance of such financial transactions with information available to reporting entity about a customer, customer's activities and risk including, if necessary, information on the source of funds associated with financial transaction(s));

6) to ensure the identification, in particular with the use of automation tools, of financial transactions that are subject to financial monitoring before, during, on the day of suspicion, after conduct thereof or during attempted conduct or after customer's refusal to conduct thereof.

7) to ensure registration of financial transactions that are subject to financial monitoring, in particular with the use of automation tools;

8) to notify the specially authorized body of the following:

a) threshold financial transactions which meet the features defined in paragraphs two and three of part one of Article 20 of this Law – within five business days from the day of their conduct (attempted conduct);

b) threshold financial transactions which meet the features defined in paragraphs four and five of part one of Article 20 of this Law – no later than the fifth business day of the month following the month in which the financial transactions were conducted;

c) suspicious financial transactions (activities) or attempts to conduct them, regardless of the amount for which they (it) are (is) conducted – immediately after the occurrence of a suspicion or sufficient grounds for a suspicion, and also to provide justified conclusions, copies of documents and other information on the basis of which suspicions have been formed and additional information on the requests of the specially authorized body;

d) on discrepancies between information about ultimate beneficial owners of a customer contained in the Unified State Register of Legal Entities, Private entrepreneurs and Public Organizations and information about ultimate beneficial owners received by a reporting entity as a result of customer due diligence – no later than the tenth business day of the month following the month in which discrepancies were detected;

9) upon receipt from the specially authorized body of a notice:

with non-zero error codes regarding certain financial transactions or in general regarding a report given by a reporting entity, in particular, a report regarding tracking (monitoring) of financial transactions – to submit a duly executed notice to the specially authorized body within three working days of receipt of such a notice;

of an error in processing of additional information (information for execution of a request from a competent authority of foreign state) – to submit a duly executed additional information within two working days from the day of receipt such a notice;

10) to assist, within the scope allowed by the law, the personnel of the specially authorized body in the analysis of financial transactions;

11) to submit upon a request of the specially authorized body made within its powers:

a) additional information that may be related to financing of terrorism or financing of proliferation of weapons of mass destruction, as well as information that may be related to suspension of financial transactions, freezing of assets related to terrorism and financing thereof, proliferation of weapons of mass destruction and financing thereof, pursuant to this Law – within one working day from the receipt of a request;

b) other additional information not specified in sub-paragraph “a” of this paragraph – within five working days from the receipt of a request or within other

period agreed upon according to the established procedure with the specially authorized body;

12) to submit, upon a request of the specially authorized body made within its powers, additional information necessary for the execution of request received from the competent authority of a foreign state, in particular, restricted information, within five working days of the receipt of a request or within other period agreed upon according to the established procedure with the specially authorized body;

13) to submit, at the request of the specially authorized body, the information on tracking (monitoring) financial transactions of the customer, whose transactions have become subject to financial monitoring in the manner established by the central executive body that ensures formation and implementation of the state policy in the AML/CFT area, in coordination with the relevant state financial monitoring entities, which pursuant to this Law perform functions of state regulation and supervision over reporting entities and the Deposit Guarantee Fund;

14) in case if impossibility to meet the deadlines set by paragraph 12 and 13 of this part for objective reasons (taking into account the amount of information requested, the form of its submission – electronic or paper, copying or scanning, receiving data from archives, etc.) to agree with the specially authorized body within two working days of the receipt of a request upon the deadline for provision of the requested information in the manner prescribed by the central executive body that ensures formation and implementation of the state policy in the AML/CFT area;

15) to submit (execute, certify) timely and in full, in the manner prescribed by the relevant state financial monitoring entity, which pursuant to this Law performs the functions of state regulation and supervision over a reporting entity, upon a request of this state financial monitoring entity, a reliable information and/or documents (conclusions, decisions etc.), copies of documents or extracts from documents regarding the fulfillment by a reporting entity of AML/CFT legislative requirements and necessary for a state financial monitoring entity for the AML/CFT supervision including for verification of violations of AML/CFT legislation, monitoring the implementation of decisions on application of sanctions, other enforcement actions of state financial monitoring entities by reporting entities;

16) to take measures to prevent disclosure (in particular, to persons whose financial transactions are being verified) of information submitted to the specially authorized body and other information on financial monitoring (including on the fact of submission of such information or the fact of receipt of a request, a decision or an order from the specially authorized body and execution thereof) except for cases defined by this Law;

17) to document the measures taken to comply with the requirements of the AML/CFT legislation by creating (keeping) relevant documents (including electronic), records in such a way as to facilitate the officers of a reporting entity involved in the initial financial monitoring to perform its duties most expediently and efficiently and be able to prove to state financial monitoring entity that decisions taken to comply with

the requirements of the AML/CFT legislation, in particular, with regard to risk assessment, due diligence, monitoring and reporting on financial transactions subject to financial monitoring are based on substantive facts as well as comprehensive and due analysis findings;

18) to store (in a manner so that to promptly provide upon a request of the relevant state financial monitoring entities and to the extent sufficient for the renewal of information on certain financial transactions, including, if necessary to give as evidence in a criminal proceeding) documents (including electronic), their copies, records, data, information on measures taken to comply with the AML/CFT requirements, namely regarding the conduct of customer due diligence (including identification and verification of customers' representatives, establishment of their powers) as well as persons who were refused by a reporting entity to establish business relations and/or conduct financial transactions, as well as all documents relating to business relations (conduct of financial transactions) with a customer (including business, in particular internal correspondence, mails, reports, requests, findings of any analysis during due diligence of a customer) no less than five years after termination of business relations with a customer or completion of one-time financial transaction without establishing business relations with a customer.

A regulatory act of a state financial monitoring entity, which pursuant to this Law shall perform the functions of state regulation and supervision over reporting entities, may set longer periods of time and additional requirements for the document keeping procedure;

19) to ensure full access for the relevant state financial monitoring entities, which pursuant to this Law shall perform the functions of state regulation and supervision over reporting entities, and at the documentary requests from law enforcement agencies made within their powers, to documents or information contained therein in accordance with law. The documents or information constituting bank secrecy shall be received by law enforcement agencies from banks according to the procedure and within the scope established by the Law of Ukraine "On Banks and Banking";

20) by order of the specially authorized body issued for the purpose to execute a request of a competent authority of a foreign state, - to suspend the conduct or ensure monitoring of financial transaction of a person concerned in accordance with the procedure prescribed by law;

21) upon a decision of the specially authorized body – to suspend the conduct of expenditure financial transactions or to ensure monitoring of financial transaction(s) of a person concerned in accordance with the procedure prescribed by law;

22) to conduct, in the manner prescribed by state financial monitoring entity, which pursuant to this Law shall perform the functions of state regulation and supervision over relevant reporting entity, internal audits of its activities for compliance with the AML/CFT legislation, or independent audit of its activities (except for banking) in this area;

23) to take, in accordance with the law, measures to ensure the training of a compliance officer in the AML/CFT area within three months from the date of his/her appointment, as well as professional development of a compliance officer by training at least once every three years at the premises of the relevant educational institution under authority of the specially authorized body and at other educational institutions in coordination with the specially authorized body;

24) to train personnel on a regular basis for the purpose of proper compliance with the requirements of this Law, in particular through educational and practical work;

25) to manage risks associated with the introduction or use of new and existing information products, business practices or technologies, including those that ensure conducting financial transactions without direct contact with a customer;

26) to meet requirements of the relevant state financial monitoring entities issued on the basis, within the powers and in the manner provided for by the AML/CFT legislation, which pursuant to this Law shall perform the functions of state regulation and supervision over reporting entities, in terms of the fulfillment (elimination of violations) of the AML/CFT requirements;

27) to establish procedures for the personnel regarding informing head of a reporting entity and/or a compliance officer of the AML/CFT requirements violation, including without indication of authorship (anonymously), with the provision of appropriate means;

28) to ensure protection (to prevent dismissal or compulsion to dismissal, bringing to disciplinary responsibility or subjecting to other negative enforcement actions (transfer, performance appraisal (reappraisal), change of working conditions, refusal to appoint to a senior position, reduction of wages, etc.) or threatening such enforcement actions) of officers due to the notification by them of head and/or compliance officer of a reporting entity or state financial monitoring entity of AML/CFT requirements violation;

29) to prevent the persons, who have a conviction of mercenary criminal offences or terrorism, which has not been removed by a court or expunged after the lapse of time in accordance with the law, as well as their accomplices in such criminal offences, from management, membership in its management or control authorities;

30) to prevent the formation of its authorized capital (for credit unions - share, reserve and additional capital) at the expense of funds, the sources of origin of which can't be confirmed.

3. A reporting entity in order to perform the tasks assigned to it by this Law, shall have the right to submit requests to the National Bank of Ukraine, the National Commission on Securities and Stock Market, executive authorities, law enforcement agencies, state registrars, which shall provide requested information and/or documents (their copies, extracts from documents) during ten working days from the day of receipt the proper request. Law enforcement agencies provide information taking into consideration requirements provided for by the Criminal-Procedure Code of Ukraine.

4. A reporting entity, its heads, compliance officer, other officers involved in the initial financial monitoring, ultimate beneficial owners (controllers) shall be prohibited to use their powers and related opportunities or refrain from their use for the purpose of legalization (laundering) of the proceeds from crime, terrorism financing and financing proliferation of weapons of mass destruction or facilitating other persons in commitment of such actions.

The head and deputy the head of a reporting entity, chairman and members of a reporting entity supervisory body, a compliance officer (a person who temporarily performs the powers of a compliance officer in the case of his/her absence), other officers of a reporting entity, involved in the initial financial monitoring, shall have a sound business reputation.

5. The heads and compliance officers (persons who temporarily performs the powers of compliance officers in the case of their absence) of reporting entities as well as other officers involved in the initial financial monitoring, in the event of violation of the AML/CFT legislation, shall be responsible in accordance with the law.

6. The head of a reporting entity as well as a compliance officer shall be responsible for inadequate organization and conduct of initial financial monitoring.

7. In case of liquidation procedure in respect of a reporting entity, including declaring it bankrupt, or appointment of temporary administration, the responsibility for non-compliance with paragraph 12-14, 20 and 21 of part two of this Article shall be borne by a liquidator, an authorized person of the Deposit Guarantee Fund.

Article 9. Legal status of a reporting entity compliance officer.

1. A compliance officer shall be appointed at the managerial level of a reporting entity. The legal status, accountability and subordination of a compliance officer of a bank in the organizational structure of a bank and requirements to him/her are determined by the legal acts of the National Bank of Ukraine.

A compliance officer shall have an impeccable business reputation and meet qualification requirements set by a state financial monitoring entity, who pursuant to this Law shall perform functions of state regulation and supervision over the relevant reporting entity.

1. A compliance officer shall be appointed and checked for compliance with qualification requirements in the manner defined by the respective state financial monitoring entity, which pursuant to this Law shall perform functions of state regulation and supervision over a reporting entity.

Compliance officers of banks, branches of foreign banks shall be appointed and dismissed in coordination with the National Bank of Ukraine.

2. The authority of a compliance officer shall include:

1) ensuring reporting a specially authorized body on financial transactions subject to financial monitoring;

2) ensuring reporting a specially authorized body about discrepancies between information on ultimate beneficial owners of a customer contained in the Unified State Register of Legal Entities, Private Entrepreneurs and Public Formations and information about ultimate beneficial owners received by a reporting entity as a result of customer due diligence;

3) conducting the audits of activities of any unit of a reporting entity and its officers concerning their compliance with internal documents on financial monitoring;

4) the right for access to all premises, documents, information, databases, means of telecommunications, archives of a reporting entity;

5) involving any reporting entity officers in the initial financial monitoring and inspections on these matters;

6) organization of development, submission for approval, ensuring constant updating, as well as monitoring of compliance with internal documents on financial monitoring;

7) obtaining explanations on the matters of conducting financial monitoring from reporting entity officers, regardless of the positions occupied;

8) providing assistance to the authorized representatives of state financial monitoring entities, which pursuant to this Law shall perform functions of state regulation and supervision over the relevant reporting entities, in conducting inspections of reporting entity activities concerning compliance with the AML/CFT legislation;

9) making a decision on submission of information on financial monitoring at requests of a specially authorized body and the relevant law enforcement agencies;

10) performing other functions pursuant to the legislation and internal documents on financial monitoring.

4. The head of a reporting entity and other reporting entity officers are obliged to facilitate the implementation of compliance officer's functions.

5. A compliance officer shall be independent in his/her activity, accountable only to the head of a reporting entity and shall be obliged at least once a month, to inform in writing the head of a reporting entity of financial transactions detected that are subject to financial monitoring, and measures taken, in particular, to:

ensure the conduct of initial financial monitoring measures;

develop and update internal documents on financial monitoring;

personnel training in respect of implementation of this Law by conducting educational and practical work.

Article 10. Peculiarities of activities of the specifically designated reporting entities

1. Fulfillment of reporting entity's duties shall be ensured by:

1) advocate bureaus, advocate associations and advocates conducting advocate activities individually, notaries, business entities providing legal services if they participate, acting on behalf and/or for the benefit of a customer, in any financial transaction and/or help a customer to plan or conduct a transaction relating to:

purchase and sale of real estate or property management when financing housing construction;

purchase and sale of business entities and corporate rights;

management of funds, securities or other assets of a customer;

opening and/or managing a bank account or a securities account;

raising funds that are necessary for the establishment of legal entities and funds, support to their activities or management thereof;

establishment, maintenance or management of legal entities, funds, trusts or other similar legal arrangements;

2) business entities providing intermediary services in real estate sale and purchase transactions, as well as business entities providing consulting services related to real estate sales and purchase for remuneration, by providing consulting services, preparing and/or conducting transactions on real estate sale and purchase;

3) business entities that trade with precious metals and precious stones as well as products made thereof for cash if the amount of financial transaction equals or exceeds UAH 40, 000, or the amount equivalent to the abovementioned amount, including in foreign currency, bank metals, other assets, when conducting financial transactions in high value items (in particular, in precious metals, precious stones, antique things, art object, etc.) or when organizing trade in such items, including auction trade;

4) business entities providing services in the field of lotteries and/or gambling when conducting financial transactions on the acceptance or return, in aggregate or separately payments (bets) directly from players, payout off prize.

A business entity providing services in the field of lotteries and/or gambling shall also perform the duties of a reporting entity during financial transactions on the acceptance or return of payments (bets), payout of prize, if such financial transactions are conducted on its behalf and based on its instructions (on the basis of an agreement) by third parties.

2. The provisions of paragraph 2,7 and 18 (in part of the detection, registration and storage of information on threshold financial transactions) and also paragraph 14 of part two of Article 8 of this Law shall not apply to specially designated reporting entities.

The provisions of sub-paragraphs “a” and “b” of paragraph 8 of part two of Article 8 of this Law shall not apply to specially designated reporting entities, other than entities referred to in subparagraph “j” of paragraph 7 of part two of Article 6 of this Law.

3. Notaries, advocate bureaus, advocate associations, advocate conducting advocate activities individually, persons providing legal services shall not be obliged to perform their customer due diligence duties and to notify a specially authorized body of their suspicions during the provision of services for protection of the customer, representation of customer's interests in judicial authorities and in matters of pre-trial settlement of disputes or advising on the protection and representation of a customer.

Article 11. Due diligence

1. Reporting entities, which are financial institutions, shall be prohibited to open and keep anonymous (numbered) accounts and establish correspondent relations with shell banks as well as with banks and other financial institutions being non-residents which are known to maintain correspondent relations with shell banks.

2. A reporting entity shall be obliged to perform each measure within the due diligence.

A scope of actions when performing each measure within the due diligence shall be determined by a reporting entity subject to risk profile of a customer, in particular the risk level, purpose of business relations, the amount of conducted transactions, the frequency or duration of business relations.

3. Due diligence shall be conducted in the following cases:

establishing business relations (except business relations established on the basis of insurance contracts for types of insurance that do not provide for insurance payment in the case of the insured person's lifetime before the expiry of the insurance contract and/or attainment by the insured person of a certain age specified in such contract determined in such document, under which the customer is an individual and total insurance payment does not exceed UAH 27,000 or its amount equals to the above amount, including in foreign currency; as well as except establishing business relations arising under contracts on participation in lotteries, provided that the player's bet amount does not exceed UAH 5,000);

existence of suspicion;

making transfers (including international transfers) without opening an account, in the amount that equals or exceeds UAH 30,000, or the amount equivalent to the above amount, including in foreign currency, bank metals, other assets, cost units, but which is less than the amount referred to in part one of Article 20 of this Law;

conducting virtual assets financial transaction in the amount that equals or exceeds UAH 30,000;

the occurrence of doubts regarding the accuracy or completeness of previously obtained customer identification data;

conducting a one-time financial transaction without establishing business relations with customers, if the amount of financial transaction equals or exceeds the amount referred to in part one of Article 20 of this Law.

Depending on the risk level of financial transaction, a customer due diligence shall be performed also in the case of conducting by it of several financial transactions that may be related to each other in the total amount that equals or exceeds the amount determined in part one of Article 20 of this Law.

4. Customer identification and verification shall be carried out prior to establishing business relations, executing deeds (unless otherwise provided by this Law), conducting financial transaction, account opening.

In order not to interfere with ordinary business practice, customer verification can be carried out as necessary during the establishment of business relationships. In this case, verification should be completed as soon as possible after the first contact with a customer, subject to effective ML/FT/PF risks management. Customer verification can also be carried out after opening an account, but before the first financial transaction that will be conducted on the account.

Verification shall also be carried out in other cases established by the National Bank of Ukraine for reporting entities the state regulation and supervision over which it shall perform pursuant to this Law.

5. A reporting entity shall have the right to request, and state authorities, state registrars shall be obliged within ten working days of receipt of a request to provide, pursuant to the legislation, the information concerning due diligence. The above information shall be provided free of charge. The procedure for submission of information shall be determined by the Cabinet of Ministers of Ukraine.

6. A reporting entity shall have the right to request, and a customer, customer's representative shall be obliged to submit information (official documents) required for due diligence, as well as for compliance with other AML/CFT requirements by such reporting entity.

7. A reporting entity, pursuant to the law, shall be obliged to verify on the basis of official documents or information obtained from official and/or reliable sources (unless otherwise provided by this Law).

Official documents shall be valid at the time of submission thereof and contain all the necessary identification data. Copies of official documents, except notarized ones, on the basis of which a reporting entity has conducted verification, shall be certified in the manner prescribed by state financial monitoring entity, which pursuant to this Law shall perform functions of state regulation and supervision over relevant reporting entity.

Bank details in which the customer's account was opened, number of current account, place of residence or place of stay of an individual – resident of Ukraine (place of residence or place of temporary stay of an individual – non-resident of Ukraine), information about the executive body (managerial authorities), as well as other information required for clarifying the purpose and nature of future business relations, conducting on a regular basis the monitoring of business relations and financial transactions of a customer identified by a reporting entity on the basis of official

documents and/or information received from the customer (customer's representative) and certified by a customer as well as from other official and/or reliable sources, if such information is public, shall not require verification in the event that a reporting entity has no suspicions with regard to the authenticity (validity) of such documents and/or information.

To determine whether a customer or ultimate beneficial owner of a customer is affiliated with politically significant persons, their family members or related persons, a reporting entity shall use several reliable sources of information and take measures to verify the received information.

In order to establish an ultimate beneficial owner, a reporting entity shall:

request and receive from a customer being a legal entity the ownership structure of such a customer;

establish, with regard to a trust or other similar legal arrangement, information about founders, trustees, defenders (if any), beneficiaries or a group of beneficiaries, as well as any other individuals who exercise final decisive impact on trust or other similar legal arrangement (including through the chain of control/ownership). Regarding trusts and other similar legal arrangements, beneficiaries of which are characterized by certain features or class, information shall be established about such beneficiaries that would enable their identification at the time of payment or at the time of exercising by them their rights;

have the right to use the data contained in official documents, official and/or other sources;

take appropriate measures to verify the authenticity of information about an ultimate beneficial owner and make sure that he/she knows who is an ultimate beneficial owner by making reasonable efforts to understand the ownership (control) right and ownership structure.

A reporting entity in establishing an ultimate beneficial owner of a customer shall not rely solely on the Unified State Register of Legal Entities, Private Entrepreneurs and Public Formations. The requirements for the establishment of an ultimate beneficial owner shall be observed by a reporting entity using a risk-oriented approach.

8. The following data shall be established in the course of identification and verification of residents by reporting entities:

1) for an individual - surname, first name and patronymic (if any), date of birth, number (and series, if any) of passport of the citizen of Ukraine (or other document proving the identity and which according to the laws of Ukraine may be used in Ukraine for conclusion of transactions), date of issue and issuing authority, information on the place of residence or place of stay, registration number of the taxpayer's registration card, number (and series, if any) of passport of the citizen of Ukraine, which bears the mark on refusing to accept the registration number of the taxpayer's registration card or number of passport with a record of refusing to accept the registration number of the

taxpayer's registration card on the electronic contactless media, unique entry number in the Unified State Demographic Register (if any). If, according to the customs of the national minority to which a person belongs, the surname or patronymic are not constituent names, only the constituent names are indicated;

2) for an individual-entrepreneur – surname, first name and patronymic (if any), date of birth, number (and series, if any) of passport of the citizen of Ukraine (or other document proving the identity and which according to the laws of Ukraine may be used in Ukraine for conclusion of transactions), date of issue and issuing authority, information on the place of residence or place of stay, registration number of the taxpayer's registration card, number (and series, if any) of passport of the citizen of Ukraine, which bears the mark on refusing to accept the registration number of the taxpayer's registration card or number of passport with a record of refusing to accept the registration number of the taxpayer's registration card on the electronic contactless media, date and number of the entry in the Unified State Register of Legal Entities, Private Entrepreneurs and Public Formations about the state registration; details of the bank where an account was opened and a number of a current account (if any), unique entry number in the Unified State Demographic Register (if any). If, according to the customs of the national minority to which a person belongs, the surname or patronymic are not constituent names, only the constituent names are indicated;

3) for a legal entity - full name, location; date and number of entry in the Unified State Register of Legal Entities, Private Entrepreneurs and Public Formations on the state registration, information about executive body (management authorities); identification data of persons who have the right to manage accounts and/or property; identification code according to the Unified State Register of Enterprises and Organizations of Ukraine; details of a bank in which an account was opened and current account number.

Banks as reporting entities may not establish the details of other bank with which the account was opened and current account number in respect of residents (private entrepreneurs, legal entities).

9. The following data shall be established in the course of identification and verification of non-residents, as well as trusts and other similar legal arrangements by the reporting entities:

1) for an individual – surname, name and patronymic (if any), date of birth, number (and series, if any) of passport (or other identity document, which according to the laws of Ukraine may be used in Ukraine for the conclusion of transactions), date of issue and issuing authority, citizenship, information about the place of residence or place of temporary stay in Ukraine, unique entry number in the Unified State Demographic Register (if any);

2) for a legal entity – full name, location; details of bank with which the account was opened, bank account number; information about executive body (management authorities); identification data of persons who have the right to manage accounts and/or property. During verification a reporting entity shall also be provided with a

copy of legalized extract from the trade, bank or court register or a notarized registration certificate of the competent authority of a foreign state on registration of the legal entity in question.

3) for trusts and other similar legal arrangements that are not legal entities – full name, purpose and objectives of the activity, management objects belonging to a non-resident in respect of which identification and verification is conducted, a country of establishment, location; details of a bank in which an account was opened, bank account number; identification number (if any) used by a non-resident when submitting tax declarations and other tax documents to tax authorities in its country of residence. During verification a reporting entity shall also be provided with a certified copy of the document on establishment (foundation) of a trust or other similar legal arrangement.

10. In the field of life insurance, the insurers (reinsurers), insurance (reinsurance) brokers, for the purpose of identification of a beneficiary under life insurance contract (insurance policy, certificate), shall, in addition to due diligence measures referred to in parts eight and nine of this Article, ascertain the following:

1) for beneficiaries specifically identified in the contract (insurance policy, certificate) – surname, name and patronymic (if any) of an individual or name of a legal entity, trust or other similar legal arrangement;

2) for beneficiaries identified by their characteristics or a category (for example, husband, wife or children at the time of occurrence of the insured event) or otherwise (for example, by the will), – information sufficient for the insurer's (reinsurer's), insurance (reinsurance) broker's confidence in the possibility of identifying the beneficiary when paying an insurance indemnity.

The insurers (reinsurers), insurance (reinsurance) brokers shall conduct verification of beneficiaries under life insurance contract (insurance policy, certificate) when paying an insurance indemnity. In case of transfer of the rights under life insurance contracts to third parties, new beneficiaries shall be identified at the time of the transfer of such rights.

11. Business entities providing lottery and/or gambling services shall be obliged to conduct a due diligence of players in the lottery and/or gambling, taking into account the following peculiarities:

1) due diligence of players who have acquired the right to receive a reward in lottery and/or gambling shall be conducted by a business entity providing lottery and/or gambling services prior to/or at the time of conducting financial transaction in payment of a reward (prize) and provided that such financial transaction shall be subject to financial monitoring in accordance with Articles 20 or 21 of this Law;

2) due diligence of players who intend to return their payments (bets) made by them in the lottery and/or gambling shall be conducted by a business entity providing lottery and/or gambling services prior to/or at the time of conducting financial transaction in return of payments (bets) in the lottery and/or gambling and provided

that such financial transaction shall be subject to financial monitoring in accordance with Articles 20 or 21 of this Law;

A business entity providing lottery services shall, at the time of due diligence of a player, in addition to due diligence measures referred to in parts eight and nine of this Article, establish the name of the lottery, lottery ticket number (or the name and number of another document that certifies making a bet by a player in the lottery or the amount of his/her reward), as well as (for draw lotteries) the date of lottery drawing and lottery draw number.

12. A reporting entity shall, regarding a foreign financial institution, with which correspondent relations are established, is obliged, in addition to customer due diligence, perform the following actions in the manner determined by the respective state financial monitoring entity, which pursuant to this Law shall perform functions of state regulation and supervision over a reporting entity:

1) to collect from reliable and independent sources of information sufficient to understand by a reporting entity the nature of activities of such a financial institution and to establish the reputation and quality of supervision over it, in particular, whether foreign financial institution was a subject of an investigation of money laundering or financing of terrorism, or an object of application enforcement actions by the body that exercises state regulation and supervision over its AML/CFT activities, and whether a financial institution is a shell bank;

2) to assess AML/CFT measures of a foreign financial institution;

3) to establish correspondent relations with foreign financial institutions with the permission of head of a reporting entity;

4) to document AML/CFT duties of a foreign financial institution;

5) regarding a foreign financial institution which accounts are used directly by third parties for the purpose of conducting transactions on its own behalf, to ascertain that a foreign financial institution takes appropriate due diligence measures in respect of customers who have direct access to accounts of a foreign financial institution and that a foreign financial institution can, at the request of reporting entity, provide relevant information obtained following the results of the customer due diligence.

13. A reporting entity shall, additionally throughout the course of due diligence, perform the following measures with regard to customers (ultimate beneficial owners of which) are politically significant persons, their family members and persons related to politically significant persons:

1) have a proper risk management system in order to identify the fact of belonging of a customer or an ultimate beneficial owner of a customer to the specified category;

2) receive permission of the head of a reporting entity for the establishment (continuation) of business relations, conducting (without establishing business relations) financial transactions in the amount that equals or exceeds the amount determined in part one of Article 20 of this Law (regardless of the fact whether such a

financial transaction is made on a one-time basis or as several financial transactions that can be interrelated);

- 3) adopt sufficient measures to find out the sources of wealth and the source of funds associated with business relations or transactions with such persons;
- 4) conduct on a constant basis the enhanced monitoring of business relations.

The scope of actions of a reporting entity regarding the measures specified in paragraphs 2-4 of this part shall be proportional to the risk of business relations (financial transaction without establishing business relations) with a customer.

If a politically significant person no longer performs prominent public functions, a reporting entity shall for at least twelve months take into account his/her continuing risks and shall continue to take the above measures defined by paragraphs 2-4 of this part until it is convinced that there are no such risks.

In this case, a reporting entity should take into account the risks that remain inherent to a politically significant person, in particular:

- the level of impact a person may still have;
- the amount of powers he/she has been endowed with;
- connection between the past and the current powers, etc.

The insurers (reinsurers), insurance (reinsurance) brokers, in addition to measures provided for in this part of Article, shall also take measures to determine whether such a person is a beneficiary and/or an ultimate beneficial owner under life insurance contract (insurance policy, certificate). In case of establishing the fact that such a person is a beneficiary and/or ultimate beneficial owner before the insurance payment is made under such a contract (insurance policy, certificate), this fact shall be communicated to the head of a reporting entity and the constant monitoring of business relations with the holder of such a contract (insurance policy, certificate) shall be conducted taking into account the recommendations of the relevant state financial monitoring entity, as a result of which a decision shall be made about reporting a specially authorized body.

14. Repeated customer (customer's representative) identification and verification shall not be mandatory if this person has been previously identified and verified in accordance with the law, subject to the fact that a reporting entity has not suspicions and/or grounds to believe that the documents, data and/or information on a customer (customer's representative) available are null and void (invalid) and/or outdated.

Customer identification and verification shall not be made in the case of conducting transactions between banks registered in Ukraine.

15. Regulations of state financial monitoring entities, which pursuant to this Law, shall perform functions of state regulation and supervision over relevant reporting entities, may determine a shortlist of identification data to be ascertained by reporting entities in case of:

establishing business relations or conducting financial transaction where a customer is a governmental authority, social insurance fund, an enterprise that is fully owned by the state, international institution or organization in which Ukraine is a member under international treaties of Ukraine ratified by the Verkhovna Rada of Ukraine, as well as international treaties of Ukraine not subject to ratification;

conducting financial transaction on the stock exchange;

making insurance compensation or insurance payment under International Compulsory Civil Liability Insurance Agreement;

establishing business relations or conducting financial transaction where a customer is an institution, body, office or agency of the European Union;

establishing business relations or conducting financial transaction where a customer is a diplomatic mission of foreign state accredited in Ukraine in due course;

establishing business relations with a customer who is the issuer and who, pursuant to the law or in connection with the public offering of the shares or in connection with the admission of its shares to trading shall publicly disclose information on ultimate beneficial owners, or is a subsidiary or representative office of that customer.

A reporting entity shall be obliged to establish the identification data envisaged by parts eight to nine of this Article, in case it has suspicions about customers provided for by this part of Article.

The provisions of this part of Article may not be applied in case a reporting entity has suspicions.

16. The state financial monitoring entities, which pursuant to this Law shall perform functions of state regulation and supervision over relevant reporting entities, shall establish the peculiarities and reliable sources for conducting a customer due diligence for the relevant reporting entities as well as peculiarities of establishing beneficiaries of financial transactions.

17. Legal acts of state financial monitoring entities, which pursuant to this Law shall perform the functions of state regulation and supervision over reporting entities, shall determine:

the procedure for identification and verification of customers by an agent;

the procedure for the use of information on customer identification and verification, identification of their ultimate beneficial owners and taking measures to verify their identity, as well as information on the purpose and nature of future business relations, received from a third party which is a reporting entity according to this Law or which takes measures of a similar kind and is subject to appropriate supervision in accordance with the law of the country of registration of such entity and acts on its own behalf.

The use of an agent to identify and verify customers shall be possible only subject to entering into a written agreement between a reporting entity and an agent.

Reporting entities shall be prohibited to use information received in accordance with the third paragraph of this part from a third party established and acting in accordance with the law of a state (jurisdiction) that does not comply or improperly complies with the recommendations of international, intergovernmental organizations engaged in AML/CFT, except when the information is used within a group in compliance with the unified financial monitoring rules.

In case of customer identification and verification by an agent as well as in case of use by a reporting entity of information received from a third party in accordance with the third paragraph of this part, the responsibility for customer due diligence shall be borne by such reporting entity.

18. If a customer (person) acts as a representative of another person or on behalf of or in the interests of another person, a reporting entity shall be obliged, pursuant to provisions of this Article and other laws regulating the procedure for identification, to identify also a person on behalf of or in the interests of which financial transaction is conducted and to establish the beneficiary of financial transaction except conducting financial transactions based on correspondent relations provided for by paragraphs two-four of clause 32 of part one of Article 1 of this Law.

19. If a person acts as customer's representative, a reporting entity shall verify on the basis of official documents that a person has relevant authorities, as well as to perform identification and verification of such person.

20. In cases stipulated by the fourth paragraph of part three of this Article, the due diligence shall be carried out by a reporting entity in the manner prescribed by Article 14 of this Law.

Article 12. Enhanced customer due diligence measures

1. A reporting entity shall take enhanced due diligence measures in respect of customers, the risk of business relations with which (the risk of financial transaction without establishing business relations) is high.

2. State financial monitoring entities, which pursuant to this Law perform functions of state regulation and supervision over relevant reporting entities, may establish the circumstances under which the enhanced due diligence measures are conducted and actions to be taken by reporting entities under such circumstances.

3. A reporting entity shall as far as it is possible to conduct analysis and examine the grounds and objectives of all financial transactions which meet at least one of the following features:

- are complex financial transactions;
- are unusually large financial transactions;
- are conducted in an unusual way;
- do not have obvious economic or legal purpose.

A reporting entity shall increase the degree and nature of business relationships monitoring in order to determine whether such financial transactions or customer's actions are suspicious.

4. The insurers (reinsurers), insurance (reinsurance) brokers shall, in the course of determining the need for enhanced customer due diligence, take into account a beneficiary under life insurance contract (insurance policy, certificate) as one of risk criteria. If a beneficiary under life insurance agreement (insurance policy, certificate) or other insurance agreement (insurance policy, certificate) is a legal entity, trust or other similar legal arrangement poses high risk, the customer due diligence at the time of payout shall include identification and verification of an ultimate beneficial owner of such beneficiary (if any).

Article 13. Simplified due diligence measures

1. A reporting entity shall have the right to take simplified due diligence measures for customers, the risk of business relations with which (the risk of financial transaction without establishing business relations) is low.

2. When deciding on the implementation of simplified due diligence measures, a reporting entity shall make sure that the risk of business relations with a customer (risk of a financial transaction without establishing business relations) is low.

3. A reporting entity shall monitor the business relations and financial transactions of a customer that are carried out in the course of such relations, sufficient to be able to identify financial transactions which do not meet the financial status and/or content of customer's activities.

4. The risk criteria that should be taken into account and the actions to be taken in situations where simplified due diligence measures are conducted, shall be determined by state financial monitoring entities, which, in accordance with this Law, perform the functions of state regulation and supervision over reporting entities.

Article 14. Information accompanying money or virtual assets transfer

1. A reporting entity, which provides money transfer services to a payer (transfer initiator), shall ensure that all transfers are accompanied with:

1) information about a payer (transfer initiator):

a) an individual (individual entrepreneur) – surname, name and patronymic (if any); number of an account/e-wallet that stores e-money (hereinafter referred to as an e-wallet) from which money are debited, or, in the absence of account, a unique identification number of financial transaction that makes it possible to trace transaction (hereinafter referred to as a unique identification number of financial transaction); place of residence (or place of stay of a resident individual or place of temporary stay of a non-resident individual in Ukraine), or number (and series, if any) of the passport of the citizen of Ukraine (or other document proving the identity and which according to the laws of Ukraine may be used in Ukraine for conclusion of transactions), or registration number of taxpayer's registration card, or date and place of birth;

b) a legal entity – full name, location, identification code from the Unified State Register of Enterprises and Organizations of Ukraine (for residents), number of an account/e-wallet from which money are debited and, in the absence of account, a unique identification number of financial transaction;

c) a trust or other similar legal arrangement – full name, location, number of an account/e-wallet from which money are debited and, in the absence of account, a unique identification number of financial transaction;

2) information about money transfer recipient:

a) an individual (individual entrepreneur) – surname, name and patronymic (if any); number of an account/e-wallet to which money are credited and, in the absence of account, a unique identification number of financial transaction;

b) a legal entity – full name, number of an account/e-wallet to which money are credited and, in the absence of account, a unique identification number of financial transaction;

c) a trust or other legal arrangement – full name, number of an account/e-wallet to which money are credited and, in the absence of account, a unique identification number of financial transaction.

Requirements referred to in part one of this Article may not be applied in cases determined by parts three and four of this Article.

2. A reporting entity, which provides money transfer services to a payer (transfer initiator), shall carry out due diligence before conducting a transfer by verifying a payer (transfer initiator) in terms of the data specified in paragraph 1 of part one of this Article on the basis of official documents or information obtained from official and/or reliable sources.

3. In case of initiation of a transfer within Ukraine with the use of e-payment instruments, e-money, virtual assets for an amount that is less than UAH 30,000, or an amount equivalent to the indicated amount, including in foreign currency, and the absence of signs of the connection of such financial transaction with other financial transactions amounting to more than UAH 30,000, such a transfer shall be accompanied at least by the account number/e-wallet or a unique number of the electronic payment instrument of a payer (transfer initiator)/pre-paid multipurpose card and an account number or a unique number of the electronic payment instrument of a recipient/pre-paid multipurpose card and, in the absence of an account/e-wallet - a unique identification number of financial transaction.

In this case, a reporting entity, which provides money transfer services to a payer (transfer initiator), within 3 business days from the day of receiving a request from an intermediary for money transfer or a reporting entity, which provides money transfer services to a recipient, shall, at their request, provide:

1) information about a payer (transfer initiator):

a) an individual (individual entrepreneur) – surname, name and patronymic (if any), number of his/her account, from which the funds are debited or a unique number

of the electronic payment instrument and, in the absence of account, a unique identification number of financial transaction;

b) legal entity – full name, number of account, from which the funds are debited or a unique number of the electronic payment instrument and, in the absence of account, a unique identification number of financial transaction;

c) trust or other similar legal arrangement – full name, number of account from which the funds are debited and, in the absence of account, a unique identification number of financial transaction;

2) information about money transfer recipient:

a) an individual (individual entrepreneur) – surname, name and patronymic (if any), number of account, to which the funds are credited or a unique number of the electronic payment instrument and, in the absence of account, a unique identification number of financial transaction;

b) legal entity – full name, number of account to which the funds are credited or a unique number of the electronic payment instrument and, in the absence of account, a unique identification number of financial transaction;

c) trust or other legal arrangement – full name, number of account, to which the funds are credited and, in the absence of account, a unique identification number of financial transaction.

A reporting entity, which provides money transfer services to a payer (transfer initiator), may not verify a payer (transfer initiator) in accordance with part two of this Article, except when:

there is a suspicion that financial transaction or a totality of related financial transactions may be associated with ML/FT/PF;

a reporting entity, which provides money transfer services to a payer (transfer initiator), receives from a payer (transfer initiator) e-money for their exchange/non-cash repayments for the purpose of their further transfer.

4. In case of initiating a transfer to abroad including using virtual assets in an amount less than UAH 30,000, or an amount equivalent to the specified amount, including in foreign currency, and the absence of signs of the connection of such financial transaction with other financial transactions amounting to more than UAH 30,000, such a transfer shall be accompanied at least by the following:

1) information about a payer (transfer initiator):

a) an individual (individual entrepreneur) – surname, name and patronymic (if any); number of his/her account, from which money are debited and, in the absence of account, a unique identification number of financial transaction;

b) a legal entity – full name, number of an account, from which money are debited and, in the absence of account, a unique identification number of financial transaction;

c) a trust or other similar legal arrangement – full name, number of an account from which money are debited and, in the absence of account, a unique identification number of financial transaction;

2) information about money transfer recipient:

a) an individual (individual entrepreneur) – surname, name and patronymic (if any), number of an account, to which money are credited and, in the absence of an account, a unique identification number of financial transaction;

b) a legal entity – full name, number of an account, to which money are credited and, in the absence of an account, a unique identification number of financial transaction;

c) a trust or other legal arrangement – full name, number of an account, to which money are credited and, in the absence of an account, a unique identification number of financial transaction.

A reporting entity, which provides money transfer services to a payer (transfer initiator), may not verify a payer (transfer initiator) in accordance with part two of this Article, except when:

there is a suspicion that financial transaction or a totality of related financial transactions may be associated with ML/FT/PF;

a reporting entity, which provides money transfer services to a payer (transfer initiator), receives from a payer (transfer initiator) cash for conducting transfer or e-money for their exchange/non-cash repayments for the purpose of their further transfer.

5. A reporting entity which provides money transfer services to a payer (transfer initiator) shall be prohibited to make money transfer in the absence of information which should accompany financial transaction on money transfer in cases provided for in parts one, three and four of this Article.

6. Money transfer intermediary/a reporting entity providing money transfer services to a recipient shall be obliged:

1) to introduce procedures in order to verify that the data on a payer (transfer initiator) and a transfer recipient are filled out using the characters and symbols allowed by the rules of the relevant payment system (if such requirements of the payment system exist);

2) to introduce procedures for transfers monitoring, including, if necessary, real-time monitoring or post-transfer monitoring in order to detect the absence of information on a payer (transfer initiator) and/or a recipient of a transfer in cases provided for in this Article.

7. A reporting entity, which provides money transfer services to a recipient, shall carry out due diligence before crediting a transfer to a recipient's account or issuing to him/her in cash by verification of a recipient in terms of the data specified in paragraph 2 of part one of this Article on the basis of official documents or information obtained from official and/or reliable sources, taking into consideration the peculiarities determined by part eight of this Article.

8. In case of payment of a transfer to an amount less than UAH 30,000 or an amount equivalent to the above amount, including in foreign currency, and the absence of signs of connection of such financial transaction with other financial transactions, amounting to more than UAH 30,000, a reporting entity, which provides money transfer services to a recipient, may not verify a recipient in accordance with part seven of this Article, except for the cases where:

there is a suspicion that financial transaction or a totality of related financial transactions may be associated with ML/FT/PF;

a reporting entity, which provides money transfer services to a recipient, pays a transfer in cash or on behalf of the recipient purchases e-money.

9. Verification of a payer (transfer initiator)/recipient may not be carried out if a payer (transfer initiator)/recipient was identified and verified earlier in accordance with the procedure specified in Article 11 of this Law.

10. Money transfer intermediary/a reporting entity providing money transfer services to a recipient shall introduce procedures on the basis of a risk-oriented approach for making a decision on the implementation, rejection or suspension of money transfer, which does not contain the information referred in this Article and taking appropriate measures.

11. If money transfer intermediary during the receipt of a transfer has detected the actual lack of data on a payer (transfer initiator) and/or recipient, which are provided for in this Article, or that such data had been filled out with the use of characters not allowed by the rules of the relevant payment system, money transfer intermediary shall make a decision on the basis of a risk-oriented approach on rejection of such a transfer or submitting a request for the necessary information before or after money transfer.

12. If a reporting entity providing money transfer services to a recipient during the receipt of a transfer has detected the actual lack of data on a payer (transfer initiator) and/or recipient, which are provided for in this Article, or that such data had been filled out with the use of characters not allowed by the rules of the relevant payment system, a reporting entity providing money transfer services to a recipient shall make a decision on the basis of a risk-oriented approach on rejection of such a transfer or submitting a request for the necessary information before or after money crediting to an account of a recipient or their provision to a recipient in cash.

13. If a reporting entity providing money transfer services to a payer (transfer initiator)/money transfer intermediary repeatedly fails to provide on a request information about a payer (transfer initiator)/recipient, a reporting entity, which sent a request, shall take appropriate measures, in particular, sending a warning setting deadlines for providing the requested information or rejecting any future transfers, or for limiting (breaking) business relationships with the relevant reporting entity.

14. A reporting entity providing money transfer services to a recipient/money transfer intermediary shall inform the National Bank of Ukraine about the facts of the

lack of information about a payer (transfer initiator)/recipient of a transfer under the procedure established by the National Bank of Ukraine.

15. A reporting entity providing money transfer services to a recipient/money transfer intermediary shall take into account the fact that there is no information about a payer (transfer initiator)/a recipient of a transfer during the analysis of financial transactions and, if there is a suspicion, notify a specially authorized body within the terms specified by this Law.

16. Money transfer intermediary shall, at the time of a transfer, ensure the storage and transfer of all received information about a payer and a recipient of a transfer.

17. Requirements of this Article apply to transfer financial transactions which are conducted with the use of e-money.

18. The requirements of this Article shall not apply to cases of:

- 1) transaction on cash withdrawal from own account;
- 2) money transfer for the purpose of paying taxes, fees, payments, compulsory state pension and social security fees, penalties and fines for violation of legislation to the State Budget of Ukraine and local budgets, pension fund, to accounts of governmental authorities, local self-government authorities or money transfer for housing and utility services;
- 3) money transfer, when a payer (transfer initiator) and a recipient are reporting entities providing money transfer services and also act on their own behalf and at their own expense;
- 4) money transfer, if e-payment instruments or e-money are used to pay for goods or services and the number of e-payment instrument and/or a prepaid multipurpose card accompanies a transfer throughout the whole money flow;
- 5) money transfer in an amount less than UAH 30,000 or an amount equivalent to the aforementioned amount, including in foreign currency, for crediting a recipient's account solely for the purpose of paying the cost of the goods, services, repayment of the loan debt, provided that a reporting entity providing money transfer services to a recipient, may trace through a recipient by means of a unique identification number of financial transaction money transfer and identify a person who has entered into an agreement with a recipient on the supply of goods, performance of works, provision of services, extension of credit;
- 6) money transfer between a payer (transfer initiator) and a payment recipient made through an intermediary authorized to negotiate and enter into a contract for the sale and purchase of goods or services on behalf of a payer (transfer initiator) or a recipient;
- 7) transactions to ensure money transfer conducted by payment infrastructure service providers;

8) cash transfer within Ukraine in an amount less than UAH 5,000 and the lack of signs of the connection of such financial transaction with other financial transactions amounting to more than UAH 5,000.

19. Other cases in which the requirements of this Article do not apply may be established by regulations of the National Bank of Ukraine.

Article 15. Refusal to establish (maintain) business relations, conduct financial transaction

1. A reporting entity shall be obliged to refuse to establish (maintain) business relations/refuse to open an account (service) for a customer, including through termination of business relations, closing an account/refusal to perform financial transaction in the following cases:

where the identification and/or verification of a customer and the establishment of data allowing the identification of ultimate beneficial owners is impossible or where a reporting entity has doubts that a person acts on his/her own behalf;

the establishment of an unacceptably high risk to a customer or customer's failure to provide the documents or information necessary for the proper verification of a customer;

providing by a customer or customer's representative a reporting entity with false information or providing information with a view to mislead a reporting entity;

detecting in the manner provided for by the relevant state financial monitoring entity that a bank or other financial institution with which correspondent relations are established is a shell bank and/or maintains correspondent relations with a shell bank.

when the identification of a person on behalf of or in the interests of which financial transaction is conducted, and the establishment of its beneficial owner or beneficiary under financial transaction is impossible.

A reporting entity shall have the right to refuse to conduct suspicious financial transaction.

In cases provided for by this part, a reporting entity shall, within one working day, but no later than the next working day from the date of refusal, notify a specially authorized body of attempts to conduct financial transactions and of persons who intend or intended to open an account/establish business relations and/or to conduct financial transactions or with whom business relations have been terminated (account was closed) on the basis of this Article, as well as of conducting financial transactions on crediting money received to a customer's account, and of financial transactions that have been refused.

2. Reporting entities shall have the right to exchange information about persons who have been refused to establish (maintain) business relations (including through termination of business relations, closing an account), opening an account or conducting financial transaction.

3. State financial monitoring entities, which pursuant to this Law perform the functions of state regulation and supervision over reporting entities, may establish the particularities and procedure for refusal of a reporting entity to establish (maintain) business relations, refusal to provide services or conduct financial transaction as well as the procedure and extent of information exchange on such refusals depending on the specifics of a reporting entity activity.

4. Reporting entities shall be prohibited (except for cases provided for by the UN Security Council Resolutions) to establish business relations and conduct debit financial transactions, provide financial and other related services, directly or indirectly with customers which/who are:

- 1) persons and/or organizations included in the List of Persons;
- 2) persons and/or organizations acting for and on behalf of persons and/or organizations included in the List of Persons;
- 3) persons and/or organizations which/who are directly or indirectly owned by or ultimate beneficial owners of which are persons and/or organizations included in the List of Persons.

Prohibitions provided for by this part shall also apply if a reporting entity is aware that a counterparty to financial transaction or a financial institution that ensures conducting financial transaction are persons referred to in this part.

Reporting entities shall be obliged to immediately notify a specially authorized body about attempts to establish business relations and conducting debit financial transactions, receiving financial and other related services directly or indirectly by such persons.

The Ministry of Foreign Affairs of Ukraine, taking into account the requirements of the relevant UN Security Council Resolutions, shall ensure the disclosure of information on cases that are not subject to prohibitions provided for in this part.

5. Should a reporting entity identify, based on the results of introducing changes to the List of Persons, a person of a customer (with whom business relations are established), who is included in the above List, a reporting entity shall immediately notify a specially authorized body of that person and immediately perform, without prior notification of such person, the freezing of assets related to terrorism and financing thereof, proliferation of weapons of mass destruction and financing thereof.

Article 16. Submission of information on financial monitoring

1. The procedure for registration and submission to a specially authorized body of the information about financial transactions subject to financial monitoring, other information which might be related to ML/FT/PF shall be established by:

the National Bank of Ukraine – for reporting entities, the state regulation and supervision over which is exercised by the National Bank of Ukraine pursuant to Article 18 of this Law.

the Cabinet of Ministers of Ukraine – for other reporting entities.

2. Submission of information by a reporting entity to a specially authorized body, a state financial monitoring entity in accordance with procedure established by law shall not constitute a violation of the procedure for disclosure of restricted information.

A reporting entity, its officials and other officers, a liquidator, an authorized person of the Deposit Guarantee Fund shall not bear disciplinary, administrative, civil or criminal liability for submission of information to a specially authorized body, a state financial monitoring entity if they were acting within the framework of this Law.

3. State authorities exercising AML/CFT activities (except for the National Bank of Ukraine) shall be obliged, in case of detection while performing their functions of financial transactions regarding which there is a suspicion, to notify a specially authorized body of such financial transactions and their participants.

The procedure and requirements for submission of information in such cases shall be established by the Cabinet of Ministers of Ukraine.

4. A central executive body which implements state customs policy shall submit information about the revealed facts of illegal movement of cash, negotiable monetary documents, precious metals, precious stones and products made thereof, as well as cultural values to an amount that equals or exceeds the amount referred to in part one of Article 20 of this Law, across the customs border of Ukraine.

5. State authorities (except for the National Bank of Ukraine) and local self-government authorities, state registrars shall be obliged to provide a specially authorized body with information (copies of document), data from information and reference systems, registers and data banks, necessary to fulfill the tasks assigned thereto, and/or give access to their information resources (data bases) to ensure the functioning of the AML/CFT Unified State Information System.

The volume and procedure for submission of such information as well as giving an access thereto shall be determined by the Cabinet of Ministers of Ukraine.

6. Submission of information by state authorities, local self-government authorities, the National Bank of Ukraine, state registrars to a specially authorized body, reporting entities according to the requirements of this Law shall not constitute violation of the procedure for disclosure of restricted information.

The officials and other personnel of state authorities, the National Bank of Ukraine shall not bear disciplinary, administrative, civil or criminal liability for submission of information to a specially authorized body according to the requirements of this Law.

7. Business entities, enterprises, institutions and organizations regardless of the form of ownership that are not reporting entities are obliged, in accordance with paragraph 2 of part one of Article 27 of this Law, to provide to a request of a specially authorized body, information related to analysis of financial transactions subject to financial monitoring, persons that took part in the conduct of them, certificates and

copies of the documents (including those containing classified information) necessary for the fulfillment by such body of AML/CFT tasks assigned to it.

The volume and procedure for submission of such information shall be determined by the Cabinet of Ministers of Ukraine.

8. Submission of information by the officials and other personnel of business entities, enterprises, institutions and organizations to a specially authorized body in accordance with the requirements of this Law shall not constitute a violation of the procedure for disclosure of restricted information.

The officials and other personnel of business entities, enterprises, institutions and organizations shall not bear disciplinary, administrative, civil or criminal liability for submission of information to a specially authorized body according to the requirements of this Law.

9. Unlawful refusal to provide information (certificates and copies of documents), untimely submission of information or submission of false information shall entail the responsibility of the officials of state authorities and local self-government authorities, the officials of business entities, enterprises, institutions, organizations regardless of their ownership form which are not reporting entities in accordance with the law.

10. The exchange of information constituting financial monitoring secrecy shall be exchanged, disclosed and protected in accordance with the law.

Reporting entities, reporting entities staff, a liquidator, an authorized person of the Deposit Guarantee Fund, state financial monitoring entities staff and other state authorities who submitted information about financial transaction and its participants to a specially authorized body shall be prohibited to notify about that persons who took (take) part in its implementation, as well as any third parties, except as otherwise provided by this Law.

In the event that notaries, advocates, advocate bureaus and associations, persons providing legal services try to dissuade a customer from activities in violation of law, this is not a violation of the restrictions referred to in the second paragraph of this part.

The restrictions on provision of information specified in the second paragraph of this part shall not apply to cases of disclosure of information to state financial monitoring entities which, in accordance with this Law, perform the functions of state regulation and supervision over the relevant reporting entities in the framework of AML/CFT supervision as well as to law enforcement agencies in accordance with the law.

The restrictions shall also not apply to cases of information exchange for the purpose of conducting the initial financial monitoring between reporting entities and their branches or subsidiaries with controlling interest located in other countries, provided that such subsidiaries or subsidiaries with control shareholding adhere to common policies and procedures on financial monitoring, including procedures for the exchange of information within the group.

The restrictions referred to in the second paragraph of this part shall not prevent the exchange of information between banks, between other financial institutions as well as between reporting entities determined by sub-paragraph “a” – “f” of paragraph 7 of part two of Article 6 of this Law, in cases involving the same customer and the same financial transaction involving two or more reporting entities, provided that such reporting entities are entities of the same type and perform the same requirements for the protection of restricted information.

Reporting entities, reporting entities staff, a liquidator, an authorized person of the Deposit Guarantee Fund, state authorities staff, local self-government authorities, officials, officers of business entities, enterprises, institutions and organizations, regardless of their ownership form, which are not reporting entities and which received a request from a specially authorized body regarding financial transactions, additional information, information related to the analysis of financial transactions which have become the subject of financial monitoring, persons who took part in the conduct thereof, certificates and copies of document, other information that may be related to ML/FT/PF suspicion, or decisions or orders of a specially authorized body adopted (issued) in accordance with the requirements of Article 23 or part three of Article 31 of this Law, and/or gave a response to such a request, decision or order to this body, shall be prohibited to notify about that persons who took (take) part in financial transactions specified in a request, a decision or an order or response of this fact, as well as any third parties, except as otherwise provided by this Law.

11. A specially authorized body shall ensure protecting and keeping secrecy of financial monitoring. A specially authorized body shall be prohibited from disclosing and/or transferring to anyone the information constituting a financial monitoring secrecy and informing anyone of the fact of receiving information about the financial transaction and its participants, the fact of providing a request regarding financial transactions, additional information, information related to the analysis of financial transactions that have become the subject of financial monitoring, their participants, certificates and copies of documents, other information that may be related to ML/FT/PF suspicion, as well as a decision or an order adopted (issued) in accordance with Article 23 or part three of Article 31 of this Law, and/or receiving a response to such a request, a decision or an order, except as otherwise provided by this Law. In case of receiving a request regarding such information, a specially authorized body shall return such request to a person concerned without consideration thereof, except for the case if the request was received as part of the verification of previously submitted case referrals and/or additional case referrals. If a specially authorized body has additional information relating to case referrals previously sent to law enforcement agencies, a specially authorized body may form and submit additional case referrals to the relevant law enforcement agency.

Disclosure in any way by a specially authorized body staff of the financial monitoring secrecy, as well as of the fact of receiving information about financial transaction and its participants, the fact of sending a request, a decision or an order

and/or receipt of a response to such a request, a decision or an order shall entail the responsibility in accordance with the law or court decision.

12. The obligation to observe the financial monitoring secrecy and not to disclose the fact of submitting information to a specially authorized body, as well as the fact of receipt and execution of a request, a decision or an order of a specially authorized body in cases established by this Law shall also extend to persons who have become aware of such information in connection with their professional or official activities.

Persons guilty of violating the financial monitoring secrecy and the prohibition to inform of the fact of submitting information to a specially authorized body, as well as of the fact of receipt and execution of a request, a decision or an order of a specially authorized body, shall be liable in accordance with the procedure established by law.

13. Intelligence agencies of Ukraine shall be prohibited from transferring to anyone the information received from a specially authorized body in the form of case referrals and additional case referrals, unless it is submitted to law enforcement agencies for making a decision according to the Criminal Procedure Code of Ukraine.

Intelligence agencies of Ukraine shall be obliged to inform a specially authorized body about the stage of processing and taking relevant actions based on the results of examination of received case referrals and additional case referrals.

14. Information on financial transaction subject to financial monitoring received by a specially authorized body shall be registered by this body. The procedure for registration of information on financial transaction subject to financial monitoring shall be established by the Cabinet of Ministers of Ukraine.

Article 17. The exchange of information on financial monitoring within a group

1. Reporting entities that are members of a group shall have the right, for the purpose of conducting the initial financial monitoring, to request, receive and use (including with the use of a common information system of group members) the information and documents available to other members of this group which are reporting entities or use similar measures and are subject to appropriate oversight in accordance with the legislation of the country of their registration.

2. The procedures for obtaining and using the information specified in part one of this Article shall be determined by the unified rules of financial monitoring.

3. The unified rules of financial monitoring shall be developed and approved by the main (parent) organization of the group, taking into account the AML/CFT legislation requirements and requirements of the legislation on the protection of restricted information and shall be binding upon all participants of the group that are reporting entities, including their branches and subsidiaries with controlling part located in other countries.

Article 18. Powers and duties of state financial monitoring entities

1. The state AML/CFT regulation and supervision shall be carried out in relation to:

1) banks and branches of foreign banks; insurers (reinsurers), insurance (reinsurance) brokers, credit unions, pawnshops and other financial institutions (except financial institutions and other legal entities, with regard to which the state AML/CFT regulation and supervision are carried out by other state financial monitoring entities); payment organizations, participants or members of payment systems that provide financial services on the basis of appropriate licenses or registration documents; postal operators; other institutions providing money transfer services and currency transactions services; branches or representative offices of foreign business entities providing financial services in the territory of Ukraine, other legal entities, which by their legal status are not financial institutions, but provide separate financial services, – by the National Bank of Ukraine;

2) commodity and other exchanges conducting financial transactions with commodities; cumulative pension provision institutions; managers of construction/ real estate financing funds; professional stock market participants (other than banks), including the Central Securities Depository, – by the National Securities and Stock Market Commission;

3) auditing entities; accountants; business entities providing accounting services; business entities providing consulting services on taxation; business entities providing mediation services in the course of real estate purchase and sale activities, business entities providing advisory services related to the sale and purchase of real estate for remuneration; business entities that trade in cash for precious metals and precious stones and articles thereof; business entities providing lotteries and/or gambling services, – by the central executive authority, which provides for the formation and implementation of the state AML/CFT policy;

4) advocate bureaus, advocate associations and advocates exercising advocate activities individually; notaries, business entities providing legal services; persons providing services for the establishment, provision of activities or management of legal entities, – by the Ministry of Justice of Ukraine;

5) virtual assets services providers, – by the Ministry of Digital Transformation of Ukraine.

2. The state financial monitoring entities referred to in part one of this Article shall within their powers be obliged to:

ensure AML/CFT supervision over the activities of the relevant reporting entities, namely, by means of conduct of scheduled and unscheduled inspections, including off-site inspections, under the procedure established by:

the National Bank of Ukraine – for banks and branches of foreign banks; insurers (reinsurers), insurance (reinsurance) brokers, credit unions, pawnshops and other financial institutions (except financial institutions and other legal entities, with regard to which the state AML/CFT regulation and supervision are carried out by other state

financial monitoring entities); payment organizations, participants or members of payment systems that provide financial services on the basis of appropriate licenses or registration documents; postal operators; other institutions providing money transfer services and currency transactions services; branches or representative offices of foreign business entities providing financial services in the territory of Ukraine, other legal entities, which by their legal status are not financial institutions, but provide separate financial services;

the National Securities and Stock Market Commission – for commodity and other exchanges conducting financial transactions with commodities; cumulative pension provision institutions; managers of construction/ real estate financing funds; professional stock market participants (other than banks), including the Central Securities Depository;

the Cabinet of Ministers of Ukraine – for other reporting entities;

take enforcement measures envisaged in the law and/or requiring from reporting entities the implementation of the AML/CFT legislation requirements in case of detecting violations of the legislation requirements.

The procedure for presenting requirements, application of enforcement measures envisaged in the law as well as the control over their execution shall be determined by state financial monitoring entities, which carry out the state regulation and supervision of the activities of the relevant reporting entities;

create and ensure the functioning of an independent structural unit on AML/CFT regulation and supervision with the corresponding staffing, whose officers will be able to deliver their official duties according to their business and moral qualities, educational, qualification and professional level;

taking into account the risk-oriented approach exercise AML/CFT regulation and supervision in order to determine the correspondence of measures carried out by reporting entities to minimize risks in their activities, including establish signs of improper risk management system (the risk management system shall be deemed inappropriate, in particular, in case of establishing facts of multiple, in large volumes, conduct of financial transactions in terms of which there are suspicions of using a reporting entity for ML/FT/PF purposes or committing another criminal offence). The fact of non-compliance of the risk management system of the relevant reporting entity shall be established in the presence of the indicators determined by the relevant state financial monitoring entity in accordance with the procedure established by this state financial monitoring entity;

ensure the storage of information received from reporting entities and state financial monitoring entities, a specially authorized body and law enforcement agencies under the procedure determined by the relevant state financial monitoring entities;

conduct inspections of compliance officers professional training and organization of professional training for other reporting entities officers, involved in financial monitoring.

State financial monitoring entities, for the exercise of their functions, shall have the right to obtain, in accordance with a procedure established by them, the information, documents, copies of documents executed and certified by a reporting entity in accordance with the requirements of the relevant state financial monitoring entity, from reporting entities (in respect of which they perform the functions of regulation and supervision in accordance with this Law).

The National Bank of Ukraine shall have the right of free access (including automated one) to the relevant information systems (databases) of state authorities for the purpose of AML/CFT supervision in accordance with the procedure agreed upon by the National Bank of Ukraine with the appropriate state authority.

3. State financial monitoring entities shall be entitled to submit to state financial monitoring entities, law enforcement agencies and other state authorities determined by law, the information that may certify the signs of committing offenses received during the AML/CFT supervision.

4. State financial monitoring entities shall inform a specially authorized body of detected violations of the AML/CFT legislation by reporting entities, as well as of the measures taken in respect of reporting entities and/or their officials for the violation of legislation in this area.

Provision of information by state financial monitoring entities to a specially authorized body in accordance with this part shall not constitute the disclosure of financial monitoring secrecy.

5. State financial monitoring entities shall, annually, but no later than January 31 of the following year, provide a specially authorized body with generalized information on compliance of reporting entities with regard to which they perform the functions of state regulation and supervision, with AML/CFT legislation, including the information on violations revealed and measures taken to reporting entities and/or their officials for the purpose of eliminating and/or avoiding such violations in future activities;

6. State financial monitoring entities shall be obliged to submit information (if any) to a specially authorized body, in particular:

documents necessary for the execution of assignments imposed on it (except for the information on private life of people) under the procedure provided for in the law;

information concerning termination of reporting entities activities under which they perform functions of state regulation and supervision in accordance with the law.

7. State financial monitoring entities shall be obliged to use information of a specially authorized body about signs of possible violation by reporting entities of AML/CFT legislation requirements for the purpose of a relevant inspection.

8. State financial monitoring entities shall ensure the provision of AML/CFT methodological and other assistance to reporting entities (including the provision of recommendations and clarifications on the application of legislation in this area).

9. State financial monitoring entities shall determine and develop the procedure for the use of appropriate preventive measures against countries (jurisdictions) that do not implement or inappropriately implement the recommendations of international, intergovernmental organizations involved in the AML/CFT area, in particular, regarding the following:

closer attention when approving the establishment in such countries of reporting entities branches, representative offices or subsidiaries;

warning of reporting entities of the non-financial sector that transactions with individuals or legal entities, trusts or other legal arrangements in the respective countries may pose ML/FT/PF risk;

restriction of business relations or financial transactions with the respective country or persons in such a country, etc.

10. State financial monitoring entities shall be obliged to take the following measures in accordance with the legislation:

regarding the verification of impeccable business reputation of persons who will exercise or are exercising the management, intend to acquire a qualifying holding or are the ultimate beneficial owners in reporting entities;

for preventing the persons who have a conviction of mercenary criminal offences or terrorism, which has not been removed by a court or expunged after the lapse of time in accordance with the law, as well as their accomplices in such criminal offences, from management of reporting entities;

for preventing the formation of capital of the relevant reporting entities at the expense of funds, the sources of origin of which cannot be confirmed on the basis of official documents or copies thereof, certified in accordance with the established procedure.

11. The state financial monitoring entities shall agree upon with a specially authorized body on any draft regulations on matters related to compliance with the requirements of this Law.

12. Peculiarities of compliance by banks classified as insolvent with the requirements of the AML/CFT legislation shall be established by the Deposit Guarantee Fund in coordination with a specially authorized body.

The AML/CFT supervision over banks classified as insolvent shall be exercised by the Deposit Guarantee Fund in accordance with the procedure established by it.

13. State financial monitoring entities, for the purpose of performing the duties entrusted with them by this Law, shall have the right to submit requests to executive authorities, state registrars, law enforcement agencies, legal entities.

Entities to which the abovementioned request is submitted shall be obliged to provide relevant information within ten working days. In case of impossibility of providing information within the abovementioned period for good reason, the time frame for provision of information may be extended by state financial monitoring entity upon request of the relevant entities, but by no more than 30 working days.

14. State financial monitoring entities, within the framework of the AML/CFT supervision, shall have the right to exchange information with restricted access subject to compliance with legal requirements for its protection.

15. State financial monitoring entities shall provide conditions for reporting by officers of reporting entities or by any third parties of violation of the AML/CFT legislation requirements, in particular via special telephone lines, official websites, electronic means of communication.

State financial monitoring entities are prohibited from disclosing to any third party information about persons who made such reports, except for cases established by law.

The procedure for the submission of such reports, as well as the procedure for consideration thereof, shall be determined by the relevant state financial monitoring entity and the Deposit Guarantee Fund, respectively.

Article 19. AML/CFT comprehensive administrative reporting

1. In order to monitor the effectiveness of the AML/CFT system functioning, state financial monitoring entities, law enforcement agencies and judicial authorities shall ensure the formation of AML/CFT comprehensive administrative reporting.

2. Comprehensive administrative reporting should include data that characterize:

the size and importance of various sectors that fall within the scope of the AML/CFT legislation, activities of state financial monitoring entities, including the number of entities and persons and economic importance of each sector;

AML/CFT reporting phases, investigations and court decisions, including the STRs number submitted to a specially authorized body, responses about consequences of such reports and, on an annual basis, a number of cases investigated, a number of persons against whom criminal proceedings were initiated, a number of persons convicted of criminal offense related to money laundering or financing of terrorism, types of major criminal offenses, in the event that such information is available, and amounts of frozen, seized or confiscated assets;

performance indicators of a specially authorized body in terms of collection, processing, analysis and transfer of case referrals (additional case referrals) to law enforcement and intelligence agencies;

a number of international requests for submission of information that were submitted, received, the satisfaction of which was denied, for which an answer was fully or partially given by the specially authorized body;

a number of requests for mutual legal assistance submitted, received, satisfied and the satisfaction of which was denied;

a number of other AML/CFT international requests;

activities of the law enforcement and judicial systems, in particular concerning freezing, seizure and confiscation of assets;

results of investigating criminal offences and consideration of AML/CFT proceedings.

3. The procedure for the formation and making public of AML/CFT comprehensive administrative reporting shall be determined by the Cabinet of Ministers of Ukraine.

Section III.

FINANCIAL TRANSACTIONS SUBJECT TO FINANCIAL MONITORING

Article 20. Threshold financial transactions

1. Financial transactions shall be threshold transactions if an amount to which each of them is conducted equals or exceeds UAH 400,000 (for business entities providing lotteries and/or gambling services – UAH 30,000), or equals or exceeds an amount in foreign currency, bank metals, other assets equivalent to UAH 400,000 at the official UAH exchange rate against foreign currencies and banking metals at the time of conducting financial transaction (for business entities providing lotteries and/or gambling services – UAH 30,000), subject to existence of one or more of the following features:

crediting or transferring money, providing or receiving a loan, conducting other financial transactions if at least one of the parties – participants in financial transaction has an appropriate registration, place of residence or stay in a state (jurisdiction) which does not comply or improperly complies with the recommendations of AML/CFT international, intergovernmental organizations (including diplomatic mission, embassy, consulate of such a foreign state), or one of the parties – participants in financial transaction is a person who has an account in a bank registered in such a state (jurisdiction);

financial transactions of politically significant persons, their family members and/or related persons to politically significant persons;

financial transactions related to money transfers abroad (including to the countries included by the Cabinet of Ministers of Ukraine in the list of offshore zones);

financial transactions with cash (deposit, transfer, receipt of money).

Article 21. Suspicious financial transactions (activities)

1. Financial transactions or attempt to conduct them, regardless of an amount it conducts, is considered suspicious if a reporting entity suspects or has reasonable cause to suspect that it is the result of criminal activity, or is related to FT/PF.

2. In determining whether a financial transaction or activity is suspicious, a reporting entity shall take into account AML/CFT typological studies prepared and published by a specially authorized body on its website, as well as recommendations of state financial monitoring entities.

Section IV.

FREEZING OF ASSETS AND SUSPENSION OF FINANCIAL TRANSACTIONS

Article 22. Freezing of assets related to terrorism and financing thereof, the proliferation of weapons of mass destruction and financing thereof

1. A reporting entity (liquidator (except for the Deposit Guarantee Fund), an authorized person of the Deposit Guarantee Fund) shall immediately, without prior notice to a customer (person), freeze the assets related to terrorism and financing thereof, the proliferation of weapons of mass destruction and financing thereof.

On the day of making a decision to freeze such assets, a reporting entity (liquidator (except for the Deposit Guarantee Fund), an authorized person of the Deposit Guarantee Fund) shall notify simultaneously with freezing such assets a specially authorized body and the Security Service of Ukraine, in accordance with the procedure established by law, about frozen assets.

2. In the event of freezing assets in accordance with part one of this Article, credit transactions of customers included in the List of Persons, customers who are representatives of persons included in the List of Persons, customers directly or indirectly owned, or the ultimate beneficial owners of which are persons included in the List of Persons, shall be executed. In this case, a reporting entity (a liquidator (except for the Deposit Guarantee Fund), an authorized person of the Deposit Guarantee Fund) shall, on the day of conducting, but no later than 11 a.m. of the next working day from the day of conducting credit transaction, notify a specially authorized body and the Security Service of Ukraine of its conducting and/or of an attempt to conduct debit transactions, and immediately, without prior notification of a customer (person), freeze assets received as a result of execution of such credit transactions.

3. Once the assets are frozen, a reporting entity (a liquidator (except for the Deposit Guarantee Fund), an authorized person of the Deposit Guarantee Fund) shall notify a customer (person) in writing of such freezing.

4. A reporting entity shall be obliged to immediately unfreeze the assets:

no later than the next working day from the day a person or organization is excluded from the List of Persons;

no later than the next working day from the day of receipt from the Security Service of Ukraine of information that a person or organization having the same or similar name as a person or an organization included in the List of Persons and whose

assets have become the object of freezing is not included in the above List according to the results of verification.

A reporting entity (a liquidator (except for the Deposit Guarantee Fund), an authorized person of the Deposit Guarantee Fund) shall, no later than the next working day after unfreezing of assets, notify a specially authorized body and the Security Service of Ukraine of this fact.

5. Freezing/unfreezing of assets in accordance with parts one, two and four of this Article shall be carried out in accordance with the procedure established by state financial monitoring entities, which perform the state regulation and supervision over activities of the relevant reporting entities or by the Deposit Guarantee Fund within the limits of powers taking into account the requirements and exceptions defined by the UN Security Council Resolutions.

6. Access to assets related to terrorism and financing thereof, proliferation of weapons of mass destruction and financing thereof shall be effected in accordance with the procedure established by the law.

7. Freezing of assets in accordance with part one and two of this Article shall not be the grounds for civil law liability of a reporting entity, its officials and other officers, a liquidator (except for the Deposit Guarantee Fund), an authorized persons of the Deposit Guarantee Fund for violation of the terms and conditions of the relevant deeds and/or legislation on guaranteeing deposits of individuals, if they were effective within the tasks, duties and in the manner prescribed by this Article.

Article 23. Suspension of financial transactions

1. A reporting entity that conducts or ensure the conduct of financial transactions shall have the right to suspend such financial transactions if they are suspicious and shall be obliged to suspend such financial transactions in case of suspicion they contain signs of committing a criminal offense defined by the Criminal Code of Ukraine.

On the day of suspension financial transaction a reporting entity shall notify a specially authorized body, in accordance with the procedure established by law, of such financial transactions, their participants and of the balance of funds in the customer's account opened by a reporting entity, which has suspended financial transaction, and in the case of crediting funds to transit account of a reporting entity – notify of the balance of funds in such account within the limits of the amounts credited. Such a suspension of financial transactions shall be effected for two working days from the day of suspension without prior notification of a customer.

2. A specially authorized body may decide on further suspension of financial transactions effected in accordance with part one of this Article for a period of up to seven working days, and shall be obliged to immediately notify a reporting entity, as well as law enforcement agencies authorized to make decisions in accordance with the Criminal Procedure Code of Ukraine.

3. A specially authorized body may, in the event of a suspicion, decide on suspension debit financial transactions for a period of up to seven working days, and shall be obliged to immediately notify a reporting entity, as well as law enforcement agencies authorized to make decisions in accordance with the Criminal Procedure the Code of Ukraine. In such a case, a reporting entity shall, on the day of receipt, but no later than 11 a.m. of the next working day after receiving the corresponding decision, notify a specially authorized body of the balance of funds in the customer's account, financial transactions (funds) under which have been suspended, and in case of suspension of financial transactions in the transit accounts of a reporting entity – notify of the balance of funds in such accounts within the limits of the amounts credited.

4. In the case of suspension of debit financial transactions in accordance with part three of this Article, credit financial transactions shall not be suspended. In this case, a reporting entity shall, on the day of conducting, but no later than 12:00 p.m. of the next working day from the date of conducting profitable transaction, be obliged to notify about the conduct of profitable financial transactions and/or attempted conduct of debit financial transactions to a specially authorized body.

5. The decisions (orders) of a specially authorized body, made in accordance with parts two, three and nine of this Article or part three of Article 31 of this Law after the introduction of a temporary administration concerning an insolvent bank, shall be executed by an authorized person of the Deposit Guarantee Fund by suspending the satisfaction of claims of depositors and other creditors of a bank, the implementation of which is provided for by the Law of Ukraine “On the System of Guaranteeing Deposits of Individuals”.

6. The property or funds of a customer of an insolvent bank kept on the accounts, financial transactions on which have been suspended in accordance with this Article and part three of Article 31 of this Law until the day on which the bank is classified as insolvent, or during the temporary administration of an insolvent bank, may be transferred to the receiving, transitional bank or a specialized institution established by the Deposit Guarantee Fund in accordance with the procedure prescribed in the legislation on the system of guaranteeing deposits of individuals with a written notice given by the Deposit Guarantee Fund to a specially authorized body. In this case, the transferred property or monetary amounts shall remain encumbered in accordance with a decision (order) on the suspension (further suspension, extension of suspension) of the relevant financial transactions, suspension of financial transaction of the relevant person pursuant to the request of competent authority of a foreign state.

7. The decisions (orders) of a specially authorized body, made in accordance with parts two, three and nine of this Article or part three of Article 31 of this Law, after a decision to liquidate a bank is made, shall be executed by an authorized person of the Deposit Guarantee Fund by suspending the payment of reimbursement to depositors, their authorized representatives or heirs, suspension of satisfaction of creditors' claims.

8. The property or funds of a customer of an insolvent bank kept on the accounts, financial transactions on which have been suspended in accordance with this

Article or part three of Article 31 of this Law, after a decision to liquidate the bank is made, may be transferred to a specialized institution established by the Deposit Guarantee Fund in accordance with the procedure prescribed in the legislation on the system of guaranteeing deposits of individuals with a written notice given by the Deposit Guarantee Fund to a specially authorized body. In this case, the transferred property or monetary amounts shall remain encumbered in accordance with a decision (order) on the suspension (further suspension, extension of suspension) of the relevant financial transactions, suspension of financial transaction of the relevant person pursuant to the request of competent authority of a foreign state.

9. In case of making a decision in accordance with parts two and three of this Article, a specially authorized body shall, within the period of further suspension of relevant financial transactions or suspension of debit financial transactions, conducts analytical work, collects the necessary additional information, processes, verifies, analyzes it and, if based on the results of verification:

signs of legalization (laundering) of the proceeds from crime or financing of terrorism or commission of other criminal offense are not confirmed, a specially authorized body shall be obliged to immediately but not later than the next business day, abolish its decision on further suspension of relevant financial transactions or suspension of debit financial transactions and notify a reporting entity;

there are motivated suspicions – a specially authorized body shall make a decision on extension of the suspension of relevant financial transactions (debit financial transactions), prepare and submit relevant case referrals or additional case referrals to law enforcement agencies authorized to make decisions in accordance with the Criminal Procedure Code of Ukraine, and on the day of such a decision notify the relevant reporting entity of the date of expiration of the period of suspension of the relevant financial transactions. The period of suspension of the relevant financial transactions shall be extended by a specially authorized body from the next working day after submission of the relevant case referral or additional case referral, provided that the total period of such suspension will not exceed 30 working days.

Law enforcement agencies shall conduct a pre-trial investigation during the period of suspension of the relevant financial transactions (debit financial transactions) and in the case where:

the absence of event of criminal offense or the absence of corpus delicti of criminal offense is established – shall immediately notify a specially authorized body thereof;

there are reasonable grounds to suspect a person of committing a criminal offense and the relevant accounts have been seized in accordance with the procedure established by the Criminal Procedure Code of Ukraine, – shall notify a specially authorized body thereof within 2 working days from the day of the court's ruling to seize the property with an indication of its number and date.

A specially authorized body shall be obliged, on the day of receipt of information provided for in paragraphs five and six of this part from the law enforcement agency,

to abolish its decision to extend suspension of the relevant financial transactions (debit financial transactions) and notify a reporting entity thereof.

In case of seizure of customer's accounts, the transactions on which were suspended in accordance with parts one to three or nine of this Article with the procedure established by the Criminal Procedure Code of Ukraine, a reporting entity shall notify a specially authorized body thereof on the day of receipt for execution a court ruling to seize the property with an indication of its number and date.

10. A reporting entity shall resume financial transactions:

on the third working day from the date of suspension of financial transaction in the event that a reporting entity fails to receive, within the term provided for in part one of this Article, a decision of a specially authorized body on further suspension of the financial transaction;

immediately, but not later than the next business day after the day of receiving by a reporting entity an order of a specially authorized body in accordance with part three of Article 31 of this Law about resumption of financial transactions suspended upon the execution of the relevant request of competent authority of a foreign state;

A reporting entity shall notify a specially authorized body thereof no later than the next working day after resumption of financial transactions.

11. A reporting entity shall, at the customer's written request, notify a customer in writing of the number and date of a decision of a specially authorized body to extend suspension of the relevant financial transactions (debit financial transactions).

12. Financial transactions shall be suspended and resumed in the manner determined by state financial monitoring entities, which exercise state regulation and supervision over activities of reporting entities or by the Deposit Guarantee Fund within their powers.

Adoption by a specially authorized body of decisions on suspension (further suspension, extension of suspension) of the relevant financial transactions, suspension or resumption of conducting or ensuring monitoring of financial transaction of the person concerned in pursuance of the request of the competent authority of a foreign state and bringing of decisions or orders of a specially authorized body to the notice of a reporting entity, a liquidator, an authorized person of the Deposit Guarantee Fund shall be carried out in accordance with the procedure established by the central executive body that ensures formation and implementation of the state AML/CFT policy.

The terms of suspension of financial transactions by reporting entities and a specially authorized body, referred to in parts one to three and nine of this Article, shall be final and cannot be extended.

13. Suspension of financial transactions in accordance with parts one to three, nine of this Article, part three of Article 31 of this Law shall not be the grounds for civil law liability of a reporting entity, its officials and other officers, a liquidator (except for the Deposit Guarantee Fund), authorized persons of the Deposit Guarantee

Fund for violation of the terms and conditions of the relevant deeds and/or legislation on guaranteeing deposits of individuals.

14. The requirements of this Article shall not apply to debit transactions on the account effected using e-payment instruments until the time of receiving a notice from a specially authorized body.

A reporting entity (bank) shall exclude from the statement of account the amount of funds blocked for settlement with payment systems for transactions conducted using e-payment instruments.

Article 24. Formation of the List of Persons

1. The List of Persons shall be formed in accordance with the procedure determined by the Cabinet of Ministers of Ukraine. The grounds for inclusion of a person in the above List may be the following:

1) a decision of a court on inclusion of individuals and legal entities and organization that meet criteria determined by UN Security Council Resolutions in the mentioned List;

2) information generated by international organizations or their authorized authorities on organizations, legal entities and individuals related to terrorist organizations or terrorists, as well as on person who subject to international sanctions.

2. The List of Persons shall be immediately communicated to reporting entities by a specially authorized body under the procedure established by a central executive authority, which ensures formation and implementation of the state AML/CFT policy.

3. Exclusion from the List of Persons shall be carried out in accordance with the procedure established by the Cabinet of Ministers of Ukraine. The grounds for exclusion of a legal entity, an individual or organization from the List shall be the following:

1) decision of a court to exclude a person or organization that no longer meets the criteria defined by the UN Security Council Resolutions from this List;

2) exclusion of data on an individual or organization from information generated by international organizations or their authorized authorities on organizations, legal entities and individuals related to terrorist organizations or terrorists, as well as on persons who subject to international sanctions.

4. Consideration of requests for exclusion from the List of Persons shall be carried out in accordance with the procedure and terms established by the Cabinet of Ministers of Ukraine.

Section V.

TASKS, FUNCTIONS AND RIGHTS OF A SPECIALLY AUTHORIZED BODY

Article 25. Tasks and functions of a specially authorized body

1. The tasks of a specially authorized body shall be the following:

1) collection, processing and analysis (operational and strategic) of information on financial transactions subject to financial monitoring, other financial transactions or information that may be related to ML/FT/PF suspicion.

The principles of processing the information received from reporting entities on financial transactions subject to financial monitoring and the criteria for the analysis of such transactions shall be established by a central executive body that ensures formation and implementation of the state AML/CFT policy;

- 2) ensuring implementation of the state AML/CFT policy;
- 3) ensuring functioning and development of the AML/CFT unified information system;
- 4) establishing cooperation, interaction and information exchange with state authorities, the National Bank of Ukraine, competent authorities of foreign countries and international organizations in the AML/CFT area;
- 5) conducting the national risk assessment;
- 6) ensuring the representation of Ukraine, in accordance with the established procedure, in the AML/CFT international organizations;

2. A specially authorized body, in accordance with the tasks assigned to it, shall:

- 1) make proposals for drafting the legislative acts, take part, in accordance with the established procedure, in the preparation of other AML/CFT regulations;
- 2) submit requests to officials of state authorities (excluding the National Bank of Ukraine), including to law enforcement agencies, prosecutor's offices and courts, local self-government authorities, state executive service authorities, private executors, companies, institutions, organizations in terms of receipt of the information according to the law (including copies of documents) necessary for the fulfillment of tasks assigned to it;
- 3) cooperate with executive authorities, the National Bank of Ukraine, other state authorities included in the AML/CFT system;
- 4) in case of sufficient grounds to believe that financial transaction of a set of related financial transactions may be associated to ML/FT/PF submit relevant case referrals (additional case referrals) to law enforcement and intelligence agencies and receive from them information on the progress of consideration thereof;
- 5) in case of reasonable grounds to believe that financial transaction or a customer are related to commitment of criminal offense, which is not related to ML/FT, submit such information to the relevant law enforcement or intelligence agency of Ukraine in the form of case referrals or additional case referrals;
- 6) take part in the AML/CFT international cooperation;
- 7) analyze AML/CFT methods and financial schemes;
- 8) generalize annually the information on the AML/CFT state in a country;

- 9) approve draft AML/CFT regulations of state financial monitoring entities;
- 10) receive information on tracing (monitoring) of customer's financial transactions subject to financial monitoring from reporting entities;
- 11) perform AML/CFT typological studies;
- 12) require reporting entities to fulfill the requirements of the AML/CFT legislation, and if any violations of legislation are revealed, take measures prescribed by the laws and notify the relevant state financial monitoring entities which according to this Law perform the functions of state regulation and supervision over reporting entities;
- 13) ensure the implementation of the state AML/CFT policy and ensure the coordination of activities of state authorities in this area;
- 14) ensure, in accordance with the procedure established by the Cabinet of Ministers of Ukraine, the organization and coordination of activities related to AML/CFT retraining and professional development of state authorities' financial monitoring experts and compliance officers of reporting entities, as well as officers engaged in the initial financial monitoring on the basis of the relevant educational establishment – an academy which belongs to the sphere of a specially authorized body management;
- 15) provide state financial monitoring entities with information to improve the efficiency of the AML/CFT supervision.

The scope and procedure for provision of information referred to in paragraph one of this clause shall be determined by a central executive body that ensures formation and implementation of the state AML/CFT policy with approval by the National Bank of Ukraine (regarding reporting entities, the state regulation and supervision over which is performed by the National Bank of Ukraine according to Article 18 of this Law) and joint regulations of a central executive body that ensures formation and implementation of the state AML/CFT policy with other state financial monitoring entities (regarding other reporting entities);

16) notify a reporting entity, after receipt of information from the courts or law enforcement agencies authorized to make decisions in accordance with the Criminal Procedure Code of Ukraine, of the fact of giving a person a written notice of suspicion of having committed a criminal offence, of closing the criminal proceedings initiated on the basis of a notice of such an entity received by a specially authorized body according to Articles 8, 14, 15, 16 and 23 of this Law, and provide it with information on decisions passed by courts regarding such criminal proceedings with simultaneous notification of the relevant state financial monitoring entity. The procedure for notifying and informing a reporting entity and state financial monitoring entity shall be established by a central executive body that ensures formation and implementation of the state AML/CFT policy;

17) take part in drafting the relevant international treaties of Ukraine as instructed by the Cabinet of Ministers of Ukraine;

18) perform other functions resulting from the tasks assigned to it and execute powers in accordance with the law.

3. A specially authorized body shall, within the scope of this Law, ensure keeping records of:

- 1) information on financial transactions subject to financial monitoring;
- 2) case referrals and additional case referrals submitted to law enforcement or intelligence agencies as well as procedural decisions made on the basis of consideration thereof;
- 3) information on results of the pre-trial investigation and court decisions made in criminal proceedings in the investigation of which submitted case referrals were used (are used), and on a number of persons, who committed offences or those suspected in the commitment thereof, as well as a number of persons convicted of the commitment of criminal offences;
- 4) information on confiscated assets and assets arrested within the criminal proceedings in the investigation of which submitted case referrals were used (are used), and on a number of persons regarding whom a court made judgements on confiscation of assets and the assets of whom are arrested;
- 5) sent and executed international requests for AML/CFT cooperation;
- 6) reporting entities.

4. A specially authorized body shall ensure the storage of information, materials, documents received or created in the framework of implementation of this Law, for at least five years after the receipt of information on financial transaction, refusal to conduct financial transaction or the adoption by law enforcement agencies or courts of decisions in cases during the period of consideration of which case referrals have been used.

5. A specially authorized body shall, in accordance with the procedure established by the Cabinet of Ministers of Ukraine, ensure de-registration/renewal of reporting entities upon their request in the event of termination/renewal of their respective activities or de-registration of reporting entities upon a request of state financial monitoring entities, which according to this Law perform the functions of the state regulation and supervision over reporting entities, or on the basis of information of the relevant state registration authorities on cancellation of state registration (for legal entities and individual entrepreneurs), or in case of state registration of death (for individuals).

6. A specially authorized body shall be independent in decision-making on the analysis of information on financial transactions subject to financial monitoring, other financial transactions or information that may be related to ML/FT/PF suspicion, sending requests and/or transferring information to law enforcement and intelligence agencies.

Article 26. Political independence of a specially authorized body

1. Head of a specially authorized body shall be appointed and dismissed according to the procedure established by law.

2. The use of a specially authorized body for party, group or personal interests shall be prohibited.

3. The membership of officials and officers of a specially authorized body in parties, movements and other public associations having political goals shall be suspended for the period of service or work under labour contract.

Head of a specially authorized body shall not be a member of a political party, movement and other public associations having political goals.

4. The membership of officers, who have entered into labour contract with a specially authorized body, in professional unions and other public associations having no political goals shall not be prohibited.

Article 27. Rights of a specially authorized body

1. A specially authorized body shall have the right to:

1) involve professionals of central and local executive authorities, enterprises, institutions and organizations (in agreement with their chairpersons) in consideration of the issues falling within their competence;

2) receive from a reporting entity information (certificates, copies of documents) including classified information on a free-of-charge basis required for the fulfillment of the tasks assigned to it from state authorities, officials, law enforcement agencies, courts, the National Bank of Ukraine, local self-government authorities, business entities, enterprises, institutions and organizations, according to the procedure established by law;

3) receive from a reporting entity, if necessary based on the results of analysis, any data on tracing (monitoring) of financial transactions which may be related to ML/FT/PF;

4) receive data on death of individuals from a central executive body that implements the state policy in the field of state registration of acts of civil status in accordance with the procedure established by a central executive body that ensures formation and implementation of the state AML/CFT policy, and by the Ministry of Justice of Ukraine;

5) have access, in accordance with the procedure prescribed by law, including automatic access, to information and reference systems, registers and data banks of state authorities (other than the National Bank of Ukraine) and other state information resources;

6) receive additional information from reporting entities upon request;

7) elaborate and submit for consideration draft regulations necessary for performing tasks and functions under Article 25 of this Law to a central executive authority that ensures formation and implementation of the state AML/CFT policy;

8) receive from law enforcement and intelligence agencies of Ukraine to which pursuant to this Law case referrals (additional case referrals) have been submitted, the information on a progress of processing and taking relevant measures on the basis of referrals received under the procedure established by law;

9) conclude international interagency agreements on AML/CFT cooperation with the relevant authorities of other countries under the procedure established by law;

10) make decisions in cases prescribed by this Law on suspension (further suspension, extension of suspension) of financial transactions for a period established by this Law;

11) take part as agreed upon with the relevant state financial monitoring entities which according to this Law perform the functions of state regulation and supervision over reporting entities in the preparation and/or conduct of audits of reporting entities (other than audits of reporting entities which are conducted by the National Bank of Ukraine) in terms of compliance with the requirements of the AML/CFT legislation;

12) inform state financial monitoring entities, which in accordance with this Law perform functions of the state regulation and supervision over reporting entities, about possible violations of requirements of this Law by such reporting entities;

13) submit data to state financial monitoring entities in accordance with the law within the scope established by part three of Article 25 of this Law.

Section VI.

THE NATIONAL RISK ASSESSMENT

Article 28. The National risk assessment

1. A specially authorized body, other state authorities exercising AML/CFT activities involving other entities (if necessary) take part in the national risk assessment.

2. The national risk assessment shall be conducted on a systematic basis, but at least once every three years.

A specially authorized body shall be responsible for conducting the national risk assessment.

3. The national risk assessment shall be conducted taking into account, in particular, the requirements of recommendations and documents of the Financial Action Task Force (FATF), the provisions of the European Commission's reports and recommendations for ML/FT assessment, other international analytical reviews, reports and recommendations on issues related to the implementation of the national risk assessment.

4. Gathering, processing and analysis of information on the results of activities of financial monitoring entities, other state authorities involved in the AML/CFT system, approval and publication of the national risk assessment results and implementation of measures based on its results shall be carried out in accordance with

the procedure established by the Cabinet of Ministers of Ukraine jointly with the National Bank of Ukraine.

Article 29. Sources of information required for the national risk assessment

1. The sources of information required for conducting the national risk assessment shall be, in particular, AML/CFT comprehensive administrative reporting, analytical reviews and references of participants in the national risk assessment, answers of participants in the national risk assessment to the questionnaires of a specially authorized body, the results of a sample analysis of court decisions in criminal cases, the results of scientific researches, the results of researches of Ukrainian scientific experts, the results of public opinion polls, as well as the European Commission's reports with identification, analysis and assessment of ML/FT risks at the level of the European Union and the European Commission's recommendations for measures that are acceptable for elimination of the identified risks.

Section VII.

THE INTERNATIONAL AML/CFT COOPERATION

Article 30. General basis of the international AML/CFT cooperation

1. The international AML/CFT cooperation shall be conducted based on the principle of reciprocity in compliance with this Law, international treaties of Ukraine, recognized by the Verkhovna Rada of Ukraine as binding, other regulations.

Article 31. Powers of state authorities regarding ensuring the international AML/CFT cooperation and the procedure of their implementation.

1. A specially authorized body shall, in accordance with international treaties of Ukraine on the basis of the principle of reciprocity or on its own initiative, exercise international cooperate with the relevant authorities of foreign countries in terms of sharing AML/CFT experience and information.

2. The specially authorized body shall disclose restricted information to a relevant body of a foreign country in accordance with the procedure prescribed by law and provided that the body of a foreign country will ensure its protection at the level not lower than the one applicable in Ukraine. Such information may be provided by a specially authorized body to a relevant authority of a foreign country solely for use in operational analysis in ML/FT/PF cases, or in cases related to the commission of a publicly dangerous act that resulted in criminal proceeds receiving.

In case of receipt by a specially authorized body of a request from a relevant body of a foreign state to transfer information containing the secret of financial monitoring to law enforcement authorities of a foreign state, such permission shall be granted only for the purpose of investigating ML/FT/PF cases or in cases involving the commission of a socially dangerous act resulting in the criminal proceeds receiving. However, such information cannot be provided by a specially authorized body to a relevant authority of a foreign country for use as an evidence or for attachment to criminal proceedings.

Submission of information received from law enforcement agency of Ukraine by a specially authorized body to an appropriate authority of a foreign country is carried out only with the prior permission of such law enforcement agency.

3. Receipt of a request by a specially authorized body from a relevant body of a foreign country shall be the basis for it to demand and obtain additional information that is necessary for the execution of a request from state authorities, enterprises, institutions, organizations and reporting entities. A request of a specially authorized body to provide information necessary for the execution of a request of a relevant body of a foreign country shall contain a reference to the number and day of registration of that request in the relevant register of a specially authorized body.

Refusal or postponement of execution of a request on international AML/CFT cooperation shall be carried out solely on the basis of international treaties of Ukraine to which Ukraine is a party.

In pursuance of a relevant request of a competent authority of a foreign country, a specially authorized body shall have the right to order a reporting entity to suspend or resume monitoring or ensure monitoring of financial transaction(s) of a person concerned within the time limit established by such request.

4. The Security Service of Ukraine, with the participation of the Ministry of Foreign Affairs, shall maintain international cooperation regarding submission of proposals to the Committees of the UN Security Council and to foreign countries regarding the inclusion (exclusion) of individuals or legal entities and organizations in the relevant sanction lists and consideration of requests of foreign countries for inclusion (exclusion) in (from) the List of Persons.

When submitting proposals to the Committees of the UN Security Council regarding the inclusion of individuals, legal entities and organizations in the relevant sanction lists, the Security Service of Ukraine and the Ministry of Foreign Affairs of Ukraine shall:

observe the procedures and standard forms for the inclusion of persons in the relevant lists as determined by the relevant Committees of the UN Security Council;

provide full, as far as possible, information on a person or organization proposed for inclusion, namely the information sufficient for the identification of individuals, organizations and legal entities, and, if possible, information required by the International Criminal Police Organization – Interpol for the issuance of the Special Notice;

state in detail, as far as possible, the factual circumstances of the case and the justification for inclusion in the list and provide such information upon a request, except for restricted information that cannot be provided to the relevant Committee;

indicate whether the relevant Committees are allowed to make public the status of Ukraine as a country which has submitted proposals for inclusion in the relevant sanction lists.

When submitting proposals to foreign countries regarding the inclusion of individuals, legal entities and organizations in the relevant sanction lists, the Security Service of Ukraine and the Ministry of Foreign Affairs of Ukraine shall provide as detailed information as possible of such persons or organizations, including information necessary for the identification of individuals and information, which confirms that individuals, legal entities and organizations meet the criteria specified by the UN Security Council Resolutions for inclusion in the relevant lists.

When submitting proposals to the Committees of the UN Security Council regarding the exclusion of individuals, legal entities and organizations from the relevant lists, the Security Service of Ukraine and the Ministry of Foreign Affairs of Ukraine must follow the procedures established by the relevant UN Security Council Committees.

The Ministry of Foreign Affairs of Ukraine shall develop the procedures for filing a motion for the exclusion of individuals and organizations included in the relevant lists of the UN Security Council and publish them on its official website.

5. The Ministry of Foreign Affairs of Ukraine shall maintain international cooperation regarding requests to the UN Security Council Committees for access to assets (notice of intention to grant access to assets) that are related to terrorism and financing thereof, the proliferation of weapons of mass destruction and financing thereof.

6. Ensuring international AML/CFT cooperation shall also be assigned to:

the Ministry of Justice of Ukraine – regarding enforcement of court decisions that concern the confiscation of proceeds from crime;

the Prosecutor General's Office of Ukraine, the National Anti-Corruption Bureau of Ukraine – regarding taking procedural actions within the framework of ML/FT/PF criminal proceeding.

7. The proceeds from crime, confiscated in connection with the court verdict (decision) in the ML/FT/PF case and to be returned to Ukraine or a foreign country, shall be directed in accordance with the international treaty of Ukraine with this country regarding the distribution of confiscated assets or proceeds from placement of such assets. The funds received by Ukraine under such international treaty shall be credited to the State Budget of Ukraine, unless otherwise provided by law.

8. A specially authorized body, state financial monitoring entities, other state authorities and law enforcement agencies shall maintain international AML/CFT cooperation with the relevant bodies of foreign countries in accordance with international treaties of Ukraine or on their own initiative subject to confidentiality requirements.

A specially authorized body, state financial monitoring entities, other state authorities and law enforcement agencies shall carry out prioritization of international cooperation based on the results of the National Risk Assessment.

Information received by a special authorized body from a relevant body of a foreign country shall be financial monitoring secrecy and may be used exclusively for the purposes for which such information was requested, with observance the restrictions referred to in part twelve of Article 16 of this Law and the conditions specified by a relevant body of a foreign country and restrictions on its use, making it public, further transfer, disclosure of the source of its receipt, etc. The aforesaid information may be transferred to a specially authorized body for the purposes other than those for which such information was requested, subject to the prior permission of a relevant body of a foreign country.

Restrictions on the use of information obtained by a special authorized body from a relevant body of a foreign country shall also apply to persons who have become aware of such information in connection with their professional or official activities.

Persons guilty of violating the restrictions on the use of information received by a specially authorized body from a relevant body of a foreign country shall be held responsible for disclosing financial monitoring secrecy.

State financial monitoring entities and other state authorities shall ensure that they have a permission of a body of a foreign country to disclose restricted information provided by such body of a foreign country, except when state financial monitoring entity or other state authority is, in accordance with the legislation of Ukraine, obliged to transfer the received information to the third parties. In such cases, state financial monitoring entity or another state authority shall be obliged to inform a relevant body of a foreign country about such obligation.

9. A specially authorized body and other state financial monitoring entities, within their powers, shall ensure cooperation with AML/CFT international, intergovernmental organizations, including with the FATF, MONEYVAL, the European Union, the World Bank, the International Monetary Fund, the Egmont Group of Financial Intelligence Units, the United Nations.

10. Court verdicts (decisions), decisions of other competent authorities of foreign countries that have become legally valid, in respect of persons who have proceeds from crime, and regarding the confiscation of the proceeds from crime, or the property equivalent thereto, and which are located in the territory of Ukraine shall be recognized in Ukraine according to international treaties of Ukraine recognized by the Verkhovna Rada of Ukraine as binding and the laws of Ukraine.

Confiscated proceeds from crime or property equivalent thereto on the basis of a relevant international treaty of Ukraine may be transferred, in whole or in part, to a foreign country, by the court or other competent authority of which has passed a verdict (decision) on confiscation.

11. Decision on extradition to a foreign country of persons other than citizens of Ukraine and stateless persons permanently residing in Ukraine who have been found guilty on the basis of a court verdict (decision) of committing ML/FT/PF criminal offenses, shall be adopted in accordance with international treaties of Ukraine.

If Ukraine has no relevant international treaty with a foreign country that submits a request for extradition of persons referred to in paragraph one of this part, such persons may be extradited for ML/FT/PF criminal offenses, exclusively subject to adherence to the principle of reciprocity.

Section VIII.

LIABILITY FOR VIOLATION OF THE AML/CFT LEGAL REQUIREMENTS, RESTORATION OF RIGHTS AND LEGITIMATE INTERESTS OF OWNERS

Article 32. Liability for the violation of the AML/CFT legal requirements

1. Persons guilty of violating the AML/CFT legal requirements, including those guilty of a failure to ensure proper organization and/or conduct of initial financial monitoring, as well as involvement in ML/FT/PF or facilitating other persons in committing such actions, or who financed terrorism or the proliferation of weapons of mass destruction, shall be liable under the law.

2. Legal entities (excluding banks), which conducted ML/FT/PF financial transactions, can be liquidated by a court decision.

Banks conducting ML/FT/PF financial transactions can be liquidated under the National bank of Ukraine decision by revocation bank license (under the National bank of Ukraine initiative).

3. In case of non-fulfillment (improper fulfillment) of the AML/CFT legal requirements by a reporting entity (its authorized person (official)), it shall be subjected to enforcement actions adequate to committed violation within six months from the day of detecting the relevant violation, but no later than in three years from the day of commission thereof, which shall include:

- 1) written warning;
- 2) cancellation of a license and/or other documents that grant the right to engage in activities the implementation of which provides a person with a status of a reporting entity in the procedure prescribed by law;
- 3) assigning to a reporting entity the obligation to remove from the work of an official of such reporting entity;
- 4) penalty;
- 5) conclusion of a written agreement with a reporting entity, under which a reporting entity is obliged to pay a certain monetary obligation and to take measures to eliminate and/or prevent further violations of the AML/CFT legal requirements, to improve the efficiency and/or adequacy of the risk management system, etc. (hereinafter – the agreement on regulating the consequences of committing violation of the AML/CFT legal requirements).

No more than one enforcement action can be applied to one violation.

The day of detection of the violation is the date of preparation by a state financial monitoring entity, which in accordance with this Law carries out the state regulation and supervision of a reporting entity, a document which records the violation detected during the implementation of the supervision.

4. Enforcement actions referred to in part three of this Article shall be applied to reporting entities by state financial monitoring entities, which, in accordance with this Law, perform the functions of the state regulation and supervision over reporting entities in conformity with the procedure established by the relevant state financial monitoring entity taking into account requirements provided for by this Law.

5. The following penalties may be applied to a reporting entity:

1) for violating the requirements for due diligence, requirements for the identification of customers and other persons belonging to politically significant persons, their family members, their related persons, in cases stipulated by the legislation – up to 12,000 untaxed minimums of citizens' incomes;

2) for violating the requirements for refusal to establish (maintain) business relations, conduct financial transaction – in the amount of up to 20,000 untaxed minimums of citizens' incomes;

3) for violating the requirements for the implementation of transfers provided for in Article 14 of this Law – in the amount of up to 10,000 untaxed minimums of citizens' incomes;

4) for violating the procedure for freezing/unfreezing of assets related to terrorism and its financing, proliferation of weapons of mass destruction and financing thereof, and suspension of financial transactions – in the amount of up to 100,000 untaxed minimums of citizens' incomes;

5) for violating the procedure for the creation (maintenance) and storage of documents (including electronic ones), records, data, information, in cases prescribed by this Law, including, in case of their loss or destruction – in the amount of up to 12,000 untaxed minimums of citizens' incomes;

6) for failure to submit, late submission, violation of the procedure for submission or submission to a specially authorized body of unreliable information in cases prescribed by the legislation – in the amount of up to 20,000 untaxed minimums of citizens' incomes;

7) for preventing state financial monitoring entity from conducting the AML/CFT supervision, including for the non-admission to conduct verification of compliance with the AML/CFT legal requirements, creation of obstacles to its conduct and/or failure to submit, incomplete submission, submission of false information/documents, submission of copies of documents in which it is impossible to read all the information contained in them, at a request of state financial monitoring entity, necessary for its AML/CFT supervision in compliance with this Law – in the amount of up to 20,000 untaxed minimums of citizens' incomes;

8) for a failure to comply with the requirements of the agreement on regulating the consequences of committing violation of the AML/CFT legal requirements – in the amount that not exceed the amount of the monetary obligation under such agreement;

9) for non-compliance with the requirements on elimination of the revealed violations and/or taking measures to eliminate the reasons that contributed to their commission, as well as a failure to adopt measures on eliminating shortcomings detected following the results of verification in organization and conducting the initial financial monitoring – in the amount of up to 100,000 untaxed minimums of citizens' incomes;

10) for non-detection, untimely detection of financial transactions subject to financial monitoring and violation of the procedure for registration of financial transactions – in the amount of up to 20,000 untaxed minimums of citizens' incomes;

11) for violation of restrictions on the exchange of information specified by the AML/CFT legislation – in the amount of up to 12,000 untaxed minimums of citizens' incomes;

12) for a failure to ensure protection of workers who informed the manager and/or the compliance officer of a reporting entity or a state financial monitoring entity about violation of the AML/CFT legal requirements – in the amount of up to 12,000 untaxed minimums of citizens' incomes;

13) for a failure to ensure a proper organization and implementation of the initial financial monitoring, a lack of a proper risk management system, repeated non-fulfillment of requirements of state financial monitoring entities on elimination of revealed violations and/or taking measures to eliminate the reasons that contributed to their commission – in the amount of up to 7,950 untaxed minimums of citizens' incomes;

14) for violating other requirements of the AML/CFT legislation – in the amount of up to 3,000 untaxed minimums of citizens' incomes.

6. The calculation of the amount of penalty in case of committing two or more types of violations shall be made by adding amounts of penalties for each type of violation.

In such a case, the maximum amount of penalty that can be applied to a reporting entity may not exceed:

1) for reporting entities, which are financial institutions – up to 10 percent of total annual turnover but not more than 7,950 untaxed minimums of citizens' incomes;

2) for other reporting entities – twice amount of the benefit received by a reporting entity as a result of committing the violation, and if the amount of such benefit cannot be determined, – 1,590 untaxed minimums of citizens' incomes.

7. In determining the type of enforcement action and/or amount of penalty, state financial monitoring entities shall take into account the circumstances of the committed violation, including:

- 1) The nature and duration of the violation;
- 2) financial condition of a reporting entity;
- 3) benefit obtained by a reporting entity as a result of committing the violation, if the amount of such benefit can be determined;
- 4) losses of third parties caused by the commission of violation, if the amount of such losses can be determined;
- 5) repeated commission of a homogeneous offense for which the enforcement actions have been applied to a reporting entity over the last three years.
- 6) degree of responsibility;
- 7) cooperation of a reporting entity with state authorities included in the AML/CFT system.

8. Prior to the decision (resolution) on the application to a reporting entity of enforcement action in the form of the conclusion of the agreement on regulating the consequences of committing violation of the AML/CFT legal requirements, a state financial monitoring entity and a reporting entity shall agree the measures for elimination and/or prevention of further violations of the AML/CFT legal requirements, improvement of efficiency of functioning and/or adequacy of the risk management system, the terms of these measures and the amount of monetary obligation that such reporting entity is obligated to pay in the framework of this agreement.

If a state financial monitoring entity and a reporting entity fail to agree on the terms of agreement on regulating the consequences of committing violation of the AML/CFT legal requirements, a state financial monitoring entity applies another enforcement action.

The amount of the monetary obligation calculated in accordance with the requirements of this Article shall be indicated in the text of the agreement on regulating the consequences of committing violation of the AML/CFT legal requirements.

In case of a reporting entity's violation of the agreement on regulating the consequences of committing violation of the AML/CFT legal requirements, a state financial monitoring entity shall have the right to apply enforcement action for failure to execute conditions of the agreement on regulating the consequences of committing violation of the AML/CFT legal requirements provided for by this Article.

9. Provisions of parts three to eight and paragraphs two to eight of part ten of this Article shall not apply to banks and branches of foreign banks.

If banks, branches of foreign banks violate the AML/CFT legal requirements, the National Bank of Ukraine shall have the right, in proportion to the violation committed, to apply enforcement actions to them in accordance with, under the

procedure and within the terms set forth in the Law of Ukraine “On Banks and Banking” as well as regulations of the National Bank of Ukraine.

10. Decision (resolution) of a state financial monitoring entity (its authorized official) on the application of enforcement actions referred to in this Article to a reporting entity shall become legally valid from the business day following the day of adoption the decision (resolution).

Information on the application of enforcement actions to a reporting entity (indicating the name of a reporting entity, information on enforcement actions applied (including the amount of penalty) as well as general information on violations of legislation), appealing of the aforementioned enforcement actions and a relevant court judgement that has entered into force shall be published on the official website of the relevant state financial monitoring entity in accordance with the procedure established by it and remain available for review for at least five years from the date of its publication.

Information about the following shall not be disclosed:

- 1) personal data of dismissed officials;
- 2) applied enforcement actions, if such disclosure may have a negative impact, cause damage and/or threaten the stability of the financial system, or may have an impact on pre-trial investigation and/or judicial proceedings (except for the generalization of information on such reporting entities without the indication of their names).

Decision (resolution) of a state financial monitoring entity on the application to a reporting entity of enforcement actions referred to in this Article may be appealed in the court in accordance with the legislation during a month from the day it enters into force.

If within one month from the day of the entry into force of a decision (resolution) of a state financial monitoring entity on the application to a reporting entity enforcement actions in the form of a fine, a reporting entity didn't inform a state financial monitoring entity in written about voluntary execution of such decision(resolution), and this decision(resolution) hasn't been appealed in the court, it becomes an executive document, subject to execution in accordance with the requirements of the Law of Ukraine “On Enforcement Proceedings” and is submitted to the state executive services for enforcement execution under the law.

If the decision (resolution) of a state financial monitoring entity on the application to a reporting entity of enforcement actions in the form of a fine within one month from the date of its entry into force has been appealed in the court and the administrative court initiated proceedings to appeal the said decision, such decision becomes an executive document from the date of entry into force of the relevant court decision in such case, taking into account the terms stipulated by the Law of Ukraine “On Enforcement Proceedings”

11. Fines provided for in this Law shall be credited to the state budget.

Article 33. Failure to provide information to a specially authorized body

1. Failure to provide information to a specially authorized body shall be the following:

1) failure to provide by a reporting entity information in cases envisaged by the AML/CFT legislation, which resulted in the non-registration by a specially authorized body of duly executed report and submitted by the aforementioned entity;

2) failure to provide by a reporting entity information on financial transactions subject to financial monitoring or additional information after receipt from a specially authorized body of a report with non-zero mistake codes regarding individual financial transactions, or in general, regarding provided by such entity report of financial transaction subject to financial monitoring, or of a mistake during processing of other information, which resulted in the non-registration by a specially authorized body of duly executed report and submitted by the aforementioned entity;

3) submission by a reporting entity of unduly executed report after receipt from a specially authorized body of a notice with non-zero mistake codes regarding individual financial transactions, or in general, provided by such entity report of financial transaction subject to financial monitoring, or of a mistake during processing of other information, which resulted in the non-registration by a specially authorized body of duly executed report and submitted by the aforementioned entity;

4) failure to provide information by a company, institution, organization, which is not a reporting entity, a liquidator (except for the Deposit Guarantee Fund), an authorized person of the Deposit Guarantee Fund or state authority in cases provided for in the AML/CFT legislation.

Article 34. Failure to timely provide information to a specially authorized body

1. Failure to timely provide information to a specially authorized body shall be the following:

1) provision of information by a reporting entity with violation of the terms provided for by the AML/CFT legislation;

2) submission by a reporting entity of a duly executed report in breach of the terms provided for by this Law after receipt from a specially authorized body of a notice with non-zero mistake codes regarding individual financial transactions, or in general, regarding such entity's report of financial transaction subject to financial monitoring, or of a mistake during processing of other information;

3) submission by a reporting entity of unduly executed report after consecutive receipt from a specially authorized body of three and more reports with non-zero mistake codes regarding individual financial transactions or in general regarding a report on financial transaction submitted by such reporting entity, which is subject to financial monitoring, or a mistake made while processing other information, except for the cases when such information is submitted to a specially authorized body without violation of the terms set forth in the AML/CFT legislation;

4) provision of information by a company, institution, organization, which is not a reporting entity, a liquidator (except for the Deposit Guarantee Fund), an authorized person of the Deposit Guarantee Fund or state authority with breach of terms provided for in the AML/CFT legislation.

Article 35. Restoration of rights and legitimate interests

1. Based on court's decision, the proceeds from crime shall be subject to confiscation in favour of the state or are returned to their owner whose rights or legitimate interests have been violated or their market value shall be reimbursed.

2. Transactions designed for ML/FT/PF shall be considered as null and void in accordance with the procedure provided for in law.

3. Financial monitoring entities, their officials and other officers, a liquidator (except for the Deposit Guarantee Fund), an authorized person of the Deposit Guarantee Fund shall not be liable for damage caused to legal entities and individuals in connection with performance their official duties during financial monitoring if they acted within the scope of tasks, duties and in the manner provided for by this Law.

4. The damage caused to a legal entity or an individual by illegal actions of state authorities as a result of conducting by them the state financial monitoring shall be reimbursed from the State Budget of Ukraine in accordance with the procedure prescribed by law.

Section IX

CONTROL AND SUPERVISION OVER COMPLIANCE WITH THE AML/CFT LEGISLATION

Article 36. Control over compliance with the AML/CFT laws

1. Control over compliance with the AML/CFT laws shall be exercised by state authorities within the scope of their powers and in the manner prescribed by the Constitution and laws of Ukraine.

2. A specially authorized body shall every year till March 31 following the reporting year, submit the report on the AML/CFT state for a previous year under the established form to the Verkhovna Rada of Ukraine.

Section X

FINAL AND TRANSITIONAL PROVISIONS

1. This Law shall enter into force in four months after its publication, except for paragraph three of subparagraph 9 of clause 6 of section X of this Law, which enters into force on the day of entry into force of the Law of Ukraine "On Amending Certain Legislative Acts of Ukraine on Improving the Functions of State Regulation of Financial Services Markets" of September 12, 2019 No. 79-IX.

2. To declare that the Law of Ukraine "On Prevention and Counteraction to Legalization (Laundering) of Proceeds from Crime, Terrorist Financing and Financing Proliferation of Weapons of Mass Destruction" has been repealed (The Official

Bulletin of the Verkhovna Rada of Ukraine 2014, No. 50-51, Art. 2057, with following amendments).

3. The amount of a fine for violation by a reporting entity of the AML/CFT legislation, committed by such reporting entity before the entry into force of this Law, is determined based on the amount of a fine for the relevant violation established by law at the date of its commission.

4. Legal entities registered before the entry into force of this Law shall submit to the state registrar information about an ultimate beneficial owner in the amount specified by this Law and the ownership structure within three months from the date of entry into force of the legal act, which will approve the form and content of the structure.

5. Temporarily, before the entry into force of the Law of Ukraine “On Amending Certain Legislative Acts of Ukraine on Improvement of Functions on State Regulation of Financial Services Markets” of September 12, 2019 No. 79-IX, the National Commission for the State Regulation of Financial Services Markets is a financial monitoring entity and exercises the state AML/CFT regulation and supervision over payment organizations, payment systems and participants or members of payment systems (in the part of providing financial services, except for money transfer services), insurers (reinsurers), insurance (reinsurance) brokers, pawnshops and other financial institutions, as well as legal entities which in accordance with the law provide financial services (except for financial institutions and other legal entities, for which state AML/CFT regulation and supervision are carried out by other state financial monitoring entities).

6. To amend the following legislative acts of Ukraine:

1) In the Code of Ukraine on Administrative Offences (The Official Bulletin of the Verkhovna Rada of USSR, 1984, annex to No. 51, Art. 1122):

a) in Article 166⁹:

part one shall be worded as follows:

“Violation of the requirements for due diligence, requirements for the identification of customers and other persons belonging to politically significant persons, their family members, their related persons; failure to submit, late submission, violation of the procedure for submission or submission to a central executive authority that implements the state AML/CFT policy of unreliable information in cases provided for by the legislation, violation of requirements for the creation (maintenance) and storage of documents (including electronic ones), records, data and information; non-compliance with requirements for accompanying a transfer with information on initiator and recipient of a transfer; violation of the requirements for refusal to establish (maintain) business relations (conduct of financial transaction); failure to comply with the procedure for suspension of financial transaction(s) as well as the procedure for freezing/unfreezing of assets that are related to terrorism and its financing, proliferation of weapons of mass destruction and financing thereof; non-compliance with

requirements for identification and registration of financial transactions subject to financial monitoring, –

shall entail the imposition of a fine on officials of reporting entities, liquidators or an authorized person of the Deposit Guarantee Fund in the amount of three hundred to two thousand untaxed minimum of citizens' incomes”;

part three shall be excluded;

b) part six of Article 166¹¹ shall be worded as follows:

“Failure of a legal entity to provide in time the state registrar with information on an ultimate beneficial owner of a legal entity, as provided for by the Law of Ukraine “On State Registration of Legal Entities, Private Entrepreneurs and Public Formation”, information about an ultimate beneficial owner of a legal entity, or its absence, or documents to confirm information about an ultimate beneficial owner of a legal entity

– shall entail imposition of a fine on head of a legal entity or a person authorized to act on behalf of a legal entity (executive body) in the amount of one thousand to three thousand untaxed minimum of citizens' incomes”;

c) in part one of Article 188³⁴:

in paragraph one the words “preventing and countering legalization (laundering) of the proceeds from crime or financing of terrorism” shall be replaced with the words “preventing and countering legalization (laundering) of the proceeds from crime, financing of terrorism and financing of proliferation of weapons of mass destruction”;

in paragraph two the words “citizens – private entrepreneurs” shall be replaced with the words “citizens – private entrepreneurs, self-employed persons, liquidators or an authorized person of the Deposit Guarantee Fund”;

shall be added with the note of the following wording:

“Note. A self-employed person shall mean a person mentioned in subparagraph 14/1/226 of paragraph 14.1 of Article 14 of the Tax Code of Ukraine”;

d) in paragraph 1 of part one of Article 255:

paragraph “state financial monitoring entities (Article 166⁹, part six of Article 166¹¹, Article 188³⁴)” shall be replaced with two paragraphs as follows:

“state financial monitoring entities, which perform the functions of state regulation and supervision over the relevant reporting entities (part one of Article 166⁹, Article 188³⁴)”;

central executive authority that implements the state AML/CFT policy (part two of Article 166⁹)”;

paragraph “central executive authority that implements the state policy in the area of state registration of legal entities, private entrepreneurs and public formation” (parts one, two, nine and ten of Article 166⁶, parts one to five of Article 166¹¹)” shall be worded as follows:

“central executive body that implements the state policy in the field of state registration of legal entities, public formation and private entrepreneurs without the status of a legal entity, and individuals-entrepreneurs (parts one, two, nine and ten of Article 166⁶, Article 166¹¹)”.

2) In the Criminal Code of Ukraine (The Official Bulletin of the Verkhovna Rada of Ukraine, 2001, No. 25-26, Art. 131):

a) in part two of Article 96²:

in the first sentence the words and number “referred to in paragraph 1 of part one of this Article” shall be replaced with the words “referred to in part one of this Article”;

in the second sentence words and number “referred to in paragraph 1 of part one of this Article” shall be replaced with the words “referred to in paragraph one of this Article”;

b) in part one of Article 96³:

shall be supplemented with paragraph 5 of the following wording:

“5) committing by an authorized person on behalf of and in the interest of a legal entity of any of the criminal offenses provided for in Articles 255, 343, 345, 347, 348, 349, 376 - 379, 386 of this Code”;

paragraph 2 of the note shall be worded as follows:

“2. The criminal offenses provided for in Articles 109, 110, 113, 146, 147, parts two - fourth of Article 159¹, Articles 160, 209, 255, 260, 262, 306, 343, 345, 347, 348, 349, parts one and two of Article 368³, parts one and two of Article 368⁴, Articles 369, 369², 376 - 379, 386, 436, 437, 438, 442, 444, 447 of this Code shall be recognized as committed in the interest of a legal entity if they have led to its unlawful benefit or have created the conditions to obtain such benefit, or were intended to evade the liability envisaged by law;

c) in Article 96⁴:

in paragraph one of part two, the numbers and word “3 and 4” shall be replaced with the numbers “3-5”;

shall be supplemented with part three of the following wording:

“3. In the case of the reorganization of legal entities referred to in parts 1 and 2 of this Article, criminal measures may be applied to their assigns to whom the property, rights and obligations related to the criminal offenses specified in paragraphs 1 - 5 of part one of Article 96³ of this Code have been transferred”;

d) in part two of Article 96⁷:

in paragraph four the words “up to fifty thousand” shall be replaced with the words “up to seventy-five thousand”;

in paragraph five the words “from fifty to seventy-five thousand” shall be replaced with the words “from seventy-five to one hundred thousand”;

e) part one of Article 96⁹ shall be worded as following:

“1. The liquidation of a legal entity shall be applied by the court in the case of commission by its authorized person of any of the criminal offenses provided for in Articles 109, 110, 113, 146, 147, 160, 209, 255, 258 – 258⁵, 260, 262, 306, 436, 436¹, 437, 438, 442, 444, 447 of this Code”;

f) in paragraph one of Article 198, the words “legalization (laundering) of proceeds from crime” shall be replaced by the words “legalization (laundering) of property from crime”;

g) in Article 205¹:

paragraph two of part one shall be worded as follows:

“shall be punished by a fine of five thousand to eight thousand untaxed minimum of citizens’ incomes or by arrest for a term of three to six months or imprisonment for a term up to three years”;

Paragraph two of part two shall be worded as follows:

“shall be punished by a fine of eight thousand to ten thousand untaxed minimum of citizens’ incomes or imprisonment for a term of three to five years, with deprivation of the right to occupy certain positions or engage in certain activities for a term of up to three years or without”;

h) Article 209 shall be worded as follows:

“Article 209. Legalization (laundering) of property from crime

1. Acquisition, possession, use of property in respect of which factual circumstances indicate that it was received as a result of committed criminal crime, including the execution of financial transaction, committing legal transaction with such property, or moving, changing the form (transformation) of such property or committing actions aimed at concealing, disguising the origin of or possessing such property, the right on such property, the source of its origin, location, if such actions were committed by a person that knew or should have known that such property was directly or indirectly, fully or partly, received as a result of committed criminal crime

– shall be punished by imprisonment for a term of three to six years, with deprivation of the right to occupy certain positions or engage in certain activities for a term of up to two years with the property confiscation.

2. The actions provided for in part one of this Article committed repeatedly or by prior agreement of the group of persons or in a large amount, –

shall be punished by imprisonment for a term of five to eight years, with deprivation of the right to occupy certain positions or engage in certain activities for a term up to three years with property confiscation.

3. The actions provided for in part one or two of this Article committed by organized group or in a large amount, –

shall be punished by imprisonment for a term of eight to twelve years, with deprivation of the right to occupy certain positions or engage in certain activities for a term up to three years with property confiscation.

Note.

1. Legalization (laundering) of property is recognized as having been committed to a large extent if the object of the criminal offence was property in amount that exceeds six thousand of untaxed minimum of citizens' incomes.

2. Legalization (laundering) of property is recognized as have been committed to a particularly large extent if the object of the crime was property in amount that exceeds eighteen thousand of untaxed minimum of citizens' incomes”;

i) in Article 209¹:

in the title:

words “on prevention and counteraction to legalization (laundering) of proceeds from crime or terrorism financing” shall be replace by the words “on prevention and counteraction to legalization (laundering) of proceeds from crime, terrorism financing and financing of proliferation of weapons of mass destruction”;

in paragraph two, the words “up to two thousand” shall be replaced with the words “up to three thousand”;

paragraph one of part two shall be worded as follows:

“2. Disclosure in any form of the financial monitoring secrecy or the fact of exchange of information about financial transaction and its participants between reporting entities, state financial monitoring entities, other state authorities and a central executive body that implements the state AML/CFT policy, as well as the fact of providing (receiving) a request, decision or order of the said authority, or providing (receiving) a response to such a request, decision or order, by a person to whom this information became known in connection with his/her professional or official activity, if such actions caused significant damage to the rights protected by law, the freedoms or interests of individual citizens, the state or public interests or interests of individual legal entities”;

j) paragraph one of part one of Article 258 after the words “legal entities” shall be supplemented with the words “international organizations”;

k) paragraph one of part one of Article 258⁵ shall be worded as follows:

1. The provision or collecting of any assets, directly or indirectly, with the purpose of their use or awareness of the possibility that they will be used fully or partly

for any purpose by an individual terrorist or terrorist group (organization), or for the organization, preparation or commission of an terrorist act, involvement in committing a terrorist act, public calls to commit a terrorist act, creating a terrorist group (organization), facilitating the commission of a terrorist act, exercising any other terrorist activity as well as attempting to commit such acts”;

1) Article 306 shall be worded as follows:

“Article 306. The use of funds obtained from illicit drugs trafficking, psychotropic substances, their analogues, precursors, toxic or potent substances or toxic or potent medicines

1. The use of proceeds from illicit drugs trafficking, psychotropic substances, their analogs, precursors, toxic or potent substances or toxic or potent medicines for the purpose of continuing illicit drug trafficking, psychotropic substances, their analogues, precursors, toxic or potent substances or toxic or potent medicines –

shall be punished by imprisonment for a term from seven to twelve years with the deprivation of the right to occupy certain positions or engage in certain activities for a term up to three years and with the property confiscation.

2. The actions provided for in paragraph 1 of this Article conducted repeatedly or by prior agreement of a group of persons, or in large amounts –

shall be punished by imprisonment for a term of eight to fifteen years with the deprivation of the right to occupy certain positions or engage in certain activities for a term up to three years and with the property confiscation.

Note. Large amounts shall mean funds the amount of which is two hundred and more untaxed minimum of citizens’ incomes”.

3) In the Civil Code of Ukraine (The Official Bulletin of the Verkhovna Rada of Ukraine, 2003, No. 40-44, Art. 356):

a) the first sentence of part one of Article 1074 after the words “as well as in case of suspension financial transactions which may be related to legalization (laundering) of proceeds from crime or financing terrorism and financing proliferation of weapon of mass destruction” shall be supplemented with the words “freezing of assets related to terrorism and financing thereof, proliferation of weapons of mass destruction and financing thereof”;

b) in Article 1075:

paragraph one of part one after the first sentence shall be supplemented with the following new sentence:

“A bank shall not have the right, at the customer’s request, to terminate the bank account agreement or to conduct other actions resulting in the termination of the agreement, if the funds held in the respective account are frozen in accordance with the AML/CFT Law”;

part four shall be worded as follows:

“4. A bank may withdraw from the bank account agreement and close customer’s account in case of:

absence of transactions on customer’s account within three consecutive years and absence of a balance of funds on this account;

existence of grounds provided for by the AML/CFT Law”. The rest of funds on customer’s account is returned to a customer”;

4) In the Criminal-Procedure Code of Ukraine (The Official Bulletin of the Verkhovna Rada of Ukraine, 2013, No.No. 9-13, Art. 88):

a) part two of Article 162 shall be supplemented with paragraph 10 of the following wording;

“10) financial monitoring secret”;

b) paragraph 7 of part one of Article 164 shall be worded as follows:

“7) the validity of a decision, that may not exceed two months from the date of a decision, except for decisions issued to fulfill the requirements of part two of Article 562 of this Code”;

c) part nine of Article 216 shall be worded as follows:

“9. In criminal proceedings for crimes provided for by Articles 209 and 209¹ of the Criminal Code of Ukraine, the pre-trial investigation shall be carried out by the investigator of the authority which has commenced the pre-trial investigation or to whom investigative jurisdiction the crime is referred to which preceded legalization (laundering) of property from crime except for cases when these crimes are referred to in this Article as being within the jurisdiction of the National Anti-Corruption Bureau of Ukraine”;

d) in part one of Article 568, the words “property, money and values from crime, as well as property belonging to the suspected, accused or convicted person” shall be replaced with the words and numbers “property, money and values corresponding to any of the features mentioned in part one of Article 96² of the Criminal Code of Ukraine, as well as property belonging to the suspected, accused or convicted persons”;

e) part three of Article 589 after the words “the Prosecutor’s General Office of Ukraine” shall be supplemented with the words and numbers “urgently but not later than 24 hours”;

5) in the Code of Administrative Judiciary of Ukraine (The Official Bulletin of the Verkhovna Rada of Ukraine, 2017, No. 48, Art. 436)

a) Article 284 shall be worded as follows:

“Article 284. Peculiarities of proceedings in cases under the request of the Security Service of Ukraine concerning the inclusion of individuals, legal entities and organizations in the list of persons related to terrorist activities or regarding which international sanctions have been applied, excluding individuals, legal entities and

organizations from such list and providing access to assets related to terrorism and financing thereof, proliferation of weapons of mass destruction and financing thereof

1. Proceedings in cases concerning the inclusion of individuals, legal entities and organizations in the list of persons related to terrorist activities or regarding which international sanctions have been applied, excluding individuals, legal entities and organizations from such list and providing access to assets related to terrorism and financing thereof, proliferation of weapons of mass destruction and financing thereof is conducted based on a claim of the Head of the Security Service of Ukraine or his/her deputy.

2. The statement of claim shall be submitted to the court of first instance in the jurisdiction established by this Code, in writing and shall contain:

- 1) name of the administrative court;
- 2) applicant's name, postal address, and number of a means of communication;
- 3) grounds for bringing the claim, the circumstances supported by the evidence and the applicant's requirements;
- 4) a list of documents and other materials to be attached;
- 5) signature of an authorized person of a subject of authority, sealed.

3. In the event of violation of the requirements of paragraph two of this Article, the court shall notify the applicant thereof and set a term for addressing deficiencies.

Failure to comply with the court's requirements within the terms set by it entails the return to the applicant of the claim and the documents attached to it.

The return of the claim is not an obstacle to apply with it to the court after addressing deficiencies leading to an appeal to the court.

4. The court shall, by decree, refuse to open proceedings in the case, if a claim is made not provided for by part one of this Article.

5. A decision on the merits of the stated requirements shall be made by the court not later than the next working day from the day of receipt of the claim, considered in a closed court session with the participation of the applicant only. A person regarding whom a decision is made on including in the list of persons related to terrorist activity or regarding whom international sanctions have been applied or excluding from such list and the owner of assets related to terrorism and financing thereof, proliferation of weapons of mass destruction and financing thereof to which access is granted, is not notified about consideration the case by the court.

6. The court decision shall specify:

- 1) date of decision;
- 2) name of the court, the surname and initials of the judge;
- 3) motives and the conclusion of the court on the merits of the stated requirements with reference to the law;

4) the procedure of the actions determined by the decision.

7. The decision refusing to open proceedings may be claimed on appeal. The Court of Appeal is considering an appeal against a decision refusing to open proceedings in the case within three days from the day of receipt of appeal.

8. The court's decision to include individuals, legal entities and organizations in the list of persons related to terrorist activities or regarding whom international sanctions have been applied, excluding individuals, legal entities and organizations from such list and providing access to assets related to terrorism and financing thereof, proliferation of weapons of mass destruction and financing thereof, shall be executed without delay.

9. Appeals against court decisions in the cases set out in this Article may be filed by the parties within ten days from the date they were issued. Filing an appeal against a court decision in the cases specified in this Article, shall not interfere its execution”;

b) Paragraph 2 of Chapter 11 of Section II, shall be supplemented with Article 289¹ as follows:

“Article 289¹. Peculiarities of proceedings in administrative cases concerning appeals against decisions of a central executive body that implements the state AML/CFT policy, on extension of suspension of the relevant financial transaction(s) (debit financial transactions)

1. Persons whose financial transaction(s) (debit financial transactions) are suspended shall have the right to apply to the administrative court with a statement of claim on appealing against decisions of a central executive authority that implements the state AML/CFT policy (hereinafter referred to as a specially authorized body), on extension of suspension of the relevant financial transaction(s) (debit financial transactions) within ten days from the day they found out or should have found out violation of their rights, freedoms or interests.

2. Decisions of a specially authorized body on extension of suspension of the relevant financial transaction(s) (debit financial transactions) shall be appealed to the district administrative court, which territorial jurisdiction extends to the city of Kyiv.

3. An administrative claim should contain:

- 1) name of administrative court to which the statement of claim is filed;
- 2) applicant's name, postal address, as well as number of a means of communication, e-mail address (if any);
- 3) defendant's name, postal address, as well as number of a means of communication, e-mail address (if any);
- 4) number and date of the appealed decision of a specially authorized body on extension of suspension of the relevant financial transaction(s) (debit financial transactions);
- 5) circumstances that may indicate violation of applicant's rights, freedoms or interests and the content of claim requirements;

6) a list of documents and other materials attached.

In support of the fact of suspension of financial transactions, a defendant shall provide a written notice (if any) of a reporting entity about number and date of a specially authorized body decision on extension of suspension of the relevant financial transaction(s) (debit financial transactions).

4. In case of non-compliance with requirements of part three of this Article, the court shall notify an applicant and set the term for addressing deficiencies.

Failure to comply with court's requirements within the term set by it shall entail a return of a claim and documents attached thereto to an applicant.

Return of the statement of claim shall not be an obstacle for repeated applying with it to the court after addressing deficiencies.

5. The court shall decide on initiation of proceedings in an administrative case no later than the next day from the day the statement of claim was received.

The court shall notify the defendant of the filing of a statement of claim and initiation of proceedings in the administrative case by courier, telephone, fax, e-mail or other technical means of communication no later than the next day after initiation of proceedings. The Administrative Court shall notify an applicant about initiating of proceedings no later than the next day after the decision on initiating of proceedings in the case is made.

Within one day from the day of receipt of such a notice, a defendant shall be obliged to receive in the court a copy of a decision on initiating proceedings, a copy of the statement of claim and the documents attached thereto, and, within two days from the date of receipt of such a decision and copies of the documents, submit a defence to a statement of claim and copies of the appealed decisions and documents that became the basis for adoption thereof directly to the office of the court clerk.

6. Administrative cases defined by part one of this Article shall be resolved by a panel of three judges within ten days after initiation of proceedings in a closed court session.

An applicant (applicant's representative) shall be provided with case file for familiarization, except for the documents (copies of documents) that became the basis for adoption of appealed decisions and contain information transferred by a specially authorized body to law enforcement and/or intelligence agencies in case referrals (additional case referrals).

7. Court decision shall be drawn up and signed on the day of its adoption in accordance with the rules provided for in Articles 243 and 250 of this Code, without the right of the court to postpone drawing up the decision in full.

Copies of the full decision shall be issued to the persons involved in the case immediately after announcing such a decision.

8. Court decisions following the results of consideration of cases determined by part one of this Article may be appealed before the Court of Appeal within ten days from the date of announcement thereof.

The Court of Appeal shall consider the case within two days after expiration of term for appeal with a notice to persons involved in the case.

Failure of persons, who have been duly informed of the date, time and place of consideration of the case, to appear in court session shall not impede the appeal proceedings.

The Court of Appeal cannot return the case for a new consideration following the appeal proceedings. Court decision of the Court of Appeal shall be final”;

c) paragraph 7 of part one of Article 371 shall be worded as follows:

“7) including individuals, legal entities and organizations from to the list of persons related to terrorist activity or regarding whom international sanctions have been applied, excluding individuals, legal entities and organizations from such list and providing access to assets related to terrorism and financing thereof, proliferation of weapons of mass destruction and financing thereof”;

6) In the Law of Ukraine “On the Security Service of Ukraine” (The Official Bulletin of the Verkhovna Rada of Ukraine, 1992, No. 27, Art. 382 with the following amendments):

a) Article 24 shall be supplemented with paragraph 20 as follows:

“20) exercise with the participation of the Ministry of Foreign Affairs of Ukraine international cooperation regarding submission of proposals to the Committees of the UN Security Council and to foreign countries regarding the inclusion (exclusion) of individuals or legal entities and organizations in the relevant sanction lists and consideration of requests of foreign countries for inclusion (exclusion) in (from) the list of persons related to terrorist activity or regarding which international sanctions have been applied”;

b) in part two of Article 25:

paragraph 7 shall be worded as follows:

“7) in accordance with the law, initiate under the court procedure, the issue of inclusion (exclusion) of individuals or legal entities and organizations in (from) the list of persons related to terrorist activity or regarding which international sanctions have been applied”;

supplement with paragraph 8 as follows:

“8) in accordance with the law, initiate under the court procedure, the issue of granting access to assets related to terrorism and financing thereof, proliferation of weapon of mass destruction and financing thereof as requested by a person who can confirm with documents the existence of exceptional conditions set forth in the relevant UN Security Council Resolutions, or the need for covering basic and extraordinary expenses”;

7) Article 68 of the Law of Ukraine “On the National Bank of Ukraine” (The Official Bulletin of the Verkhovna Rada of Ukraine, 1999, No. 29, Article 238, as amended) shall be supplemented with parts six to eight as follows:

“The National Bank of Ukraine shall place (publish) information under the procedure established by it on pages of the official website of the National Bank that is related to the violation by the bank (branch of a foreign bank, non-bank financial institution, other legal entity the state AML/CFT regulation and supervision over which are exercised by the National Bank), the laws of Ukraine and/or regulations of the National Bank regulating AML/CFT relationships indicating the name of the bank (branch of a foreign bank, non-bank financial institution, other legal entity the state AML/CFT regulation and supervision over which are exercised by the National Bank), in particular:

general information about the decisions made on the non-compliance of an official of a bank, non-bank financial institution, other legal entity the state AML/CFT regulation and supervision over which are exercised by the National Bank with the requirements of Ukrainian legislation with the requirements of Ukrainian legislation;

general information on the applied enforcement actions in the form of a written warning, entering into a written agreement with a bank, non-bank financial institution, other legal entity the state AML/CFT regulation and supervision over which are exercised by the National Bank, imposition of a fine (including an amount of a fine) and the dismissal of a bank’s official (non-bank financial institution, other legal entity the state AML/CFT regulation and supervision over which are exercised by the National Bank) from position as well as general information on violations, for which the above-mentioned enforcement actions have been applied;

information on the application of enforcement actions in the form of assigning a bank to the category of insolvent banks, withdrawal of a banking license and liquidation of a bank, cancellation (withdrawal) in non-bank financial institutions, other legal entity the state AML/CFT regulation and supervision over which are exercised by the National Bank of a license for transferring funds in the national currency without opening accounts and/or license of the National Bank for currency transactions;

information on appealing against the aforementioned enforcement actions and against a relevant decision of the court which has entered into force (if any).

The following information shall not be made public in accordance with part six of this Article:

personal data of dismissed officials and officials in respect of whom a decision was made on their non-compliance with the requirements of Ukrainian legislation;

applied enforcement actions, if such disclosure may have a negative impact, cause damage and/or threaten the stability of the banking and/or financial system, or may have an impact on pre-trial investigation and/or judicial proceedings (except for the generalized information on such banks, branches of foreign banks, non-bank

financial institutions, other legal entity the state AML/CFT regulation and supervision over which are exercised by the National Bank without the indication of their names).

Information placed (published) in accordance with this Article on the applied enforcement actions shall remain available on the pages of the official website of the National Bank within five years from the day of placement (publication) thereof”.

8) In the Law of Ukraine “On Banks and Banking” (The Official Bulletin of the Verkhovna Rada of Ukraine 2001, No. 5-6, Art. 30 amended as follows):

a) in Article 2 the definition of the term “shell bank” shall be excluded;

b) Article 64 shall be excluded;

c) in part one of Article 73:

paragraph 3 shall be worded as follows:

“3) entering into a written agreement with a bank under which a bank undertakes to pay a specified monetary obligation and take measures to eliminate and/or prevent in further activities violations, improving the financial condition of a bank, increasing the efficiency of the risk management system, etc. For a bank’s non-compliance or improper execution of the terms of the written agreement, the National Bank of Ukraine shall have the right to apply other enforcement actions provided for in this part”;

Paragraph three of clause 9 shall be worded as follows:

“bank in accordance with the provisions approved by the Board of the National Bank of Ukraine, but in the amount not exceeding 1 percent of the amount of the registered authorized capital. The mentioned limitation of the maximum amount of a fine is not applied in case of imposition of a fine to a bank for violation of the AML/CFT legislative requirements. The maximum amount of a fine for the violation of the AML/CFT legislative requirements may not exceed 7950 thousand of untaxed minimums of citizens’ incomes”;

d) Article 74 shall be supplemented with part six as follows:

“Information on enforcement actions applied by the National Bank of Ukraine to banks, branches of foreign banks for non-compliance with the AML/CFT legislative requirements shall be made public by posting on the official website of the National Bank of Ukraine in accordance with the procedure established by law and regulations of the National Bank of Ukraine”.

9) part one of Article 40 of the Law of Ukraine “On Financial Services and State Regulation of Financial Services Markets” (The Official Bulletin of the Verkhovna Rada of Ukraine, 2002, No. 1, Art. 1 with following amendments) shall be supplemented with paragraph 7¹ as follows:

“7¹) entering into a written agreement with a financial institution, a person which is not a financial institution but has the right to provide separate financial services under which such person undertakes to pay a specified monetary obligation and/or take measures to eliminate and/or prevent in further activities violations, improving the

financial condition of a financial institution, increasing the efficiency of the risk management system, etc.

If a financial institution, a person which is not a financial institution but has the right to provide separate financial services fails to comply or improperly complies with the conditions of the written agreement, the National Bank of Ukraine, shall have the right to apply other enforcement actions provided for in this part”;

10) paragraph four and five of part three of Article 40 of the Law of Ukraine “On Insurance” (The Official Bulletin of the Verkhovna Rada of Ukraine, 2002, No. 7, Art. 50, with following amendments) shall be worded as follows:

“the National Anticorruption Bureau of Ukraine, the State Bureau of Investigation, the Prosecutor’s Offices of Ukraine, the Security Service of Ukraine, the National Police of Ukraine, the tax police upon their written demand for insurance transactions of a specific legal entity or individual under a specific insurance agreement in case of notifying this person on suspicion in committing a criminal offense;

a central executive body implementing the state AML/CFT policy, in accordance with the AML/CFT Law”;

11) in the Law of Ukraine “On Combating Terrorism” (The Official Bulletin of the Verkhovna Rada of Ukraine, 2003, No. 25, Art. 180, as amended):

a) part one of Article 1:

after paragraph eleven shall be supplemented with two new paragraphs as follows:

“training in terrorism”

departure from Ukraine and entry into Ukraine for terrorist purposes”.

In this connection, paragraphs twelfth - twenty-fourth should be considered as paragraphs fourteen - twenty-six;

paragraphs fifteenth - seventeenth shall be worded as follows:

“terrorist financing - the provision or gathering of any assets, directly or indirectly, with the aim to use them or with awareness of the possibility that they will be used fully or partly:

for any purposes by a single terrorist or terrorist group (organization);

for organizing, preparing or committing a terrorist act, getting involved in committing a terrorist act, public calls for committing a terrorist act, creating a terrorist group (organization), facilitating the commission of a terrorist act, training in terrorism, departure from Ukraine and entry into Ukraine for terrorist purposes, the conduct of any other terrorist activity and the attempt to commit such acts”;

b) in paragraph two of part four of Article 4, the words “a central executive body that implements the state policy in the field of preventing and countering to legalization (laundering) of proceeds from crime, or financing of terrorism” shall be replaced with the words “a central executive body that implements the state policy in the field of preventing and countering to legalization (laundering) of proceeds from crime, financing of terrorism and financing of proliferation of weapons of mass destruction”;

c) Articles 11¹ and 11² shall be worded as follows:

“Article 11¹. Inclusion/exclusion of legal entities, individuals and organizations in/from the lists of the UN Security Council and the list of persons related to terrorist activities or regarding which international sanctions have been applied.

The Security Service of Ukraine when taking measures related to prevention, detection and termination of terrorist activities shall, in the manner prescribed by the legislation in the field of combating terrorism, identify individuals, legal entities and organizations which meet the criteria defined by the UN Security Council Resolutions for inclusion/exclusion in/from appropriate sanction lists, including the list of persons related to carrying out terrorist activities or regarding which international sanctions have been applied, and promptly verifies information to determine whether individuals, legal entities and organizations meet such criteria in the framework of a request from a foreign country. Herewith, the Security Service of Ukraine shall use its own evidentiary standards of reasonable suspicion for inclusion/exclusion in/from sanction lists.

When collecting information to identify individuals, legal entities and organizations which meet the criteria defined by the UN Security Council Resolutions for inclusion/exclusion, as well as to verify information to determine whether individuals, legal entities and organizations meet such criteria in the framework of a request from a foreign country, the Security Service of Ukraine shall exercise the powers stipulated in the Criminal-Procedure Code of Ukraine, this Law, other Laws, international treaties of Ukraine recognized by the Verkhovna Rada of Ukraine as binding, decrees and orders of the President of Ukraine, acts of the Cabinet of Ministers of Ukraine as well as other regulations.

In case of identification, when implementing of measures related to prevention, detection and termination terrorist activities, individuals, legal entities and organizations that meet the criteria set out in UN Security Council Resolutions to be included in the sanctions lists or establishment the fact that individuals, legal entities and organizations meet such criteria, when verifying information within a request of a foreign country, the Security Service of Ukraine in court initiates the issue of inclusion of such persons in the list of persons related to terrorist activities or regarding which international sanctions have been applied, and/or submits proposals to the Committees of the UN Security Council and/or to foreign countries for the inclusion of such persons in the relevant sanction lists.

In case of identification, when implementing of measures related to prevention, detection and termination terrorist activities, individuals, legal entities and

organizations which no more meet the criteria set out in UN Security Council Resolutions to be included in the sanctions lists or establishment the fact that individuals, legal entities and organizations don't meet such criteria, when verifying information within a request of a foreign country, the Security Service of Ukraine in court initiates the issue of the exclusion of such persons from the list of persons related to terrorist activities or regarding which international sanctions have been applied, and/or submits proposals to the Committees of the UN Security Council and/or to foreign countries for the exclusion of such persons from the relevant sanction lists.

The existence of criminal proceedings shall not be a compulsory condition for initiating by the Security Service of Ukraine the issue of the inclusion/exclusion individuals, legal entities and organizations in/from the relevant sanction lists, including a list of persons related to carrying out terrorist activities or against which international sanctions have been applied.

The inclusion of individuals, legal entities and organizations in the list of persons related to terrorist activities or regarding which international sanctions have been applied, and the exclusion of individuals, legal entities and organizations from such list is carried out by a court decision.

Article 11². Freezing of assets related to terrorism and financing thereof, proliferation of weapons of mass destruction and financing thereof

In the event of identifying entities directly fighting the terrorism and/or which are involved in the fight against terrorism, assets related to terrorism and financing thereof, proliferation of weapons of mass destruction and financing thereof, such entities shall immediately submit information about identified assets to the Security Service of Ukraine.

Assets related to terrorism and financing thereof, proliferation of weapons of mass destruction and financing thereof shall be frozen by reporting entities (liquidators (except for the Deposit Guarantee Fund), authorized persons of the Deposit Guarantee Fund) in accordance with the AML/CFT Law with a mandatory notice to the Security Service of Ukraine.

The Security Service of Ukraine shall verify, without delay, the appeals of customers of reporting entities, who have the same or similar name as those included in the list of persons related to carrying out terrorist activity or regarding which international sanctions have been applied and whose assets have become subject to freezing, in the manner prescribed by Article 11¹ of this Law. The Security Service of Ukraine shall immediately inform the relevant reporting entity (a liquidator (except for the Deposit Guarantee Fund), an authorized person of the Deposit Guarantee Fund) of the results of verification.

Access to assets related to terrorism and financing thereof, proliferation of weapons of mass destruction and financing thereof shall be effected on the basis of a court decision in case of existence of exceptional conditions set forth in the relevant UN Security Council Resolutions, as well as in order to cover the basic and extraordinary expenses, including payment for food, housing rent, mortgage credit,

utilities, medicines and medical care, payment of taxes, insurance premiums, or solely for the ordinary cost of paying specialist services and reimbursement of legal fees, fees, or legal fees to pay for the services of current storage or securing funds, other financial assets and economic resources.

In case of need for access to assets related to terrorism and financing thereof, proliferation of weapons of mass destruction and financing thereof regarding persons included in the sanctions lists of the UN Security Council Committees, the Head of the Security Service of Ukraine or his/her deputy shall file application (notification) with the Ministry of Foreign Affairs of Ukraine on the need to have access to such assets.

The Ministry of Foreign Affairs of Ukraine shall, within three working days from the date of receipt of the abovementioned application (notification), request the relevant the UN Security Council Committee to obtain permission for access to the assets related to terrorism and financing thereof, proliferation of weapons of mass destruction and financing thereof, to cover basic or extraordinary expenses (to inform about the existence of exceptional conditions set forth in the UN Security Council Resolutions, to grant access to assets).

Upon receipt of a decision of the UN Security Council Committee by the Ministry of Foreign Affairs of Ukraine, the abovementioned Ministry shall inform in writing, without delay, the Head of the Security Service of Ukraine or his/her deputy of such a decision.

The information submitted in writing by the Ministry of Foreign Affairs of Ukraine about a decision of the UN Security Council Committee shall be the basis for applying by the Head of the Security Service of Ukraine or his/her deputy to the court in order to get access to such assets”.

12) In the Law of Ukraine “On Access to Judgments” (The Official Bulletin of the Verkhovna Rada of Ukraine, 2006, No. 15, Art. 128, 2015, No. 18-20, 2017, No. 48, Art. 436):

a) the first sentence of part two of Article 2 shall be supplemented with the words “except for decisions on the seizure of property and temporary access to things and documents in criminal proceedings which are subject to publication not earlier than the day of their application for execution”;

b) Article 7 shall be supplemented with part three as follows:

“3. For the purpose of preventing the changes or destruction of things or documents in criminal proceedings, the court decision texts on temporary access to things and documents in criminal cases opened for public access under this Law shall not contain information enabling identification of persons mentioned in such decisions as the owners of things or documents.”

13) paragraph two of clause 2 of Article 1 of the Law of Ukraine “On Ratification of the United Nations Convention against Corruption” (The Official Bulletin of the Verkhovna Rada of Ukraine 2006, No. 50, Art. 496) shall be supplemented with the

words “and the National Anti-Corruption Bureau of Ukraine (concerning requests in criminal proceedings in which it conducts pre-trial investigation)”;

14) In the Law of Ukraine “On Ratification of the Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism” (The Official Bulletin of the Verkhovna Rada of Ukraine 2011, No. 12, Art. 81):

paragraph two of clause 6 shall be supplemented with the words “and the National Anti-Corruption Bureau of Ukraine (concerning procedural actions in criminal proceedings in which it conducts pre-trial investigation)”;

in paragraph three of clause 9 the words “a central executive body with a special status on financial monitoring of Ukraine” shall be replaced with the words “a central executive body that implements the state AML/CFT policy”;

15) In the Law of Ukraine “On the System of Guaranteeing Deposits of Individuals” (The Official Bulletin of the Verkhovna Rada of Ukraine 2012, No. 50, Art. 564, as amended):

a) part four of Article 12 shall be supplemented with clause 1¹ as follows:

“1¹) establishes the peculiarities of compliance by banks classified as insolvent with the requirements of the AML/CFT legislation and approves the procedure for exercising its control over insolvent banks in this area”;

b) part four of Article 26 shall be supplemented with paragraph 12 as follows:

“12) according to the deposit, the satisfaction of the requirements of which was stopped in accordance with the AML/CFT Law”;

c) part two of Article 27 shall be supplemented with paragraph 4¹ as follows:

“4¹) a list of depositors’ accounts, financial transactions on which are suspended in accordance with the AML/CFT Law of”;

d) paragraph 3 of part two of Article 37 shall be worded as follows:

“3) to extend, restrict, suspend or stop conducting any transactions by a bank”;

e) part five of Article 57 shall be worded as follows:

“5. The Fund and/or an authorized person of the Fund shall submit information to a central executive body that implements the state AML/CFT policy in cases stipulated by the AML/CFT Law.

The Fund provides information containing bank secrecy upon a request (demand, decision) of the National Anti-Corruption Bureau of Ukraine”;

16) Paragraph 1 of part seven of Article 23 of the Law of Ukraine “On Public Associations” (The Official Bulletin of the Verkhovna Rada of Ukraine 2013, No. 1, Art. 1; 2014 No. 50-51, Art. 2057; 2015, No. 30, Art. 285) shall be worded as follows:

“1) keep titles, documents containing information about activities carried out in accordance with the purpose (goals) and objectives; keep and regularly update information sufficient for identification, as required by law, of the ultimate beneficial owners (controllers), founders, the heads, members of governing authorities and trustees of a public association, and to provide it to the state registrar in cases and to the extent prescribed by law. This information cannot be attributed to restricted information”;

17) In the Law of Ukraine “On the Depository System of Ukraine” (The Official Bulletin of the Verkhovna Rada of Ukraine 2013, No. 39, Art. 517; 2018 No. 33, Art. 249):

clause 11² of part one of Article 1 after the words “and/or a member of the Financial Action Task Force (FATF)” shall be supplemented with the words “and is a member of the International Securities Services Association (ISSA)”;

in the first sentence of paragraph two of part five of Article 25, the words “information of customers of the nominal holder, customers of a customer of the nominal holder” shall be replaced with the words “other information”;

18) In the Law of Ukraine “On State Registration of Legal Entities, Private entrepreneurs and Public Formation” (The Official Bulletin of the Verkhovna Rada of Ukraine 2016, No. 2, Art. 17 with the following amendments):

a) the last paragraph of part one of Article 1 shall be worded as follows:

“The terms “ultimate beneficial owner” and “ownership structure” shall be used in the meaning given in the AML/CFT Law”;

b) part three of Article 6 shall be worded as follows:

“3. The state registrar, during the state registration of the termination of entrepreneurial activity of an individual - entrepreneur in connection with his/her death or declaring his/her dead, as well as during the state registration of changes related to the change of the composition of the founders (participants) of a legal entity in connection with the death or declaring dead of the respective founder (participant), is obliged to use the information of the State Register of Civil Status Acts of Citizens through direct access to it.

The state registrar, during carrying out the registration actions concerning a legal entity (except for the termination state registration) and in the case of submission by such legal entity of information about a person who is an ultimate beneficial owner of a legal entity, is obliged to carry out verification of information stated with regard to this person, using information of the State Register of Civil Status Acts of Citizens, the Unified State Demographic Register, the State Register of Individuals - Taxpayers, the Unified Information System of the Ministry of Internal Affairs of Ukraine on the search of missing persons and stolen (lost) documents by applications of citizens.

Information from the State Register of Civil Status Acts of Citizens, the Unified State Demographic Register, the State Register of Individuals - Taxpayers, the Unified

State Register of Judgments, the Unified Information System of the Ministry of Internal Affairs of Ukraine, received by the state registrar, remains in the relevant registration case.

The use of the State Register of Civil Status Acts of Citizens, the Unified State Demographic Register, the State Register of Individuals - Taxpayers, the Unified State Register of Judgments, the Unified Information System of the Ministry of Internal Affairs of Ukraine is carried out directly by the state registrar, that conducts the relevant state registration.

For the purpose of verifying identification documents, the state registrar is obliged to verify such documents using the Unified State Demographic Register.”

c) paragraph 9 of part two of Article 9 shall be worded as follows:

“9) information on an ultimate beneficial owner of a legal entity, including an ultimate beneficial owner of its founder, if a founder is a legal entity (except for political parties, structural units of political parties, trade unions, their associations, trade union organizations provided for by the charter of trade unions and their associations, creative unions, local branches of creative unions, employers’ organizations, their associations, advocates’ associations, chambers of commerce and industry, associations of co-owners of multi-apartment buildings, religious organizations, state authorities, local self-government authorities, their associations, state and municipal enterprises, institutions, organizations): surname, name, patronymic (if any), date of birth, country of citizenship, series and number of passport of a citizen of Ukraine or passport document of a foreigner, place of residence, registration number of tax payer registration card (if any), as well as full name and identification code (for a resident) of a founder of a legal entity in which this person is an ultimate beneficial owner, the nature and extent (level, degree, share) of beneficial ownership (benefit, interest, impact). If a legal entity has no ultimate beneficial owner of a legal entity, including an ultimate beneficial owner of its founder, if a founder is a legal entity, a justified reason shall be entered for his/her absence”;

d) Article 10 shall be supplemented with part five as follows:

“5. Requirements of this Article shall not apply to the legal relations that are governed by the AML/CFT legislation of Ukraine in terms of the status of information on ultimate beneficial owners”;

e) in Article 13:

paragraph two of part two after the word “statistics” shall be supplemented with the words “a central executive authority that implements the state AML/CFT policy”;

part eleven shall be excluded;

f) in Article 17:

part one shall be supplemented with paragraphs 17-19 as follows:

“17) ownership structure according to the form and content as determined by the legislation;

18) extract, excerpt or another document from the commercial, banking or court register, etc., proving the registration of a non-resident legal entity in a country of its location, in the event that a non-resident legal entity is a founder of a legal entity;

19) notarized copy of the document certifying the person who is an ultimate beneficial owner of a legal entity – for a non-resident individual and, if such a document is issued without the use of the means of the Unified State Demographic Register, – for a resident individual.

The state registrar shall ascertain the data on an ultimate beneficial owner of a legal entity based on the documents referred to in paragraphs 17-19 of this part”;

Paragraph one of part three shall be replaced with five new paragraphs as follows:

“3. For the state registration of the inclusion of information about a legal entity registered before 1 July 2004, which information is not contained in the Unified State Register, the following documents shall be submitted:

1) application for state registration of the inclusion of information about a legal entity in the Unified State Register;

2) ownership structure according to the form and content as determined by the legislation;

3) extract, excerpt or another document from the commercial, banking or court register, etc., proving the registration of a non-resident legal entity in a country of its location, in the event that a non-resident legal entity is a founder of a legal entity;

4) notarized copy of the document certifying the person who is an ultimate beneficial owner of a legal entity – for a non-resident individual and, if such a document is issued without the use of the means of the Unified State Demographic Register, – for a resident individual”;

In this context, paragraph two shall be considered as paragraph six;

part four shall be supplemented with paragraphs 14-16 as follows:

“14) ownership structure according to the form and content as determined by the legislation;

15) extract, excerpt or another document from the commercial, banking or court register, etc., proving the registration of a non-resident legal entity in a country of its location, in the event that a non-resident legal entity is a founder of a legal entity;

16) notarized copy of the document certifying the person who is an ultimate beneficial owner of a legal entity – for a non-resident individual and, if such a document is issued without the use of the means of the Unified State Demographic Register, – for a resident individual”;

part five:

after paragraph eleven shall be supplemented with three new paragraphs as follows:

“h) ownership structure according to the form and content as determined by the legislation;

i) extract, excerpt or another document from the commercial, banking or court register, etc., proving the registration of a non-resident legal entity in a country of its location, in the event that a non-resident legal entity is a founder of a legal entity;

j) notarized copy of the document certifying the person who is an ultimate beneficial owner of a legal entity – for a non-resident individual and, if such a document is issued without the use of the means of the Unified State Demographic Register, – for a resident individual”;

In this connection, paragraphs twelve-seventeen shall be considered as paragraphs fifteen-twenty respectively;

in paragraph sixteen the words “sub-paragraphs “a” and “b” shall be replaced with the words “in sub-paragraphs “a”, “b”, “h”, “i” and “j”;

part seven shall be supplemented with clauses 3-5 as follows:

“3) ownership structure according to the form and content as determined by the legislation;

4) extract, excerpt or another document from the commercial, banking or court register, etc., proving the registration of a non-resident legal entity in a country of its location, in the event that a non-resident legal entity is a founder of a legal entity;

5) notarized copy of the document certifying the person who is an ultimate beneficial owner of a legal entity – for a non-resident individual and, if such a document is issued without the use of the means of the Unified State Demographic Register, – for a resident individual”;

part eight shall be supplemented with clauses 4-6 as follows:

“4) ownership structure according to the form and content as determined by the legislation;

5) extract, excerpt or another document from the commercial, banking or court register, etc., proving the registration of a non-resident legal entity in the country of its location, in the event that a non-resident legal entity is the founder of the legal entity;

6) notarized copy of the document certifying the person who is an ultimate beneficial owner of a legal entity – for a non-resident individual and, if such a document is issued without the use of the means of the Unified State Demographic Register, – for a resident individual”;

part fourteen shall be supplemented with new paragraphs 7-9 as follows:

“7) ownership structure according to the form and content as determined by the legislation;

8) extract, excerpt or another document from the commercial, banking or court register, etc., proving the registration of a non-resident legal entity in the country of its location, in the event that a non-resident legal entity is the founder of the legal entity;

9) notarized copy of the document certifying the person who is an ultimate beneficial owner of a legal entity – for a non-resident individual and, if such a document is issued without the use of the means of the Unified State Demographic Register, – for a resident individual”;

part seventeen shall be supplemented with paragraphs 3-5 as follows:

“3) ownership structure according to the form and content as determined by the legislation;

4) extract, excerpt or another document from the commercial, banking or court register, etc., proving the registration of a non-resident legal entity in the country of its location, in the event that a non-resident legal entity is the founder of the legal entity;

5) notarized copy of the document certifying the person who is an ultimate beneficial owner of a legal entity – for a non-resident individual and, if such a document is issued without the use of the means of the Unified State Demographic Register, – for a resident individual”;

part eighteen and nineteen shall be worded as follows:

“18. For the state registration of amendments to the information on a detached unit of a legal entity contained in the Unified State Register, the following documents shall be submitted:

1) application for state registration of amendments to the information on a separate unit of a legal entity contained in the Unified State Register;

2) ownership structure according to the form and content as determined by the legislation;

3) extract, excerpt or another document from the commercial, banking or court register, etc., proving the registration of a non-resident legal entity in the country of its location, in the event that a non-resident legal entity is the founder of the legal entity;

4) notarized copy of the document certifying the person who is an ultimate beneficial owner of a legal entity – for a non-resident individual and, if such a document is issued without the use of the means of the Unified State Demographic Register, – for a resident individual”;

19. For the state registration of termination of a separate unit of a legal entity, the following documents shall be submitted:

1) application for the state registration of termination of a separate unit of a legal entity;

2) ownership structure according to the form and content as determined by legislation;

3) extract, excerpt or another document from the commercial, banking or court register, etc., proving the registration of a non-resident legal entity in the country of its location, in the event that a non-resident legal entity is the founder of the legal entity;

4) notarized copy of the document certifying the person who is an ultimate beneficial owner of a legal entity – for a non-resident individual and, if such a document is issued without the use of the means of the Unified State Demographic Register, – for a resident individual”;

after part twenty shall be supplemented with four new parts as follows:

“21. Legal entities should have information on an ultimate beneficial owner and ownership structure.

22. Legal entities shall be obliged to keep information on an ultimate beneficial owner and ownership structure up to date, update it and notify the state registrar about changes within 30 working days from the date of occurrence thereof and submit documents confirming these changes to the state registrar. If changes in the ownership structure and information on an ultimate beneficial owner of a legal entity are not available, legal entities shall be obliged to inform the state registrar about the absence of such changes when conducting the state registration of any changes to information on a legal entity contained in the Unified State Register.

23. If a legal entity identifies incompleteness or inaccuracies or mistakes in information about an ultimate beneficial owner and ownership structure previously provided to the state registrar, such legal entity shall, no later than 3 working days from the day of identification thereof, re-submit corrected information in the manner prescribed by this Law.

24. The form and content of the ownership structure shall be established by a central executive body that ensures formation and implementation of the state AML/CFT policy, in coordination with the Ministry of Justice of Ukraine”.

In this connection, part twenty-one shall be considered as part twenty-five;

g) to supplement with Article 17¹ as follows:

“Article 17¹. Documents submitted by an applicant for confirmation of information about an ultimate beneficial owner of a legal entity

1. In order to confirm information about and ultimate beneficial owner annually, starting from the year following the date of state registration of a legal entity, within 14 calendar days, the following documents shall be submitted:

- 1) statement confirming the information about an ultimate beneficial owner;
- 2) ownership structure according to the form and content as determined by the legislation;
- 3) extract, excerpt or another document from the commercial, banking or court register, etc., proving the registration of a non-resident legal entity in the country of its location, in the event that a non-resident legal entity is the founder of the legal entity;

4) notarized copy of the document certifying the person who is an ultimate beneficial owner of a legal entity – for a non-resident individual and, if such a document is issued without the use of the means of the Unified State Demographic Register, – for a resident individual”;

h) in Article 22:

part two shall be supplemented with paragraphs 8-10 as follows:

“8) ownership structure according to the form and content as determined by the legislation;

9) extract, excerpt or another document from the commercial, banking or court register, etc., proving the registration of a non-resident legal entity in the country of its location, in the event that a non-resident legal entity is the founder of the legal entity;

10) notarized copy of the document certifying the person who is an ultimate beneficial owner of a legal entity – for a non-resident individual and, if such a document is issued without the use of the means of the Unified State Demographic Register, – for a resident individual”;

part two shall be supplemented with paragraphs 5-7 as follows:

“5) ownership structure according to the form and content as determined by the legislation;

6) extract, excerpt or another document from the commercial, banking or court register, etc., proving the registration of a non-resident legal entity in the country of its location, in the event that a non-resident legal entity is the founder of the legal entity;

7) notarized copy of the document certifying the person who is an ultimate beneficial owner of a legal entity – for a non-resident individual and, if such a document is issued without the use of the means of the Unified State Demographic Register, – for a resident individual”;

i) paragraphs of part 3-4 of Article 27 shall be excluded;

j) part one of Article 28 shall be supplemented with paragraphs 10³ and 10⁴ as follows:

“10³) the discrepancy between the information referred to in the application for state registration and the information referred to in the documents submitted for state registration or the information contained in the Unified State Register or other information systems, the use of which is provided for in this Law;

“10⁴) the discrepancy between the information referred to in the documents submitted for state registration and the information contained in the Unified State Register or other information systems, the use of which is provided for in this Law;”;

k) part six of Article 30 shall be excluded;

l) paragraph one of part one of Article 34¹ shall be supplemented with the words “as well as for the purpose of detecting the facts of a failure to submit or untimely submission to the state registrar of information on an ultimate beneficial owner of a legal entity provided for in this Law or its absence”;

m) part four of Article 35 after the words “subject to entering in the Unified State Register” shall be supplemented with the words “as well as in the event of a failure to

submit or untimely submission to the state registrar of information on an ultimate beneficial owner of the legal entity provided for in this Law or its absence”.

19) paragraph two of part seven of Article 11 of the Law of Ukraine “On Currency and Currency Transactions” (The Official Bulletin of the Verkhovna Rada of Ukraine, 2018, No. 30, Art. 239) shall be worded as follows:

“Authorized institutions when conducting currency transactions, except for currency transactions related to export and import of goods for an amount less than the amount stipulated in Article 20 of the AML/CFT Law shall exercise direct supervision over the compliance with the currency legislation by the residents (except for other authorized institutions) and by non-residents conducting currency transactions through these authorized institutions”;

20) paragraph nine of subparagraph 4 of clause 4 of section I of the Law of Ukraine “On Amendments to Certain Legislative Acts of Ukraine on Improvement of Functions in State Regulation of Financial Services Markets” (The Official Bulletin of the Verkhovna Rada of Ukraine, 2019, No. 44, Art. 277) shall be worded as follows:

“30) exercises the state AML/CFT regulation and supervision over banks and branches of foreign banks; insurers (reinsurers), insurance (reinsurance) brokers, credit unions, pawnshops and other financial institutions (except for financial institutions and other legal entities, for which the state AML/CFT regulation and supervision are exercised by other state financial monitoring entities); payment organizations, participants or members of payment systems that provide financial services on the basis of appropriate licenses or registration documents; postal operators; other institutions providing money transfer and currency transactions services; branches or representative offices of foreign economic entities providing financial services in the territory of Ukraine to other legal entities, which by their legal status are not financial institutions, but provide separate financial services”.

7. Within three months after the entry into force of this Law, the Cabinet of Ministers of Ukraine shall:

adopt regulations necessary for the implementation of the provisions of this Law;

bring its regulations in compliance with this Law;

ensure review and repeal by ministries and other central executive bodies their regulations that contradict this Law.

8. The National Bank of Ukraine, the National Securities and Stock Market Commission and the National Commission on Financial Services Markets State Regulation shall bring its regulations in line with this Law within three months from the day of entry into force of this Law.

President of Ukraine

V. Zelenskyi

Kyiv

December 6, 2019

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