



*LAW OF UKRAINE*

**On Prevention and Counteraction to Legalisation (Laundering) of Criminal Proceeds, Terrorist Financing and Financing of Proliferation of Weapons of Mass Destruction**

**(The Official Bulletin of the Verkhovna Rada of Ukraine (BVR), 2020, No. 25, Article 171)**

{As amended by Laws

No. 524-IX of 4 March 2020, BVR, 2020, No. 38, p. 279

No. 768-IX of 14 July 2020

No. 738-IX of 19 June 2020

No. 1089-IX of 16 December 2020

No 1150-IX of 28 January 2021, BVR, 2021, No. 23, p.197

No. 1733-IX of 09 September 2021, BVR, 2022, No. 3, p. 9

No. 1805-IX of 08 October 2021, BVR, 2021, No. 51, p. 424

No. 1591-IX of 30 June 2021 – bring into force from 01 August 2022

No. 2074-IX of 17 February 2022

No. 2120-IX of 15 March 2022 }

This Law is aimed at protecting the rights and legitimate interests of citizens, society and the state, ensuring national security by defining a legal mechanism for preventing and counteracting the legalisation (laundering) of criminal proceeds, terrorist financing and financing of proliferation of weapons of mass destruction (hereinafter — preventing and counteracting).

**Section I**

**GENERAL PROVISIONS**

**Article 1. Definitions**

1. For the purposes of this Law, the following definitions shall apply:

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

2) assets — funds, including electronic money, other property, property and non-property rights;

3) assets related to terrorism and its financing, proliferation of weapons of mass destruction and its financing — all assets that are directly (and in relation to the right of ownership of corporate rights — also indirectly (through other persons)) owned, including in common ownership, or transferred in favour of persons included in the list of persons associated with the conduct of terrorist activities or against whom international sanctions are applied (hereinafter — the list of persons), persons who carry out financial transactions on behalf or upon the assignment of persons included in the list of persons, and persons who directly or indirectly (through other persons)

own or whose ultimate beneficial owners are persons included in the list of persons, as well as assets received from such assets;

4) shell bank — a non-resident Institution (a bank, another financial institution, an institution that carries out activities similar to those of financial institutions) that is not physically present in the country of registration and licensing and is not part of a regulated financial group subject to effective consolidated supervision.

The physical presence is considered to be the actual location and functioning of the governing bodies of the non-resident institutions in the country. The presence in the country of only authorised representatives of the said institutions or personnel not belonging to the management of such institutions shall not be considered as the physical presence;

5) impeccable business reputation — aggregate confirmed information about an individual, which makes it possible to conclude that there are no violations established during the last three years (unless other term is established by a special law regulating the activities of the reporting entity) by a competent authorities or a court of the legislation on prevention and counteraction, legislation on financial services and legislation on prevention of corruption, and the absence of conviction for crimes against public safety, crimes against property, crimes in the sphere of economic activity, crimes in the sphere of use of electronic computing machines (computers), systems and computer networks and electric communication networks and offences in the field of official and professional activities, related to the provision of public services, which is not expunged or removed according to the procedure established by law;

*{Paragraph 5, part 1 of Article 1 as revised by Law No. 738-IX of 19 June 2020}*

6) verification — measures taken by the reporting entity to verify (confirm) belonging of the identification data received by the reporting entity to the relevant person, and/or to confirm the data that make it possible to establish the ultimate beneficial owners or their absence;

7) beneficiary party (beneficiary) under a contract (insurance policy, certification, certificate) of life insurance — a person or category of persons to whom the insurance payment will be paid in case of an insured event;

8) beneficiary party (beneficiary) of a trust or other similar legal formation — a person entitled to receive benefits and/or income from a trust or other similar legal formation;

9) beneficiary party (beneficiary) in respect of securities, the rights to which and the rights under which are recorded in the securities account of a nominee holder — a person the interests of whom the financial transaction is carried out on the account of a nominee holder;

10) expenditure financial transaction — a financial transaction that results in a decrease in assets on the account of the client—owner of assets;

11) high risk — the result of risk assessment by the reporting entity, based on the results of analysis of a set of criteria stipulated in the legislation and internal documents of the reporting entity, and which indicates a high probability of using the reporting entity for the legalisation (laundering) of criminal proceeds, terrorist financing and/or financing of proliferation of weapons of mass destruction;

12) a separate subdivision of a reporting entity — a branch or other subdivision of a reporting entity that is situated outside the location of such entity and carries out financial transactions or ensures their carrying out, including provision of services on behalf of the reporting entity (except for performing representative functions);

13) virtual asset — a expression of value in figures that can be traded digitally or transferred and can be used for payment or investment purposes;

14) group — a banking group, a non-banking financial group, and two or more business entities connected by relations of control as a parent and a subsidiary by direct and/or indirect ownership by the parent company of a share in a subsidiary corresponding to the equivalent of 50 or more percent of the authorised capital and/or votes of a subsidiary, or regardless of formal ownership of the ability to exercise decisive influence on a subsidiary on the basis of an agreement or in any other way;

15) data that make it possible to establish the ultimate beneficial owner — surname, first name and (if any) patronymic, country of citizenship and permanent residence, date of birth, nature and measure (level, degree, share) of beneficial ownership (benefit, interest, influence);

16) state financial monitoring — a set of measures taken by the state financial monitoring entities and aimed at meeting the provisions of this law and other legislation in the field of prevention and counteraction:

state financial monitoring of a specially authorised body — a set of measures on collection, processing and analysis of information about financial transactions submitted to the specially authorised body by the primary and state financial monitoring entities and other public agencies, appropriate bodies of foreign states, other information that may be related to suspicion of legalisation (laundering) of criminal proceeds, terrorist financing and/or financing of proliferation of weapons of mass destruction and/or other illegal financial transactions, as well as measures on verification of such information according to the legislation of Ukraine and other measures aimed at meeting the legislation in the field of prevention and counteraction;

state financial monitoring of other state financial monitoring entities — a set of measures taken by other entities defined in part three of Article 6 of this Law, and aimed at meeting the legislation in the field of prevention and counteraction;

17) source of funds related to financial transactions — information about the origin of funds used to carry out financial transactions (funds used to acquire ownership of assets that are the subject of financial transactions) through the reporting entity, which give an understanding of the sources of their origin, the grounds for ownership/disposal of them (rights to them) by a person;

18) source of well-being (wealth) — information about the origin of all available assets of a person, providing an understanding of the amount/value of the total assets (well-being) of a person and the history of their origin;

19) business relations — relations between the client and the reporting entity, related to the business, professional or commercial activities of the reporting entity, which arose on the basis of a contract, including a public one, on the provision (use)

of financial or other services, carrying out of other activities by the reporting entity (hereinafter — the services) and provide for the duration after their establishment;

20) figures performing public functions in international organisations — officials of international organisations who hold or have held the position of head (director, chairman of the management board or other) or deputy head in such organisations or perform or have performed any other leadership (outstanding public) functions at the highest level, including in international interstate organisations, members of international parliamentary assemblies, judges and senior officials of international courts;

21) additional information — information about financial transactions that are the object of financial monitoring and related financial transactions, information about their participants, other information available to the reporting entity or information that shall be stored by such an entity according to the requirements of the legislation, in particular information with restricted access, copies of documents or information from them necessary for performing tasks assigned to a specially authorised body;

22) additional generalised materials — information collected by a specially authorised body on the basis of analysis of additional information received in addition to the earlier submitted generalised materials by the said state body;

23) criminal proceeds — any assets obtained directly or indirectly as a result of commitment of a crime, in particular currency values, movable and immovable property, proprietary and non-proprietary rights, regardless of their value;

24) total annual turnover — total revenue of the reporting period received as a result of operating, investment and financial activities of the reporting entity according to the cash flow statement;

25) freezing of assets – a ban on payment transactions, conversion, placement, movement of assets related to terrorism and its financing, proliferation of weapons of mass destruction and its financing, based on resolutions of the UN Security Council, decisions of foreign states, court;

*{Clause 25, part 1 of Article 1 as amended by the Law No. 1591-IX of 30 June 2021 – comes into force on 1 August, 2022}*

26) identification data — a set of data permitting to unambiguously establish an identity, namely:

for an individual — the information specified in clause 1 of part eight and in clause 1 of part nine of Article 11 of this Law;

for an individual entrepreneur — the information specified in clause 2, part eight, Article 11 of this Law;

for a legal entity — the information specified in clause 3, part eight and in clause 2, part nine, Article 11 of this Law;

for a trust or other similar legal formation — the information specified in clause 3, part nine, Article 11 of this law;

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

27) identification — measures taken by the reporting entity to establish an identity by obtaining its identification data;

28) foreign public figures — individuals who perform or have performed outstanding public functions in foreign countries, namely:

head of state, government, ministers (deputies);

members of Parliament or other bodies performing the functions of the state legislature;

chairmen and members of boards of central banks or chambers of accounts;

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

ambassadors extraordinary and plenipotentiary, charge d'affaires and heads of central military administration bodies;

heads of administrative, managerial or supervisory bodies of state-owned enterprises;

members of governing bodies of political parties;

29) substantial participation — direct or indirect ownership by one person independently or jointly with other persons of a share in the amount of 10 percent or more of the authorised capital or voting rights in a legal entity, or independent of formal ownership, the possibility of significant influence on the management or activities of a legal entity;

30) ultimate beneficial owner — any individual who exercises decisive influence (control) on the activities of the client and/or the individual on whose behalf the financial transaction is conducted.

The ultimate beneficial owner is:

for legal entities — any individual who exercises a decisive influence on the activities of a legal entity (including through the chain of control/ownership);

for trusts formed according to the legislation of the country of their formation — the founder, trustee, defender (if any), beneficiary party (beneficiary) or group of beneficiary parties (beneficiaries), and any other individual who exercises a decisive influence on the activities of the trust (including through the chain of control/ownership);

for other similar legal entities — a person who has a status equivalent or similar to the persons specified for trusts.

A sign of direct decisive influence on the activity shall be direct ownership by an individual of at least 25 percent share of the authorised (contributed) capital or voting rights of a legal entity.

Signs of indirect decisive influence on the activity is at least the possession by an individual of no less than 25 percent share of the authorised (contributed) capital or voting rights of a legal entity through related individuals or legal entities, trusts or other similar legal formations, or the exercise of decisive influence by exercising the right to control, own, use or dispose of all assets or their shares, the right to receive income from the activities of a legal entity, trust or other similar legal formation, the right to decisive influence on the formation of the composition, the voting results of management bodies, and carrying out of transactions that make it possible to determine the main conditions for the economic activity of a legal entity, or the activity of a trust or other similar legal formation, or approve binding decisions

that have a decisive influence on the activities of a legal entity, trust or other similar legal formation, regardless of formal ownership.

However, the person who has a formal right to 25 percent or more of the authorised capital or voting rights in a legal entity, but is a commercial agent, nominee owner or nominee holder, or only an intermediary in relation to such right, shall not be an ultimate beneficial owner;

31) client — any person who:

applies for the provision of services to the reporting entity;

uses the services of a reporting entity;

is a party to the agreement (for reporting entities regarding which the National Commission on Securities and Stock Market performs the functions of state regulation and supervision according to Article 18 of this Law);

is a gambler or lottery participant (for reporting entities defined in subclause "j", clause 7, part two, Article 6 of this Law);

*{Paragraph five, clause 31, part 1 of Article 1 as amended by the Law No. 768-IX of 14 July 2020}*

32) correspondent relations – relations that:

*{Paragraph one, clause 32, part 1 of Article 1 as amended by the Law No. 1591-IX of 30 June 2021 – comes into force on 1 August, 2022}*

arise when a correspondent bank opens a correspondent account to another bank on the basis of an agreement on the establishment of correspondent relations for interbank payment transactions;

*{Paragraph two, clause 32, part 1 of Article 1 as amended by the Law No. 1591-IX of 30 June 2021 – comes into force on 1 August, 2022}*

are established by the Central Securities Depository with depositories of foreign states and international depository and clearing institutions according to the procedure established by the legislation on the depository system of Ukraine;

are established by a depository institution with a foreign financial institution that is a member of the International Association for the Securities Servicing System (ISSA), on the basis of the agreement on servicing the securities account of the nominee holder;

arise between banks and/or financial institutions, during which the correspondent institution provides services related to operation of correspondent accounts, or other similar services;

33) international sanctions — sanctions recognised by Ukraine, according to the procedure determined by the Cabinet of Ministers of Ukraine under the international treaties of Ukraine or decisions of Interstate associations, international, intergovernmental organisations to which Ukraine is a party, and foreign states, regarding the freezing of assets related to terrorism and its financing, proliferation of weapons of mass destruction and its financing, or restricting any access to them or prohibiting financial transactions;

34) due diligence — measures that include:

identification and verification of the client (the representative);

establishing the ultimate beneficial owner of the client or its absence, including obtaining the ownership structure for the purpose of understanding, and data that allow identifying the ultimate beneficial owner, and taking measures to verify the identity (if any);

establishing (understanding) the purpose and nature of a future business relationship or financial transaction;

monitoring on a regular basis of the client's business relations and financial transactions carried out in the course of such relations, regarding the compliance of such financial transactions with the information available to the reporting entity about the client, its activities and risk (including, if necessary, the source of funds related to financial transactions);

ensuring that received and existing documents, data and information about the client are up-to-date;

35) duly executed notification — a notification issued and submitted according to the legislation to a specially authorised body about a financial transaction subject to financial monitoring, or a notification containing additional information about financial transactions and their participants that have become the object of financial monitoring by a specially authorised body;

36) national risk assessment — a system of measures taken by the state financial monitoring entities, authorised state bodies with the involvement of other entities (if necessary) to determine (identify) risks (threats) of legalisation (laundering) of criminal proceeds and financing of terrorism, their analysis, assessment and development of measures aimed at preventing the occurrence and/or reducing the negative consequences;

37) national public figures — individuals who perform or have performed outstanding public functions in Ukraine, namely:

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

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

head and deputy heads of the State Administration of Affairs;

heads of apparatuses (secretariats) of state bodies who are not civil servants, whose positions refer to 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 Management Board of the National Bank of Ukraine, members of the Board of the National Bank of Ukraine;

chairmen and judges of the Constitutional Court of Ukraine, the Supreme Court, and higher specialised 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 Prosecutors;

Prosecutor General and his/her deputies;

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

Director of the National Anti-Corruption Bureau of Ukraine and his deputies;  
Director of the State Bureau of Investigation and his deputies;  
Director of the Bureau of Economic Security of Ukraine and his deputies;  
*{Paragraph fifteen, clause 37, part 1 of Article 1 as amended by the Law No. 1150-IX of 1 January 2021}*

Director of the Financial Investigation Bureau and his deputies;  
Chairman and members of the National Council of Ukraine on Television and Radio Broadcasting, Chairman and members of the Antimonopoly Committee of Ukraine, Chairman of the National Agency for the Prevention of Corruption and his deputies, Chairman and members of the Accounts Chamber, Chairman and members of the Central Election Commission, Chairmen and members of other state collegial bodies;

*{Paragraph sixteen, clause 37, part one of Article 1 as amended by the Law No. 524-IX of 04 March 2020}*

ambassadors extraordinary and plenipotentiary;  
chief of the General Staff — Commander-in-chief of the Armed Forces of Ukraine, commanders 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 belong to category "A";  
heads of prosecutor's offices, heads of regional territorial bodies of the Security Service of Ukraine, chairmen and judges of Appeal Courts;

heads of administrative, managerial or supervisory bodies of state and state-owned enterprises, business entities whose state share in the authorised capital directly or indirectly exceeds 50 percent;

members of governing bodies of political parties;  
38) non-profit organisations — legal entities, except for state bodies, public administration bodies and institutions of state and municipal property, which are not financial institutions, created for the exercise and protection of rights and freedoms, satisfaction of public, in particular economic, social, cultural, environmental, and other interests, without gaining profit;

39) unacceptably high risk — the highest possible risk that cannot be accepted by the reporting entity according to internal documents on financial monitoring issues;

40) nominee owner — a person who manages on his own behalf the corporate rights of another person — the ultimate beneficial owner in the interests of the latter;

41) object of financial monitoring — actions with assets related to the relevant parties to financial transactions that conduct them, provided that there are risks of using such assets for the purpose of legalisation (laundering) of criminal proceeds, terrorist financing and/or financing of proliferation of weapons of mass destruction, and any information about such actions or events, assets and their parties;

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



it is known that such persons have common with a politically significant person beneficial ownership of a legal entity, trust or other similar legal formation, or have any other close business relations with politically significant persons;

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

43) official source — automated information and reference systems, registers, databases and data banks, the holder (administrator) of which are state or local self-government bodies, and the appropriate bodies of foreign states and international, intergovernmental organisations;

44) official document — a document drawn up, issued, certified in compliance with the norms defined by law by an authorised person who is granted the right by law in connection with his professional or official activities to draw up, issue, certify certain types of documents confirming or certifying certain events, phenomena or facts and contains the details and information provided for by law;

45) primary financial monitoring — a set of measures taken by the reporting entities and aimed at meeting the requirements of legislation in the field of prevention and counteraction;

46) suspicion — an assumption based on the results of analysis of available information and that may indicate that a financial transaction or its party, their activities or the origin of assets are related to the legalisation (laundering) of criminal proceeds, terrorist financing of terrorism and/or financing of proliferation of weapons of mass destruction, or to the commission of another criminal offense or act for which international sanctions are provided;

47) politically significant persons — individuals who are national, foreign public figures and figures performing public functions in international organisations;

48) payment transaction intermediary – a reporting entity that does not directly serve either the payer (the initiator of the payment transaction) or the recipient and performs the payment transaction on behalf of another reporting entity that serves the payer (the initiator of the payment transaction) or the recipient, or on behalf of another payment transaction intermediary;

*{Clause 48, part 1 of Article 1 as amended by the Law No. 1591-IX of 30 June 2021 – comes into force on 1 August, 2022}*

49) enhanced due diligence measures — measures taken by the reporting entity based on a risk-based approach to clients with whom business relationships (financial transactions without establishing business relationships) pose a high risk, are proportionate to the identified risks and aimed at minimising them, including by increasing the frequency and scope of actions to monitor business relations and collect additional information on business relations;

*{Clause 50, part one of Article 1 has been deleted under the Law No. 768-IX of 14 July 2020}*

51) provider of services related to circulation of virtual assets — any individual or legal entity carrying out one or more such activities and/or transactions for another individual and/or legal entity or on behalf of:

exchange of virtual assets;

transfer of virtual assets;

storage and/or administration of virtual assets or instruments that allow to control virtual assets;

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

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

53) risk-based approach — identifying (determining), assessing (reassessing) and understanding the risks of money laundering, terrorist financing and/or financing of proliferation of weapons of mass destruction, and taking appropriate risk management measures in a manner and within the scope minimising such risks depending on their level;

54) risks — danger (threat, vulnerabilities) for the reporting entity to be used for the purpose of legalisation (laundering) of criminal proceeds, terrorist financing and/or financing of proliferation of weapons of mass destruction during provision of services according to their activities;

55) specially authorised body — a central executive body that implements state policy in the field of prevention and counteraction;

56) attempt to conduct a financial transaction — carrying out by a client or a person acting on his behalf or in his interests, of actions aimed at conducting a financial transaction, if such financial transaction has not been conducted;

57) simplified due diligence measures — measures taken by the reporting entity based on a risk-based approach regarding the clients with whom business relations (financial transactions without establishing business relations) pose a low risk, are proportionate to the identified risks and may envisage, in particular, decreasing the frequency and scope of actions to monitor business relations and collect additional information on business relations;

58) ownership structure — a documented system of relations between individuals and legal entities, trusts, and other similar legal entities, which allows to establish all ultimate beneficial owners, including the relations of control between them, or the absence of ultimate beneficial owners;

59) secrecy of financial monitoring — information obtained during the state financial monitoring by a specially authorised body, namely: information on financial transactions and their parties, additional information, other information that may be related to the suspicion of legalisation (laundering) of criminal proceeds, terrorist financing and/or financing of proliferation of weapons of mass destruction and/or other illegal financial transactions;

60) trust — a legal relationship established by the founder according to the laws of the country of formation for life or in case of death, when the assets fall under the control of the trustee in favor of the beneficiary party (beneficiary) or for a specific purpose, characterised by such features:

assets form a separate fund and are not part of the trust owner's own property;

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

the trust owner has the powers and responsibilities within which he is responsible and may manage, use or dispose of assets according to the terms of the trust agreement and the special obligations imposed by the law of the State concerned;

61) generalised materials — data on financial transactions that have been the object of financial monitoring and as a result of analysis of which the specially authorised body has suspicions. The generalised materials are a source of circumstances that may indicate the commission of a criminal offense and give grounds to the investigator, prosecutor to initiate a pre-trial investigation. The generalised materials can also be the basis for operational search and counter intelligence activities by the law enforcement and intelligence agencies of Ukraine. The form and structure of generalised materials shall be established by the central executive body, which ensures formation and implementation of state policy in the field of prevention and counteraction to legalisation (laundering) of criminal proceeds, terrorist financing and financing of proliferation of weapons of mass destruction, in coordination with law enforcement agencies;

62) risk management — measures taken by the reporting entity to establish and ensure the functioning of the risk management system, which includes, in particular, identification (detection), assessment/revaluation (measurement), monitoring, control of risks in order to minimise them;

63) party to a financial transaction — a client, a counterparty, and the persons acting on their behalf or in their interests, or the persons on whose behalf or in the interests of whom a client, a counterparty acts;

64) branch of a foreign bank — a separate structural subdivision of a foreign bank that does not have the status of a legal entity and operates in Ukraine according to the requirements established by the laws of Ukraine for banks;

65) financial transaction — any actions regarding the client's assets taken with the help of the reporting entity or which became known to the reporting entity specified in subclauses "a"—"d", clause 7, part two, Article 6 of this Law, within the framework of business relations with the client, to the state financial monitoring entities, the Individual Deposit Guarantee Fund, the state bodies carrying out activities in the field of prevention and counteraction, the law enforcement and intelligence bodies of Ukraine within the framework of this Law;

66) financial monitoring — a set of measures taken by the financial monitoring entities in the field of prevention and counteraction, including carrying out of state financial monitoring and primary financial monitoring;

67) financial transactions liable to financial monitoring — threshold financial transactions, suspicious financial transactions (activities);

68) financing of proliferation of weapons of mass destruction — provision, collection or use of any assets for proliferation of weapons of mass destruction for which international sanctions are provided;

69) terrorist financing — provision or collection of any assets, directly or indirectly, for the purpose of their use or with the awareness that they may be used in whole or in part:

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

for the organisation, preparation or commission of a terrorist act, involvement in the commission of a terrorist act, public appeals to commit a terrorist act, creation of a terrorist group (organisation), assistance in committing a terrorist act, training in terrorism, leaving Ukraine and entering Ukraine for terrorist purposes, carrying out any other terrorist activity, as well as attempts to commit such acts;

70) family members — husband/wife or persons equated to them, son, daughter, stepson, stepdaughter, adopted person, person under guardianship or custody, son-in-law and daughter-in-law and persons equated to them, father, mother, stepfather, stepmother, adoptive parents, guardians or trustees.

2. The terms “electronic means of payment”, “electronic money”, “initiator”, “payer”, “payment instrument”, “payment transaction”, “recipient”, “financial payment service” in this Law shall have the meanings mentioned in the Law of Ukraine “On Payment Services”.

*{Paragraph one, part two of Article 1 as amended by the Law No. 1591-IX of 30 June 2021 – comes into force on 1 August, 2022}*

The term "banking group" shall be used in the meaning given in the Law of Ukraine "On Banks and Banking", the term "non-banking financial group" — in the meaning given in the Law of Ukraine "On Financial Services and State Regulation of Financial Services Markets", the term "nominal holder" — in the meaning given in the Law of Ukraine "On the Depository System of Ukraine", the term "foreign currency" — in the meaning given in the Law of Ukraine "On Currency and Currency Transactions".

## **Article 2.** Scope of the Law

1. This Law applies to citizens of Ukraine, foreigners and stateless persons, individual entrepreneurs, legal entities, their branches, representative offices and other separate units that provide financial transactions in Ukraine and abroad according to international treaties of Ukraine, consent binding on the Verkhovna Rada of Ukraine, local governments, law enforcement and intelligence agencies, other state bodies of Ukraine.

2. Implementation of this Law shall not mean a violation of the Law of Ukraine "On Personal Data Protection" in terms of personal data processing. Personal data processing according to this Law shall be carried out without obtaining the consent of the owner of personal data.

When identifying the client, the reporting entity shall inform him about the obligations imposed on such reporting entity regarding processing of personal data for the purposes of prevention and counteraction.

## **Article 3.** Basic Principles of Prevention and Counteraction

1. Prevention and counteraction shall be based on the principles of:

priority protection of legitimate interests of citizens, society and the state from damage caused by legalisation (laundering) of criminal proceeds, terrorist financing and financing of proliferation of weapons of mass destruction;

giving priority to measures to prevent the legalisation (laundering) of criminal proceeds, terrorist financing and financing of proliferation of weapons of mass destruction over measures to combat them;

application of a risk-based approach during financial monitoring;

coordination of interaction of participants of the system of prevention and counteraction;

inevitability of measures on freezing of assets related to terrorism and its financing, proliferation of weapons of mass destruction and its financing;

inevitability of punishment and persuasiveness and proportionality of measures of influence for violations of legislation in the field of prevention and counteraction;

protection of financial monitoring entities and their employees from threats and other negative or discriminatory actions related to compliance with the provisions of this Law;

release from liability for damage caused in connection with fulfillment of obligations on conducting 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 to the financial monitoring entities of the information necessary for conducting financial monitoring;

exemption from liability for providing information with limited access according to the provisions of this Law;

cooperation and interaction in the field of prevention and counteraction with foreign states, their competent bodies, international, intergovernmental organisations, whose activities are aimed at ensuring international cooperation in this field.

#### **Article 4. Legislation in the Field of Prevention and Counteraction**

1. Relations arising in the field of prevention and counteraction shall be governed by the Constitution of Ukraine, international treaties, the binding nature of which has been approved by the Verkhovna Rada of Ukraine, this and other laws, and regulatory acts adopted for their implementation.

#### **Article 5. Actions Related to Legalisation (Laundering) of Criminal Proceeds**

1. Legalisation (laundering) of criminal proceeds includes any actions related to financial transaction or transaction with criminal proceeds, and actions aimed at concealing or masking the illegal origin of such proceeds or their possession, the rights to such income, the sources of their origin, location, movement, change of their form (transformation), and acquisition, possession or use of criminal proceeds.

### **Section II**

## **FINANCIAL MONITORING SYSTEM**

#### **Article 6. Financial Monitoring System and Entities**

1. The financial monitoring system consists of primary and state levels.

2. The reporting entities are:

1) banks, insurers (reinsurers), insurance (reinsurance) brokers, credit unions, pawnshops and other financial institutions;

2) operators of payment systems;

*{ Clause 2, part two of Article 6 as amended by the Law No. 1591-IX of 30 June 2021 – comes into force on 1 August, 2022 }*

3) commodity and other exchanges conducting financial transactions with goods;

4) professional participants of the stock market (securities market), except for persons engaged in the organisation of trade in the stock market;

5) postal operators that provide financial payment services and/or postal transfer services, and/or currency transaction services;

*{ Clause 5, part two of Article 6 as amended by the Law No. 1591-IX of 30 June 2021 – comes into force on 1 August, 2022 }*

6) branches or representative offices of foreign economic entities that provide financial services in Ukraine;

7) specially defined reporting entities (except for persons providing services within the framework of labor relations):

a) auditing entities;

b) accountants, business entities that provide accounting services;

c) business entities that provide tax advice;

d) law offices, bar associations and lawyers who practice law individually;

e) notaries;

f) business entities that provide legal services;

g) persons who provide services on establishment, operation or management of legal entities;

h) business entities that provide intermediary services during the sale and purchase of real estate, as well as business entities that provide consulting services related to the purchase and sale of immovable property for a fee;

i) business entities trading in cash for precious metals and precious stones and articles thereof;

j) business entities that hold lotteries and/or gambling;

*{ Subclause "j", clause 7, part two of Article 6 as amended by the Law No. 768-IX of 14 July 2020 }*

8) provider of services related to the circulation of virtual assets;

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

3. The state financial monitoring entities are the National Bank of Ukraine, the central executive body that ensures the formation and implementation of state policy in the field of prevention and counteraction to legalisation (laundering) of criminal proceeds, terrorist financing and financing of proliferation of weapons of mass destruction, Ministry of Justice of Ukraine, National Commission on Securities and Stock Market, Ministry of Digital Transformation of Ukraine and specially authorised body.

#### **Article 7. Application of risk-based Approach**

1. The reporting entity shall apply a risk-based approach in its activities, taking into account the relevant risk criteria, in particular, related to its clients, geographical location of the client's state of registration or institution through which it transfers (receives) assets, the type of goods and services that the client receives from the reporting entity, the method for providing (receiving) services. The risk-based approach shall be proportional to the nature and scope of activities of the reporting entity.

2. The risk-based approach shall be applied in the manner prescribed by internal documents on financial monitoring of the reporting entity, taking into account the recommendations of the appropriate state financial monitoring entities, which according to the Law perform functions of state regulation and supervision of such reporting entities.

The reporting entity shall assess/re-evaluate the risks, including inherent in its activities, document their results, and maintain up-to-date information on the assessment of risks inherent in its activities (risk profile of the reporting entity) and the risk of its clients in such a way as to be able to demonstrate the understanding of the risks posed by such clients (risk profile of clients).

3. The risk criteria are determined by the reporting entity independently taking into account the risk criteria established accordingly by:

the National Bank of Ukraine — for reporting entities, in respect of which the National Bank of Ukraine according to Article 18 of this Law performs the functions of state regulation and supervision;

the central executive body that ensures the formation and implementation of state policy in the field of prevention and counteraction to legalisation (laundering) of criminal proceeds, terrorist financing and financing of proliferation of weapons of mass destruction — for other reporting entities.

4. In determining the risk criteria, the reporting entity shall take into account typological studies in the field of prevention and counteraction, prepared by the specially authorised body and published on its website, the results of national risk assessment and recommendations of public financial monitoring entities.

5. The reporting entity shall establish a high risk of business relations (financial transaction without establishing business relations), in particular in relation to the following clients:

clients whose place of residence (stay, registration) is a state (jurisdiction) that does not implement or improperly implements the recommendations of international, intergovernmental organisations involved in the fight against money laundering or terrorist financing or proliferation weapons of mass destruction.

The list of states (jurisdictions) that do not implement or improperly implement the recommendations of international, intergovernmental organisations involved in the fight against money laundering or terrorist financing or financing of proliferation of weapons of mass destruction is made according to the procedure, determined by the Cabinet of Ministers of Ukraine on the basis of the conclusions of international, intergovernmental organisations involved in the fight against money laundering or terrorist financing or financing of proliferation of weapons of mass destruction, and published on the official website of the authorised body;

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

foreign financial institutions (except for financial institutions registered in the member states of the European Union, member states of the Group for the Development of Financial Measures to Combat Money Laundering (FATF), except for states carrying out armed aggression against Ukraine in the sense given in Article

1 of the Law of Ukraine "On Defense of Ukraine"), with which correspondent relations are established;

foreign public figures, members of their families and persons related to such politically significant persons, and clients, the ultimate beneficial owners of which are these persons;

clients in respect of whom (ultimate beneficial owners) special economic and other restrictive measures (sanctions) have been applied according to Article 5 of the Law of Ukraine "On Sanctions";

clients whose place of residence (stay, registration) is the state, referred by the Cabinet of Ministers of Ukraine to the list of offshore zones.

6. The reporting entity shall establish an unacceptably high risk of business relations (financial transaction without establishing business relations), in relation to the clients in case of:

inability to perform the obligations specified by this Law or to minimise the identified risks associated with such a client or financial transaction;

existence of reasonable suspicions based on the results of the study of suspicious activity of the client that such activity may be fictitious.

7. Regarding non-profit organisations, including charitable ones, the reporting entity shall take measures to minimise the risk of being used for legalisation (laundering) of criminal proceeds, or terrorist financing or financing of proliferation of weapons of mass destruction, including recommendations of the appropriate state financial monitoring entity, which according to this Law performs the functions of state regulation and supervision of the reporting entity.

8. Initial financial monitoring is provided directly by the reporting entity, its affiliates, other separate divisions and subsidiaries, including those located in countries where the recommendations of the Financial Action Task Force (FATF) do not apply or are insufficiently applied, within the limits determined by the legislation of such state.

Regarding branches, other separate divisions and subsidiaries located in countries where the recommendations of the Financial Action Task Force on Money Laundering (FATF) are not applied or insufficiently applied, the reporting entity shall assess prevention and counteraction measures carried out in such states.

If the implementation of these measures is not allowed by the legislation of such state, the reporting entity shall notify the appropriate state financial monitoring entity, which according to this Law performs the functions of state regulation and supervision of the reporting entity of the appropriate precautionary measures that the reporting entity will take to minimise the risks of using the activities of branches, other separate divisions and subsidiaries in order to legalise (launder) criminal proceeds, terrorist financing or financing of proliferation of weapons of mass destruction.

The reporting entity shall take appropriate precautionary measures aimed at carrying out enhanced due diligence measures before establishing business relations with persons or companies of such states; notification of the specially authorised body on financial transactions with clients of the respective states; warn clients that transactions with individuals or legal entities, trusts or other similar legal formations



in the respective states may involve the risk of money laundering or terrorist financing or proliferation of weapons of mass destruction.

**Article 8. Tasks, Responsibilities and Rights of Reporting entity**

1. The reporting entity (except for specially designated reporting entities, which carry out activities individually, without the formation of a legal entity) taking into account the requirements of legislation, the results of national risk assessment and risk assessment inherent in its activities, shall develop, implement and update the rules of financial monitoring, the programs of primary financial monitoring and other internal documents on financial monitoring (hereinafter — the internal documents on financial monitoring) and appoint an employee responsible for its implementation (hereinafter — the responsible employee).

Internal documents on financial monitoring shall contain procedures sufficient to ensure effective risk management, and prevent the use of services and products of the reporting entity for legalisation (laundering) of criminal proceeds, terrorist financing and financing of proliferation of weapons of mass destruction.

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

2. The reporting entity shall:

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

appointment or dismissal of the responsible employee;

appointment of a person who will temporarily perform the duties of the responsible employee in his absence;

change of information about the reporting entity and/or the responsible employee or the person temporarily performing his/her duties;

termination and/or resumption of the activity of the reporting entity;

2) ensure, according to the requirements established by the appropriate state financial monitoring entity, proper organisation and conduct of primary financial monitoring, which will properly allow to identify threshold and suspicious financial transactions (activities) regardless of the level of risk of business relations with the client (conducting financial transactions without establishing business relations) and report them to the specially authorised body, and prevent the use of services and products of the reporting entity for carrying out financial transactions by clients for illegal purposes;

3) ensure the functioning of an appropriate risk management system, apply a risk-based approach in its activities and take appropriate measures to minimise risks;

4) carry out proper inspections of new and existing clients;

5) ensure monitoring of the client's financial transactions (including those carried out in the interests of the client) for compliance of such financial transactions with the information at the disposal of the reporting entity about the client, its activities and risks, including, if necessary, information about the source of funds, related to the financial transaction(s);

6) ensure the detection, in particular using automated facilities, financial transactions subject to financial monitoring, before the beginning, in the process, on the day of rise of suspicion, after their conduct or during an attempt to conduct them or after the client refuses to conduct them;

7) ensure the registration of financial transactions subject to financial monitoring, in particular with the use of automated facilities;

8) notify the specially authorised body of:

a) threshold financial transactions that meet the characteristics defined in paragraphs two and three, part one, Article 20 of this Law — within five working days from the date of their conducting (attempts to conduct);

b) threshold financial transactions that meet the characteristics defined in paragraphs four and five, part one, Article 20 of this Law — not later than the fifth working day of the month following the month in which the financial transactions were carried out;

c) suspicious financial transactions (activities) or attempts to conduct them, regardless of the amount for which they are carried out — immediately after the rise of suspicion or sufficient grounds for suspicion, and provide reasonable conclusions, copies of documents and other information based on which the suspicion is formed, and additional information at the request of the specially authorised body;

d) on discrepancies between the information on the ultimate beneficial owners of the client, contained in the Unified State Register of Legal Entities, Individual Entrepreneurs and Public Associations, and the information on the ultimate beneficial owners obtained by the reporting entity as a result of due diligence — not later than the tenth working day of the month following the month in which the discrepancies were identified;

9) in case of receipt of a notification from the specially authorised body:

with non-zero error codes under individual financial transactions or in general regarding the notification provided by the reporting entity, in particular the notification of tracking (monitoring) of financial transactions, submit the duly executed notification within three working days from the date of receipt of such notification to the specially authorised body;

of an error in processing of additional information (information to fulfill the request of the authorised body of a foreign state), submit the duly executed additional information within two working days from the date of receipt of such notification;

10) assist, within the framework of the legislation, to the employees of the specially authorised body in analysing financial transactions;

11) at the request of the specially authorised body, which is made within its powers, submit:

a) additional information that may be related to the financing of terrorism or the financing of proliferation of weapons of mass destruction, and information that may

be related to the cessation of financial transactions, the freezing of assets related to terrorism and its financing, proliferation of weapons of mass destruction and its financing, according to this Law — within one working day from the date of receipt of the request;

b) other additional information not specified in subclause "a" of this clause — within five working days from the date of receipt of the request or within another period agreed in the prescribed manner with the specially authorised body;

12) submit at the request of the specially authorised body, made within its powers, additional information necessary for the execution of the request received from the authorised body of a foreign state, including information with limited access, within five working days from the date of receipt of the request or other term agreed according to the established procedure with the specially authorised body;

13) submit, at the request of the specially authorised body within its powers, information on tracking (monitoring) of financial transactions of a client whose transactions have become the object of financial monitoring, in the manner prescribed by the central executive body that ensures the formation and implementation of public policy in the field of prevention and counteraction to legalisation (laundering) of criminal proceeds, terrorist financing and financing of proliferation of weapons of mass destruction, in coordination with the relevant state financial monitoring entities, which according to this Law perform the functions of state regulation and supervision of primary financial monitoring, and the Individual Deposit Guarantee Fund;

14) if it is impossible to meet the deadlines set by clauses 11 and 12 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, obtaining data from archives, etc.), agree with the specially authorised body no later than within two working days from the date of receipt of the request, the term for submission of requested information in the manner prescribed by the central executive body, which ensures the formation and implementation of state policy in the field of preventing and combating money laundering, terrorist financing and arms proliferation mass destruction;

*{Clause 14, part two of Article 8 as amended according to the Law No. 768-IX of 14 July 2020}*

15) timely and in full submit (draw up, certify) in the manner prescribed by the appropriate state financial monitoring entity, which according to this Law performs the functions of state regulation and supervision of the reporting entity, at the request of this state financial monitoring entity reliable information and/or documents (conclusions, decisions, etc.), copies of documents or extracts from documents related to satisfying by the reporting entity of the statutory requirements in the field of prevention and counteraction and necessary for the state financial monitoring entity to carry out supervision in the field of prevention and counteraction, including to verify the violations of the legislation in the field of prevention and counteraction, exercising control over implementation by the reporting entities of decisions made by the state financial monitoring entities on application of measures of influence, written requirements;

16) take measures to prevent the disclosure (in particular, to the persons whose financial transactions are being audited) of information submitted to the specially authorised body and other information on financial monitoring (including the fact of submission of such information or the receipt of a request, decision or order from the specially authorised body and their implementation), except as otherwise stipulated in this Law;

17) document the measures taken to comply with the requirements of the legislation in the field of prevention and counteraction by creating (keeping) the appropriate documents (including electronic) records in such a way as to assist employees of the reporting entity involved in primary financial monitoring, in the most efficient and effective performance of their duties and be able to prove to the state financial monitoring entity that decisions taken to comply with the requirements of legislation in the field of prevention and counteraction, in particular, on risk assessment, due diligence, monitoring and notification of financial transactions subject to financial monitoring are based on the substantive facts and the results of a comprehensive and proper analysis;

18) keep (so that to promptly provide at the request of the appropriate state financial monitoring entities, and to the extent sufficient to restore the information on specific financial transactions, including, if necessary, the provision of evidence in criminal proceedings) documents (including electronic ), their copies, records, data, information on measures taken to comply with the requirements in the field of prevention and counteraction, in particular on the proper verification of clients (including identification and verification of clients' representatives, establishing their authority), and the persons whom the reporting entity denied the establishment of business relations and/or carrying out financial transactions, as well as all documents related to business relations (carrying out financial transaction) with the client (including business, in particular, internal correspondence, letter writing, reports, inquiries, results of any analysis during a proper inspection of the client), not less than five years after the termination of business relations with the client or the completion of a one-time financial transaction without establishing a business relationship with the client.

The regulatory and legal act of the state financial monitoring entity, which according to this Law performs the functions of state regulation and supervision of a reporting entity, may establish longer terms and additional requirements to the documents storage procedure;

19) ensure access of the appropriate state financial monitoring entities, which according to this Law perform the functions of state regulation and supervision of reporting entities, and at the substantiated requests of law enforcement bodies made within their powers, to the documents or information contained in them in full according to the requirements of the law. Receipt by law enforcement agencies from banks of documents or information constituting banking secrecy is carried out in the manner and to the extent established in the Law of Ukraine "On Banks and Banking";

20) pursuant to the instruction of the specially authorised body provided in order to fulfill the request of the authorised body of a foreign state, suspend or ensure the

monitoring of the financial transaction of the appropriate person in the manner prescribed by law;

21) according to the decision of the specially authorised body, suspend the conduct of expenditure financial transactions or ensure the monitoring of the financial transaction (financial transactions) of the appropriate person in the manner prescribed by law;

22) according to the procedure established by the state financial monitoring entity, which according to this Law carries out the functions of state regulation and supervision over the corresponding reporting entity, carry out internal inspections of its activity for observance of requirements of the legislation in the field of prevention and counteraction; activities (other than banking) in this field;

23) take measures according to the law to ensure that the responsible employee takes training in the field of prevention and counteraction within three months from the date of appointment, and advanced training of the responsible employee by training at least once every three years on the basis of the appropriate educational institution referred to the sphere of management of the specially authorised body, and in other educational institutions in coordination with the specially authorised body;

24) take on a regular basis measures for the training of personnel in order to properly comply with the requirements of this Law, in particular by conducting educational and practical work;

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

26) to fulfil the requirements of the relevant state financial monitoring entities, which, in accordance with this Law, perform the functions of state regulation and supervision over the reporting entities, regarding the fulfilment of legislative requirements in the field of prevention and counteraction, made on the basis, within the authority and in the manner provided by legislation in the field of prevention and counteraction;

*{Clause 26, part two of Article 8 as amended by the Law No. 1591-IX of 30 June 2021 – comes into force on 1 August, 2022}*

27) establish procedures for employees to notify the head of the reporting entity and/or the responsible employee of violations of the legislation in the field of prevention and counteraction, including without attribution (anonymously), with the provision of appropriate means;

28) ensure protection (prevent dismissal or coercion, disciplinary action or other adverse measures (transfer, certification (re-certification), change of working conditions, refusal to appoint to a higher position, reduction of salary, etc.) or endanger such measures influence) of employees in connection with the notification of the head and/or the responsible employee of the reporting entity or the state financial monitoring entity of violation of the requirements of the legislation in the field of prevention and counteraction;

29) not to allow the persons who have unexpunged or unspent conviction according to the procedure established by the law for mercenary criminal offenses

or terrorism, and also their accomplices in such criminal offenses, to the management, membership in the management (supervisory and executive) or control bodies;

30) prevent the formation of its authorised capital (for credit unions — share, reserve and additional capital) at the expense of funds, the sources of origin of which cannot be confirmed.

3. To perform the tasks assigned by this Law, the reporting entity shall have the right to address inquiries to the National Bank of Ukraine, the National Commission on Securities and Stock Market, executive authorities, law enforcement agencies, state registrars, which are obliged within ten working days from the date of receipt of the request to provide the requested information and/or documents (their copies, extracts from documents). The law enforcement agencies provide information taking into account the requirements stipulated in the Criminal Procedure Code of Ukraine.

4. The reporting entity, its managers, responsible employee, other employees involved in the primary financial monitoring, the ultimate beneficial owners are prohibited from using their powers and related opportunities or refrain from using them for the purpose of legalisation (laundering) of income, obtained by criminal means, terrorist financing and the financing of proliferation of weapons of mass destruction or assisting others in committing such acts.

Head and deputy head of the reporting entity, chairman and members of the supervisory body of the reporting entity, responsible employee (person temporarily acting as responsible employee in his absence), other employees of the reporting entity involved in the initial financial monitoring, shall have an impeccable business reputation.

5. Heads and responsible employees (persons temporarily acting as responsible employees in case of their absence) of the reporting entities, and other employees involved in the initial financial monitoring, in case of violation of the legislation on prevention and counteraction shall bear responsibility according to the law.

6. The responsibility for improper organisation and conduct of primary financial monitoring shall be born by the head of the reporting entity and the responsible employee.

7. In case of liquidation of the reporting entity, including recognition of its bankruptcy, or appointment of temporary administration, responsibility for non—compliance with clauses 12—14, 20 and 21, part two of this article shall be borne by the liquidator, the authorised person of the Individual Deposit Guarantee Fund.

#### **Article 9. Legal Status of Responsible Employee of Reporting entity**

1. The responsible employee shall be appointed to a position by the management of the reporting entity. The legal status, accountability and subordination of the responsible employee of the bank in the organisational structure of the bank and the requirements to him/her are determined by the regulations of the National Bank of Ukraine.

The responsible employee shall have an impeccable business reputation and meet the qualification requirements established by the state financial monitoring entity, which according to this Law performs the functions of state regulation and supervision of the appropriate reporting entity.

2. Appointment of a responsible employee and verification of his/her compliance with the qualification requirements shall be carried out according to the procedure established by the appropriate state financial monitoring entity, which pursuant to this Law performs the functions of state regulation and supervision of the reporting entity.

The responsible employees of banks, branches of foreign banks shall be appointed and dismissed upon approval with the National Bank of Ukraine.

3. The powers of the responsible employee shall include:

1) ensuring notification of the specially authorised body on financial transactions subject to financial monitoring;

2) providing notification of the specially authorised body on discrepancies between the information on the ultimate beneficial owners of the client contained in the Unified State Register of Legal Entities, Individual Entrepreneurs and Public Associations, and the information on the ultimate beneficial owners obtained by the reporting entity as a result of inspections of the client;

3) conducting inspections of the activities of any unit of the reporting entity and its employees for the implementation of their internal documents on financial monitoring;

4) the right of access to all premises, documents, information, databases, technical means of electronic communications, archives of the reporting entity;

*{Clause 4, part three of Article 9 as amended by the Law of 16 December, 2020}*

5) involvement of employees of the reporting entity in conducting primary financial monitoring and inspections on these issues;

6) organisation of development, submission for approval, ensuring constant updating, and control over implementation of internal documents on financial monitoring;

7) receiving explanations on the issues of financial monitoring from the employees of the reporting entity regardless of the positions held;

8) facilitating the conduct by the authorised representatives of the state financial monitoring entities, which according to this Law perform the functions of state regulation and supervision of the appropriate reporting entities, of inspections of activities of the reporting entity regarding compliance with legislation in the field of prevention and counteraction;

9) making decision on submission of information on financial monitoring at the request of the specially authorised body and the appropriate law enforcement agencies;

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

4. The head and other employees of the reporting entity shall facilitate performance of their functions by the responsible employee.

5. During performance of financial monitoring functions the responsible employee shall be independent in his/her activity, accountable only to the head of the reporting entity and obliged to inform at least once a month in writing the head

of the reporting entity about the revealed financial transactions subject to financial monitoring, and measures taken, in particular, for:

- ensuring initial financial monitoring;
- development and updating of internal documents on financial monitoring;
- training of personnel to fulfill the requirements of this Law by conducting educational and practical work.

**Article 10.** Features of Activities of Specially Identified Reporting entities

1. Fulfillment of obligations of the reporting entities shall be ensured by:

1) law offices, law firms and lawyers practicing law individually, notaries, business entities providing legal services, if they participate, acting on behalf of and/or upon the instruction of the client, in any financial transaction and/or help the client to plan or carry out a transaction on:

- purchase and sale of immovable property or property management when financing housing construction;

- purchase and sale of business entities and corporate rights;

- management of funds, securities or other assets of the client;

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

- raising funds necessary for the establishment of legal entities and funds, ensuring their activities or managing them;

- creation, provision of activity or management of legal entities, funds, trusts or other similar legal formations;

2) business entities that provide intermediary services during immovable property purchase and sale transactions, and business entities that provide for a fee consulting services related to the purchase and sale of immovable property, during provision of consulting services, preparation and/or carrying out immovable property purchase and sale transactions;

3) business entities that trade in cash for precious metals and precious stones and articles thereof, if the amount of the financial transaction is equal to or exceeds 40 thousand hryvnias, or an amount equivalent to the specified amount, including in foreign currency, bank metals and other assets, when conducting financial transactions with high value items (in particular, with precious metals, precious stones, antiques, art objects, etc.) or when organising trade in such items, including auction trade;

4) business entities that hold lotteries and/or gambling (except for casino gambling), during carrying out financial transactions on acceptance of bets, return of bets and issuance (payment) of winnings (prizes).

The business entity holding lotteries shall be also obliged to perform the duties of the reporting entity when carrying out financial transactions on acceptance of lottery bets, return of lottery bets and issuance (payment) of winnings (prizes) in the lottery, which are carried out by lottery distributors on behalf and at the expense of such business entity;

*{Clause 4, part one of Article 10 as amended by the Law No. 768-IX of 14 July 2020}*

5) business entities that conduct gambling in casinos, when carrying out financial transactions on exchange of money for gambling substitutes of hryvnia,



exchange of gambling substitutes of hryvnia for money, and during payment of winnings.

*{Part one of Article 10 was supplemented with clause 5 according to the Law No. 768-IX of 14 July 2020}*

2. Provisions of clauses 2, 7 and 18 (in terms of detection, registration and storage of information on threshold financial transactions), and clause 14, part two, Article 8 of this Law do not apply to the specially designated reporting entities.

Provisions of subclauses "a" and "b", clause 8, part two, Article 8 of this Law do not apply to the specially designated reporting entities, except for the entities specified in subclause "j", clause 7, part two, Article 6 of this Law.

3. Notaries, law offices, bar associations, lawyers practicing law individually, persons providing legal services may not perform their duties on carrying out a due diligence of the client and may not notify the specially authorised body of their suspicions in the case of providing services related to protection of the client, representation of his interests in judicial bodies and in cases of pre-trial settlement of disputes or provision of consultations on protection and representation of the client.

#### **Article 11. Due diligence**

1. The reporting entities, which are financial institutions, shall be prohibited from opening and maintaining anonymous (numbered) accounts and establishing correspondent relations with shell banks, and with banks and other financial institutions non-residents, which are known to maintain correspondent relations with shell banks.

2. The reporting entity shall carry out each of due diligence measures.

The scope of actions during implementation of each due diligence measure shall be determined by the reporting entity taking into account the risk profile of the client, in particular the level of risk, purpose of business relations, amount of transactions, regularity or duration of business relations.

3. Due diligence shall be carried out in case of:

establishment of business relations (except for business relations established on the basis of insurance contracts by types of insurance that do not provide for insurance payment in the event of survival of the insured person until the expiration of the insurance contract and/or reaching by the insured of certain age determined in such agreement, the client under which is an individual and the total insurance payment does not exceed 27 thousand hryvnias or its amount is equivalent to the specified amount, including in foreign currency, and except for establishment of business relationships arising from lottery participation agreements provided that the rate of the player does not exceed 5 thousand hryvnias);

presence of suspicion;

making payment transactions (including international) without opening an account;

*{Paragraph four, part three of Article 11 as amended by the Law No. 1591-IX of 30 June 2021 – comes into force on 1 August, 2022}*

carrying out a financial transaction with virtual assets for the amount equal to or exceeding 30 thousand hryvnias;

occurrence of doubts about authenticity or completeness of previously obtained customer identification data;

conducting a one-time financial transaction without establishing business relations with clients, if the amount of the financial transaction is equal to or exceeds the amount specified in part one of Article 20 of this Law.

Depending on the risk level of the financial transaction, due diligence of the client is also performed in case of several financial transactions that may be related to each other, for the total amount equal to or exceeding the amount specified in part one of Article 20 of this Law.

4. Identification and verification of the client are carried out before establishing business relations, making transactions (except as otherwise stipulated in this Law), carrying out a financial transaction, opening an account.

In order not to interfere with regular business practices, the client may be verified as necessary when establishing a business relationship. In this case, the verification shall be completed as soon as possible after the first contact with the client, provided that the risks of legalisation (laundering) of criminal proceeds, terrorist financing and financing of proliferation of weapons of mass destruction are effectively managed. The client may also be verified after opening an account, but before conducting the first financial transaction.

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

5. The reporting entity shall have the right to request, and state bodies, state registrars shall be obliged, within ten working days from the date of receipt of the request to provide according to the law the information concerning carrying out the proper verification. The said information shall be provided free of charge. The procedure for submission of information shall be determined by the Cabinet of Ministers of Ukraine.

6. The reporting entity shall have the right to request, and the client, the client's representative shall be obliged to submit information (official documents) necessary (required) for proper due diligence, and for fulfillment by such reporting entity of other requirements of legislation in the field of prevention and counteraction.

7. According to the law, the reporting entity shall be obliged to carry out verification 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 (effective) at the time of their submission and include all necessary identification data. Copies of official documents, except for notarised ones, on the basis of which the reporting entity has performed verification, shall be certified according to the procedure established by the state financial monitoring entity, which according to this Law performs functions of state regulation and supervision over the appropriate reporting entity.

Details of the bank where the client's account is opened, current account number, place of residence or stay of an individual — resident of Ukraine (place of residence or temporary stay of an individual — non-resident of Ukraine), information about the executive body (management bodies), and other information necessary to clarify

the purpose and nature of future business relations, monitoring on a regular basis of business relations and financial transactions of the client, established by the reporting entity on the basis of official documents and/or information received from the client (client's representative) and certified by him, and from other official and/or reliable sources, if such information is open, do not require verification in the absence with the reporting entity of suspicion of the authenticity (validity) of such documents and/or information

To determine whether the client or the ultimate beneficial owner of the client belongs to politically significant persons, members of their families or related persons, the reporting entity shall use several reliable sources of information and take measures to verify the received information.

To establish the ultimate beneficial owner, the reporting entity shall:

claim and receive from the client — a legal entity the ownership structure of such a client;

establish in respect of a trust or other similar legal formation the information on the founders, trustees, defenders (if any), beneficiaries (beneficial owners) or group of beneficiaries (beneficial owners), and any other individuals who have a decisive influence on the activities of the trust or other similar legal formation (including through the chain of control/ownership). With respect to trusts and other similar legal entities, the beneficiaries (beneficial owners) of which are characterised by certain features or class, the information about such beneficiaries (beneficial owners) shall be ascertained, which would make it possible to establish their identity at the time of payment or exercise of their rights;

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

take appropriate measures to verify the accuracy of the information on the ultimate beneficial owner and ensure that it knows the ultimate beneficial owner (if any) by taking reasonable measures to understand the right of ownership (control) and ownership structure.

When establishing the ultimate beneficial owner of the client, the reporting entity shall not rely solely on the Unified State Register of Legal Entities, Individual Entrepreneurs and Public Associations. The reporting entity shall fulfill the requirements on establishment of the ultimate beneficial owner using a risk-based approach.

8. During identification and verification of residents the reporting entities shall establish:

1) for an individual — surname, name and (if any) patronymic, date of birth, number (and if available — series) of passport of a citizen of Ukraine (or other document that certifies identity and according to the legislation of Ukraine may be used in the territory of Ukraine for concluding transactions), date of issue and issuing authority, information on place of residence or stay, registration number of the taxpayer's registration card, number (and if available — series) of passport of a citizen of Ukraine having the mark on refusal to accept the taxpayer registration card number, or number of passport with a record of refusal to accept the registration number of the taxpayer registration card in electronic contactless media, a unique

record number in the Unified State Demographic Register (if available). If, according to the customs of the national minority to which the person belongs, the surname or patronymic are not constituents of the name, only the constituents of the name shall be indicated;

2) for an individual entrepreneur — surname, name and (if any) patronymic, date of birth, number (and if available — series) of passport of a citizen of Ukraine (or other document that certifies identity and according to the legislation of Ukraine may be used in the territory of Ukraine for concluding transactions), date of issue and issuing authority, information on place of residence or stay, registration number of the taxpayer's registration card, number (and if available — series) of passport of a citizen of Ukraine having the mark on refusal to accept the taxpayer registration card number, or number of passport with a record of refusal to accept the registration number of the taxpayer registration card in electronic contactless media; date and number of entry in the Unified State Register of Legal Entities, Individual Entrepreneurs and Public Associations on state registration; details of the bank in which the account is opened, and the current account number (if available), a unique record number in the Unified State Demographic Register (if available). If, according to the customs of the national minority to which the person belongs, the surname or patronymic are not constituents of the name, only the constituents of the name shall be indicated;

3) for a legal entity — full name, location; date and number of entry in the Unified State Register of Legal Entities, Individual Entrepreneurs and Public Associations on state registration, information on the executive body (governing bodies); identification data of persons who have the right to dispose of accounts and/or property; identification code according to the Unified State Register of Enterprises and organisations of Ukraine; details of the bank where the account is opened and the current account number.

Banks as reporting entities may not establish details of another bank in which the account is opened and the current account number for residents (individual entrepreneurs, legal entities).

9. During identification and verification of non-residents, and trusts and other similar legal entities, the reporting entities shall establish:

1) for an individual — surname, name and (if any) patronymic, date of birth, number (and if available — series) of passport (or other document that certifies identity and according to the legislation of Ukraine may be used in the territory of Ukraine for concluding transactions), date of issue and issuing authority, nationality, information about place of residence or temporary stay in Ukraine, a unique record number in the Unified State Demographic Register (if available). If, according to the customs of the national minority to which the person belongs, the surname or patronymic are not constituents of the name, only the constituents of the name shall be indicated;

2) for a legal entity — full name, location; details of the bank in which the account is opened, bank account number; information on the executive body (governing bodies); identification data of persons who have the right to dispose of accounts and/or property. During verification, the reporting entity shall be also

provided with a copy of the legalised extract from trade, banking or court register, or a notarised registration certificate of the authorised body of a foreign state on registration of the appropriate legal entity;

3) for trusts and other similar legal institutions that are not legal entities — full name, purpose and objectives of activity, objects of management belonging to the non-resident in respect of which the identification and verification is carried out, country of incorporation, location; details of the bank in which the account is opened, bank account number; identification number (if any) that the non-resident uses when submitting tax declarations and other tax documents to the tax authorities in the country of residence. During verification of the reporting entity, a certified copy of the document or its extract on incorporation (establishment) of a trust or other similar legal formation shall also be provided.

10. In the field of life insurance, in order to identify the beneficiary (beneficial owners) under the contract (insurance policy, certificate, certification) of life insurance in addition to the measures of due diligence of the client, defined in parts eight and nine of this Article, insurers (reinsurers), insurance (reinsurance) brokers shall establish:

1) for beneficiaries (beneficial owners), specifically defined in the contract (insurance policy, certificate, certification), — surname, name and (if any) patronymic of the individual or name of the legal entity, trust or other similar legal formation;

2) for beneficiaries (beneficial owners) determined by their characteristics or category (e.g. husband, wife or children at the time of the insured event) or otherwise (e.g. by will) — information sufficient for the confidence of the insurer (reinsurer), insurance (reinsurance) broker to be able to identify the beneficiary (beneficial owner) during the insurance payment.

Insurers (reinsurers), insurance (reinsurance) brokers carry out verification of beneficiaries (beneficial owners) under the contract (insurance policy, certificate, certification) of life insurance during the insurance payment. In case of transfer of rights under life insurance contracts to third parties, the identification of new beneficiaries (beneficial owners) shall be carried out during the transfer of such rights.

11. Business entities holding lotteries and/or gambling shall carry out due diligence taking into account the following features:

1) due diligence of the persons who have acquired the right to receive a winning (prize) in a lottery or gambling shall be carried out before or during a financial transaction on payment (issuance) of a winning (prize), a financial transaction on the exchange of gambling substitutes of hryvnia for money and provided that such financial transaction is subject to financial monitoring according to Article 20 or 21 of this Law;

2) due diligence of persons who have indicated their intention to return their bets on a lottery or gambling shall be carried out before or during a refund financial transaction and provided that such financial transaction is subject to financial monitoring according to Article 20 or 21 of this Law;

3) due diligence of persons who have expressed an intention to bet on a lottery or gambling or exchange money for gambling substitutes of hryvnia shall be carried out before or during the appropriate financial transaction and provided that due diligence is mandatory under this Law, and such financial transaction is subject to financial monitoring according to Article 20 or 21 of this Law.

The business entity holding lotteries during the due diligence of a lottery participant, in addition to the due diligence measures specified in parts eight and nine of this Article, shall establish the name of the lottery, the number of the lottery ticket (name and number of another document certifying the betting in the lottery or the amount of winnings), and (for draw-based lotteries) the date of the lottery draw and the lottery draw number.

*{Part eleven of Article 11 as emended by the Law No. 768-IX of 14 July 2020}*

12. The reporting entity in relation to a foreign financial institution with which a correspondent relationship is established, in addition to the due diligence of the client in the manner prescribed by the appropriate state financial monitoring entity, which according to this Law performs state regulation and supervision over the reporting entity, shall take the following measures:

1) collect information from official and/or reliable sources to the extent sufficient that the reporting entity understands the nature of activities of such financial institution and establishment of its reputation and quality of supervision, in particular whether the foreign financial institution has been investigated for money laundering income or terrorist financing, or the object of application of measures of influence by the body that carries out state regulation and supervision of its activities in the field of prevention and counteraction, and whether the financial institution is a shell bank;

2) evaluate the measures of a foreign financial institution in the field of prevention and counteraction;

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

4) document the responsibilities of the foreign financial institution in the field of prevention and counteraction;

5) with respect to a foreign financial institution whose accounts are used directly by third parties to carry out transactions on its own behalf, find out that a foreign financial institution carries out due diligence measures to properly verify clients who have direct access to the accounts of a foreign financial institution and that a foreign financial institution can provide at the request of the reporting entity the relevant information obtained as a result of client's due diligence.

13. The reporting entity shall during due diligence additionally carry out the following measures in relation to clients who (which ultimate beneficial owners) are politically significant persons, members of their families and persons related to politically significant persons:

1) have the appropriate risk management system to identify the fact that the client or the ultimate beneficial owner of the client belongs to the specified category;

2) obtain the permission of the head of the reporting entity for the establishment (continuation) of business relations, conducting (without establishing business

relations) financial transactions in the amount equal to or exceeding the amount specified in part one of Article 20 of this Law (regardless of whether such financial transaction is carried out once or as several financial transactions that may be related to each other);

3) take sufficient measures to establish the source of well-being (wealth) and the sources of funds with which the business relationship or transactions with such persons are related;

4) carry out in-depth monitoring of business relations on a regular basis.

The scope of actions of the reporting entity in relation to the measures identified in clauses 2—4 of this part, shall be proportional to the risk of the business relationship (financial transaction without establishing a business relationship) with the client.

If a politically significant person ceases to perform significant public functions, the reporting entity shall continue for at least twelve months to take into account its ongoing risks and take the measures specified in clauses 2—4 of this part until it is satisfied that such risks are absent.

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

the level of influence that a person may still have;

the scope of the powers the person was endowed with;

the relationship between former and current powers, etc.

Insurers (reinsurers), insurance (reinsurance) brokers, in addition to the measures stipulated in this part, shall also take measures to establish whether a politically significant person is the beneficiary (beneficial owner) and/or the ultimate beneficial owner of the beneficiary (beneficial owner) under contract (insurance policy, certificate, certification) of life insurance. In case of establishing the fact that such a person is the beneficiary (beneficial owner) and/or the ultimate beneficial owner of the beneficiary (beneficial owner), before making an insurance payment under such a contract (insurance policy, certificate, certification) the head of the reporting entity shall be informed to this extend and monitoring of business relations with the holder of such a contract (insurance policy, certificate, certification) shall be carried out on a regular basis, taking into account the recommendations of the appropriate state financial monitoring entity, based on which a decision to inform the specially authorised body shall be made.

14. Re-identification and verification of the client (his representative) is not mandatory if this person has been previously identified and verified according to the law, provided that the reporting entity has no suspicion and/or grounds to believe that the available documents, data and/or information about the client (client's representative) is invalid (ineffective) and/or irrelevant.

Identification and verification of client shall not be carried out in case of transactions between banks registered in Ukraine.

15. Regulatory legal acts of state financial monitoring entities, which according to this Law perform the functions of state regulation and supervision of the appropriate reporting entities, may determine an abbreviated list of identification data clarified by the reporting entities in case of:

establishing a business relationship or conducting a financial transaction, if the client is a public authority, a social insurance fund, a wholly state-owned enterprise, an international institution or organisation (their representative office) to which Ukraine is a party according to the international treaties of Ukraine, consent to binding nature of which is granted by the Verkhovna Rada of Ukraine, and the international treaties of Ukraine that are not subject to ratification;

conducting a financial transaction on the stock exchange;

carrying out insurance indemnity or insurance payment under the contract of international obligatory insurance of civil liability;

establishing a business relationship or conducting a financial transaction if the client is an institution, body, office or agency of the European Union;

establishing a business relationship or conducting a financial transaction, if the client is a diplomatic mission of a foreign state accredited in Ukraine in the prescribed manner;

establishing a business relationship with a client who is an issuer, which according to the law or in connection with the public offering of shares or in connection with the admission of its shares to trading shall publicly disclose information about the ultimate beneficial owners, or is a subsidiary or a representative office of such an issuer.

The reporting entity shall establish the identification data stipulated in parts eight — nine of this Article, in case it has suspicions about the clients stipulated in this part.

The provisions of this part can not be applied if the reporting entity has any suspicions.

16. The state financial monitoring entities, which according to this Law perform the functions of state regulation and supervision of the reporting entities, shall establish features and reliable sources for proper client's due diligence for the appropriate reporting entities, and features for establishment of beneficiaries (beneficial owners) under financial transactions.

17. Regulatory legal acts of the state financial monitoring entities, which according to this Law perform the functions of state regulation and supervision of the reporting entities, determine:

the procedure for the agent to identify and verify clients;

the procedure for using information on identification, verification of clients, 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 relationships obtained from a third party that is subject to primary financial monitoring according to this Law or takes similar measures, is subject to appropriate supervision pursuant to the legislation of the country of registration of such entity and acts on its own behalf.

The agent may be used for identification and verification of clients only if a written agreement is concluded between the reporting entity and the agent.

The reporting entities shall be prohibited to use the information obtained according to paragraph three of this part from a third party formed and acting pursuant to the legislation of a state (jurisdiction) that does not implement or



improperly implements the recommendations of international, intergovernmental organisations involved in combating legalisation (laundering) of criminal proceeds or terrorist financing or financing of proliferation of weapons of mass destruction, unless the use of information is carried out within the group in compliance with uniform rules of financial monitoring.

In case of identification and verification of clients by an agent, and in case of use by the reporting entity of information received from a third party according to paragraph three of this part, the responsibility for proper due diligence of the client shall be borne by such reporting entity.

18. If the client (person) acts as a representative of another person or on behalf or in the interests of another person, the reporting entity shall according to the requirements of this article and provisions of other laws governing the identification procedure, also identify the person on behalf of or in the interests of which the financial transaction is conducted, and establish its ultimate beneficial owner, or establish the beneficiary (beneficial owner) under the financial transaction, except for financial transactions carried out on the basis of correspondent relations stipulated in paras two—four, clause 32, part one of Article 1 of this Law.

19. If a person acts as a client's representative, the reporting entity shall verify on the basis of official documents that the person has the appropriate powers and carry out identification and verification of such person.

20. In cases provided for in paragraph four of part three of this Article, due diligence is carried out by the reporting entity in the manner specified in Article 14 of this Law, if the amount of the payment transaction is less than the amount provided for in part one of Article 20 of this Law.

*{Part twenty of Article 11 as amended by the Law No. 1591-IX of 30 June 2021 – comes into force on 1 August, 2022}*

#### **Article 12. Enhanced Due Diligence Measures of Client**

1. The reporting entity shall carry out enhanced due diligence measures of the clients with whom the risk of business relations (the risk of a financial transaction without establishing a business relations) is high.

2. The state financial monitoring entities, which according to this Law perform the functions of state regulation and supervision of the appropriate reporting entities, may determine the circumstances under which enhanced due diligence measures shall be carried out and actions shall be taken by the reporting entities in such circumstances.

3. The reporting entity shall, as far as possible, analyse and study the grounds and objectives of all financial transactions that meet at least one of the following characteristics:

- are complex financial transactions;
- are unusually large financial transactions;
- are conducted in an unusual way;
- have no obvious economic or legal purpose.

The reporting entity shall increase the degree and nature of monitoring of business relations to determine whether such financial transactions or actions of the client are suspicious.

4. Insurers (reinsurers), insurance (reinsurance) brokers when determining the need for enhanced due diligence shall consider the beneficiary (beneficial owner) under the contract (insurance policy, certificate, certification) of life insurance as one of the risk criteria. If the beneficiary (beneficial owner) under the contract (insurance policy, certificate, certification) of life insurance, which is a legal entity, trust or other similar legal formation, constitutes high risk, the enhanced due diligence measures to properly verify the client at the time of payment shall include identification and verification of the ultimate beneficial owner of such beneficiary (beneficial owner) (if any).

**Article 13. Simplified Due Diligence Measures**

1. The reporting entity shall carry out simplified due diligence measures of the clients with whom the risk of business relations (the risk of a financial transaction without establishing a business relations) is low.

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

3. In case of simplified due diligence, the reporting entity shall monitor the client's business relations and financial transactions carried out in the course of such relations, sufficient to be able to identify financial transactions that do not correspond to the financial condition and/or or the content of the client's activities.

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

**Article 14. Information accompanying a payment transaction or transfer of virtual assets**

1. The reporting entity, which provides financial payment services to the payer (initiator of the payment transaction), shall ensure that all payment transactions are accompanied by:

1) information about the payer (initiator of the payment transaction) (hereinafter – the payer (initiator):

a) individual (individual entrepreneur, individual conducting independent professional activity) – surname, first name and patronymic name (if available), number of the account/electronic wallet where electronic money is stored (hereinafter – electronic wallet), from which the funds/unique number of the electronic payment instrument are debited (in the case of initiating a payment transaction using electronic payment instruments), and in the absence of an account – the unique account number of the financial transaction, which enables the tracking of the transaction (hereinafter – the unique account number of the financial transaction), place of residence (or the place of stay in Ukraine of an individual – resident or the place of temporary stay of an individual – non-resident) or the number and series (if available) of a passport of a citizen of Ukraine (or another document certifying identity that according to the legislation of Ukraine can be used on territory of Ukraine for carrying out transactions), or the taxpayer tax number, or date and place of birth;

b) legal entity – full name and location or identification code according to the Unified State Register of Enterprises and Organizations of Ukraine/registration (account) taxpayer number and number of account /electronic wallet from which funds are debited/unique number of the electronic payment instrument (in case of initiation of a payment transaction using electronic means of payment), and in the absence of an account – the unique account number of the financial transaction;

c) trust or other similar legal entity – full name and location, number of the account/electronic wallet from which the funds are debited, and in the absence of an account – the unique account number of the financial transaction;

2) information about the recipient of the payment transaction (hereinafter – the recipient):

a) individual (individual entrepreneur, natural person conducting independent professional activity) – surname, first name and patronymic name (if available), number of the account/electronic wallet to which funds are credited/unique number of the electronic payment instrument (in the case of payment operations using an electronic means of payment), and in the absence of an account – the unique account number of the financial operation;

b) legal entity – full name and number of the account/electronic wallet where the funds are credited/the unique number of the electronic payment instrument (in the case of a payment transaction using an electronic payment instrument), and in the absence of an account – the unique account number of the financial transaction;

c) trust or other similar legal arrangement –full name and number of the account/electronic wallet where the funds are credited, and in the absence of an account – the unique account number of the financial transaction.

The requirements specified in part one of this Article may not apply in cases specified in parts three and four of this Article.

2. The reporting entity providing financial payment services to the payer (initiator), shall carry out due diligence before carrying out a payment transaction by verifying the payer (initiator) in part of the data specified in clause 1 of part one of this Article, on the basis of official documents or information obtained from official and/or reliable sources.

3. A payment transaction initiated within Ukraine, including using electronic means of payment, electronic money, virtual assets, must be accompanied by at least an account number/electronic wallet or a unique number of the electronic payment means of the payer (initiator)/prepaid card for multipurpose use and the number of the account/electronic wallet or the unique number of the recipient's electronic payment instrument/prepaid multi-purpose card, and in the absence of the account/electronic wallet of the payer (initiator) – the unique account number of the financial transaction.

At the same time, the reporting entity, providing financial payment services to the payer (initiator), within three working days from the date of receipt of the request from the intermediary to conduct a payment transaction or the reporting entity, providing financial payment services to the recipient, shall provide:

with regard to a payment transaction for an amount equal to or exceeding 30 thousand hryvnias, or an amount equivalent to the specified amount, including in

foreign currency, – information about the payer (initiator) and recipient specified in clauses 1 and 2 of part one of this Article;

with regard to a payment transaction for an amount less than 30 thousand hryvnias, or an amount equivalent to the specified amount, including in foreign currency, in the absence of signs of connection of such a financial transaction with other financial transactions, the amount of which exceeds 30 thousand hryvnias:

information about the payer (initiator):

individual (individual entrepreneur, individual conducting independent professional activity) – surname, first name and patronymic name (if available), number of his/her account/electronic wallet where funds are debited, or unique number of an electronic payment instrument/prepaid card for multipurpose use, and in the absence of an account/electronic wallet – a unique account number of the financial transaction;

legal entity – full name and number of the account/electronic wallet where the funds are debited, or the unique number of the electronic payment instrument/prepaid card for multi-purpose use, and in the absence of an account/electronic wallet – the unique account number of the financial transaction;

trust or other similar legal arrangement – full name and number of the account/electronic wallet where the funds are debited, and in the absence of an account/electronic wallet – the unique account number of the financial transaction;

information about the recipient:

individual (individual entrepreneur, individual conducting independent professional activity) – surname, first name and patronymic (if available), number of account/electronic wallet to which funds are credited, or unique number of electronic payment instrument/prepaid card for multipurpose use, and in the absence of an account/electronic wallet – the unique account number of the financial transaction;

legal entity – full name and number of the account/e-wallet to which the funds are credited, or the unique number of the electronic payment instrument/ prepaid card for multipurpose use, and in the absence of an account/e-wallet – the unique account number of the financial transaction;

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

In case of carrying out payment transactions using electronic means of payment, including those issued by non-residents, the issuing bank of the corresponding electronic payment means of the payer/recipient upon request shall provide information on the payer/recipient.

Details of payment instructions are filled out in accordance with the requirements of the regulations of the National Bank of Ukraine, which establish the procedure for carrying out payment transactions.

4. In case of initiating a payment transaction outside of Ukraine, including with the use of virtual assets, in the amount of less than 30 thousand hryvnias, or an amount equivalent to the specified amount, including in foreign currency, in the absence of signs of connection of such financial transactions with other financial

transactions that in total exceed 30 thousand hryvnias, such a payment transaction must be accompanied by at least:

1) information about the payer (initiator):

a) individual (individual entrepreneur, individual conducting independent professional activity) – surname, first name and patronymic (if available), number of his account/electronic wallet from which funds are debited/unique number of electronic payment instrument (in case of initiation of a payment transaction using electronic means of payment), and in the absence of an account – the unique account number of the financial transaction;

b) legal entity – full name and number of the account/electronic wallet from which the funds are debited/the unique number of the electronic payment instrument (in case of initiating a payment transaction using electronic payment instruments), and in the absence of an account – the unique account number of the financial transaction;

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

2) information about the recipient:

a) individual (individual entrepreneur, individual conducting independent professional activity) – surname, first name and patronymic (if available), number of the account/electronic wallet to which funds are credited/unique number of the electronic payment instrument (in case conducting a payment transaction using an electronic payment instrument), and in the absence of an account – the unique account number of the financial transaction;

b) legal entity – full name and number of the account/electronic wallet to which the funds are credited/the unique number of the electronic payment instrument (in case of initiating a payment transaction using electronic payment instruments), and in the absence of an account – the unique account number of the financial transaction;

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

5. In case of initiating a payment transaction within Ukraine and outside Ukraine for an amount less than 30 thousand hryvnias, or an amount equivalent to the specified amount, including in foreign currency, in the absence of signs of the connection of such a financial transaction with other financial transactions exceeding 30 thousand hryvnias, the reporting entity, which provides financial payment services to the payer (initiator), may not verify the payer (initiator) in accordance with part two of this Article, except in cases where:

1) there is a suspicion that a financial transaction or a set of associated financial transactions may be related to the legalization (laundering) of proceeds from crime, the financing of terrorism or the financing of the proliferation of weapons of mass destruction;

2) the reporting entity, which provides financial payment services to the payer (initiator), receives funds from the payer (initiator) in cash.

6. The reporting entity, which provides financial payment services to the payer (initiator), is prohibited from carrying out a payment transaction in the absence of information that must accompany such a transaction in accordance with parts one, three and four of this Article.

7. The payment transaction intermediary/reporting entity, which provides financial payment services to the recipient, shall be obliged to:

1) introduce procedures to verify that the data on the payer (initiator) and recipient are filled with the use of signs and symbols which are allowed by the rules of the relevant payment system (if such requirements of the payment system are available);

2) introduce procedures for monitoring payment transactions, including real-time monitoring or monitoring after the payment transaction has been carried out, in order to identify the absence of information about the payer (initiator) and/or recipient in the cases provided for in this Article.

8. The reporting entity, which provides financial payment services to the recipient, carries out due diligence before crediting the funds to the recipient's account/electronic wallet or issuing them in cash by verifying the recipient's data, specified in clause 2 of part one of this Article, on the basis of official documents or information obtained from official and/or reliable sources, taking into account the features specified in part nine of this Article.

9. In case of payment of funds under a payment transaction in the amount of less than 30 thousand hryvnias, or an amount equivalent to the specified amount, including in foreign currency, in the absence of signs of connection of such a financial transaction with other financial transactions that exceed 30 thousand hryvnias, the reporting entity, which provides financial payment services to the recipient, may not verify the recipient in accordance with part eight of this Article, except in cases where:

1) there is a suspicion that a financial transaction or a set of associated financial transactions may be related to the legalization (laundering) of proceeds from crime, the financing of terrorism or the financing of the proliferation of weapons of mass destruction;

2) the reporting entity, which provides financial payment services to the recipient, pays out funds for the payment transaction in cash.

10. Verification of the payer (initiator)/recipient may not be carried out if the payer (initiator)/recipient has been previously identified and verified in accordance with the procedure specified in Article 11 of this Law.

11. The payment transaction intermediary/reporting entity that provides financial payment services to the recipient shall introduce procedures based on a risk-based approach for making a decision to conduct, reject or suspend a transfer of funds that does not contain the information provided for in this article and taking appropriate measures.

12. If the payment transaction intermediary, while receiving the transfer, discovered the fact of the absence of data on the payer (initiator) and/or the recipient provided for in this article, or such data are filled in using symbols that are not allowed by the rules of the relevant payment system, the payment transaction

intermediary must make a decision on the basis of a risk-based approach to reject such a transfer or to submit a request for obtaining the necessary information before or after the transfer of funds.

13. If the reporting entity, which provides financial payment services to the recipient, at the time of receipt of the transfer, found the absence of data on the payer (initiator) and/or the recipient, provided for in this Article, or such data is filled in using symbols not allowed by the rules of the relevant payment system, the reporting entity providing financial payment services to the recipient shall make a decision based on a risk-based approach to reject such a transfer or to submit a request to receive the necessary information before or after crediting funds to the recipient's account or giving them to the recipient in cash.

14. If the reporting entity which provides financial payment services to the payer (initiator)/payment transaction intermediary repeatedly fails to provide information about the payer (initiator)/recipient upon request, the reporting entity that sent the requests must take appropriate measures, in particular, to send a notification setting deadlines for providing the requested information or for the rejection of any future transfers, or for the restriction (termination) of business relations with the appropriate reporting entity.

15. The reporting entity that provides financial payment services to the recipient/intermediary for carrying out the payment transaction shall inform the National Bank of Ukraine about the facts of the lack of information about the payer (initiator)/recipient in the manner established by the National Bank of Ukraine.

16. The reporting entity that provides financial payment services to the recipient/intermediary for carrying out a payment transaction must take into account the fact of the lack of information about the payer (initiator)/recipient during the analysis of financial transactions and, in case of suspicion, notify a specially authorized body within the terms stipulated in this law.

17. The payment transaction intermediary during the transfer must ensure the storage and transfer of all received information about the payer and recipient.

18. The requirements of this Article apply to financial transfer transactions carried out using electronic money.

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

- 1) transactions on withdrawal of money from own account;
- 2) payment transaction for the purpose of paying taxes, duties, charges, fees, for mandatory state pension and social insurance, penalties and fines for violations of legislation to the state and local budgets, the Pension Fund of Ukraine, to the accounts of state authorities, local self-government bodies or payment transactions for the purpose of paying for housing and communal services;
- 3) payment transaction, if the payer (initiator) and the recipient are reporting entities, providing financial payment services, and also acting on their own behalf;
- 4) payment transaction, if electronic means of payment or electronic money are used to pay for goods or services and the number of the electronic payment means/prepaid card for multipurpose use or electronic wallet accompanies the payment transaction all the way throughout the flow of funds;

5) payment transaction in the amount of less than 30 thousand hryvnias, or an amount equivalent to the specified amount, including in foreign currency, in the absence of signs of connection of such a financial transaction with other financial transactions that in total exceed 30 thousand hryvnias, to be credited to the recipient's account exclusively for the purpose of paying for goods, works, services, repaying the loan debt, provided that the reporting entity, which provides financial payment services to the recipient, can track through the recipient using a unique account number of the payment transaction and identify the person who concluded the contract with the recipient for the supply of goods, performance of works, provision of services, provision of credit;

6) payment transaction between the payer (initiator) and the recipient of the payment, conducted through an intermediary authorized to negotiate and enter into a contract for the sale of goods or services on behalf of the payer (initiator) or the recipient;

7) transactions to ensure the transfer of funds carried out by the operator of payment infrastructure services;

8) cash payment transaction within Ukraine in the amount of less than 5 thousand hryvnias, in the absence of signs of connection of such a financial transaction with other financial transactions exceeding in total 5 thousand hryvnias.

20. Other cases in which the requirements of this Article do not apply may be established by regulatory legal acts of the National Bank of Ukraine

*{Article 14 as amended by the Law No. 1591-IX of 30 June 2021 – comes into force on 1 August, 2022}*

**Article 15.** Refusal to Establish (Maintain) Business Relations, Conduct a Financial Transaction

1. The reporting entity shall refuse to establish (maintain) business relations/refuse the client to open an account (servicing), also by termination of business relations, closing the account/refusal to conduct a financial transaction in case:

if identification and/or verification of the client, and establishment of data that allow to identify the ultimate beneficial owners, is impossible or if the reporting entity has doubts that the person acts on own behalf;

establishing an unacceptably high risk for the client or failure of the client to provide the documents or information necessary for the due diligence of the client;

submission by the client or his representative to the reporting entity of unreliable information or submission of information for the purpose of misleading the reporting entity;

detection according to the procedure established by the appropriate state financial monitoring entity that the bank or other financial institution with which the correspondent relationship has been established is a shell bank and/or maintains a correspondent relationship with the shell bank;

if it is impossible to identify the person on whose behalf or in whose interests the financial transaction is carried out and establish its ultimate beneficial owner or beneficiary (beneficial owner) under the financial transaction.



The reporting entity has the right to refuse to conduct a suspicious financial transaction.

In the cases stipulated in this part, the reporting entity shall within one working day, but not later than the next working day from the date of refusal, notify the specially authorised body of attempts to conduct financial transactions and persons who intended or intend to open account/establish business relations and/or conduct financial transactions or with which business relations were terminated (account was closed) on the basis of this Article, and of carrying out financial transactions on crediting money received to the account of such client and financial transactions which were refused.

2. The reporting entities have the right to exchange information about the persons who have been refused to establish (maintain) business relations (including by terminating business relations, closing an account), opening an account or conducting a financial transaction.

3. The state financial monitoring entities, which according to this Law perform the functions of state regulation and supervision of the reporting entities, may establish the special features and procedure for refusal of the reporting entity in establishing (maintaining) business relations, refusal of servicing or conducting a financial transaction, and the procedure and volume of information exchange of such refusals, depending on the specifics of activity of the reporting entity.

4. The reporting entities shall be prohibited (except in cases stipulated in the UN Security Council resolutions) to establish business relations and conduct expenditure financial transactions, provide financial and other related services directly or indirectly to the clients who are:

- 1) persons and/or organisations included in the list of persons;
- 2) persons and/or organisations acting for and on behalf of persons and/or organisations included in the list of persons;
- 3) persons and/or organisations directly or indirectly owned or ultimately beneficially owned by persons and/or organisations included in the list of persons.

The prohibitions stipulated in this part shall also apply if the reporting entity is aware that the counterparty of the financial transaction or the financial institution providing the financial transaction are the persons specified in this part.

The reporting entities shall immediately notify the specially authorised body about the attempts to establish business relations and conduct expenditure financial transactions, receive financial and other related services directly or indirectly from such persons.

The Ministry of Foreign Affairs of Ukraine, taking into account the requirements of the appropriate resolutions of the UN Security Council, shall ensure the disclosure of information on the cases in which the prohibitions stipulated in this part do not apply.

5. If as a result of introducing changes to the list of persons, the reporting entity reveals the client (with whom business relations are established), which is included in the specified list, the reporting entity shall immediately notify the specially authorised body of such person and immediately, without prior notification of such

person, freeze assets related to terrorism and its financing, proliferation of weapons of mass destruction and its financing.

**Article 16. Submission of Information on Financial Monitoring**

1. The procedure for registration and submission to the specially authorised body of information on financial transactions subject to financial monitoring, other information that may be related to the legalisation (laundering) of criminal proceeds, or terrorist financing or financing of proliferation of weapons of mass destruction, shall be established by:

the National Bank of Ukraine — for reporting entities, the state regulation and supervision of which is carried out by the National Bank of Ukraine according to Article 18 of this Law;

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

2. Submission of information by the reporting entity to the specially authorised body, the state financial monitoring entity in the manner prescribed by law is not a violation of the procedure for disclosure of information with limited access.

The reporting entity, its officials and other employees, liquidator, authorised person of the Individual Deposit Guarantee Fund shall not bear disciplinary, administrative, civil and criminal liability for submitting information to the specially authorised body, the state financial monitoring entity, if they acted within the framework of this Law.

3. In case of detection during the performance of their functions of financial transactions in respect of which they have suspicion, the state bodies carrying out activities in the field of prevention and counteraction (except for the National Bank of Ukraine) shall notify the specially authorised body of such financial transactions and their parties

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

4. The central executive body implementing the state customs policy shall submit to the specially authorised body the information on the revealed facts of illegal movement across the customs border of Ukraine of cash, circulating money and credit documents, precious metals, precious stones and products thereof, as well as cultural values in the amount equal to or exceeding the amount specified in part one of Article 20 of this Law.

5. The state bodies (except the National Bank of Ukraine) and local self-government bodies, state registrars shall provide the specially authorised body with information (copies of documents), data from information and reference systems, registers and data banks necessary to perform its tasks, and/or access to their information resources (databases) to ensure the functioning of the unified state information system in the field of prevention and counteraction.

The scope, procedure for submitting such information and granting access to it shall be determined by the Cabinet of Ministers of Ukraine.

6. Provision of information by state bodies, local governments, the National Bank of Ukraine, state registrars to the specially authorised body, the reporting entities according to the requirements of this Law is not a violation of the procedure for disclosure of information with limited access.

Officials and other employees of state bodies, local self-governments, the National Bank of Ukraine and state registrars shall not be subject to disciplinary, administrative, civil and criminal liability for submitting information to the specially authorised body according to the requirements of this Law.

7. Business entities, enterprises, institutions and organisations, regardless of the form of ownership, which are not the reporting entities, shall according to clause 2, part one of Article 27 of this Law provide at the request of the specially authorised body the information related to the analysis of financial transactions that have been the object of financial monitoring, about the persons who participated in their conducting, certificates and copies of documents (including those containing information with limited access) necessary for the performance of the tasks in the field of prevention and counteraction assigned to it by this body.

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

8. Provision of information by officials and other employees of business entities, enterprises, institutions and organisations to the specially authorised body according to the requirements of this Law shall not be a violation of the procedure for disclosure of information with limited access.

Officials and other employees of business entities, enterprises, institutions and organisations shall not bear disciplinary, administrative, civil and criminal liability for providing information to the specially authorised body according to the requirements of this Law.

9. Illegal refusal to provide information (certificates and copies of documents), untimely provision or provision of inaccurate information entail the responsibility of officials of state bodies and local self-governments, officials of economic entities, enterprises, institutions, organisations, regardless of ownership that are not the reporting entities according to the law.

10. Exchange of information that is a secret of financial monitoring, its disclosure and protection shall be carried out according to the law.

The reporting entities, employees of the reporting entities, liquidator, authorised person of the Individual Deposit Guarantee Fund, employees of state financial monitoring entities and other state bodies, which submitted information on a financial transaction and its party to the specially authorised body, shall not notify to this extend the persons who took part in its conducting and any third parties, except for the cases specified in this Law.

If notaries, attorneys, law offices and associations, persons providing legal services, try to refuse the client to carry out activities in violation of the law, it shall not be a violation of the restrictions specified in paragraph two of this part.

Restrictions on the provision of information stipulated in paragraph two of this part, shall not apply to cases of disclosure of information to the state financial monitoring entities, which according to this Law perform the functions of state regulation and supervision over the appropriate reporting entities, within the framework of supervision in the field of prevention and counteraction, and to the law enforcement agencies according to the law.

Restrictions also do not apply to cases of exchange of information for the purpose of initial financial monitoring between the reporting entities and their branches or subsidiaries with controlling participation located in other countries, provided that such branches or subsidiaries with controlling participation adhere to common policies and procedures for financial monitoring, including procedures for the exchange of information within the group.

Restrictions stipulated in paragraph two of this part, do not interfere with the exchange of information between banks, other financial institutions, and the reporting entities, identified in subclauses "a"—"d", clause 7, part two of Article 6 of this Law, in cases involving the same client and the same financial transaction envisaging participation of two or more reporting entities, provided that such reporting entities are subjects of the same type and fulfill the same requirements for the protection of information with limited access.

The reporting entities, employees of the reporting entities, liquidator, authorised person of the Individual Deposit Guarantee Fund, employees of state bodies, local self-governments, officials, employees of business entities, enterprises, institutions and organisations, regardless of ownership form that are not the reporting entities, which received a request from the specially authorised body for financial transactions, additional information, information related to the analysis of financial transactions that have been subject to financial monitoring, about the persons who participated in their conducting, certificates and copies of documents, other information that may be connected with the suspicion in legalisation (laundering) of criminal proceeds, or terrorist financing or financing of proliferation of weapons of mass destruction, or a decision or order of the specially authorised body made (provided) according to the requirements of Article 23 or part three of Article 31 of this Law, and/or provided a response to such a request, decision or order to this body, shall be prohibited to notify the persons who participated (participate) in the financial transactions specified in the request, decision or order or response, and any third parties, except as otherwise stipulated in this Law.

11. The specially authorised body shall ensure protection and secrecy of financial monitoring. The specially authorised body shall be prohibited from disclosing and/or transmitting to anyone the information that is a secret of financial monitoring, and inform anyone about the receipt of the information about a financial transaction and its party, the fact of submitting request for financial transactions, additional information, information related to the analysis of financial transactions that have become the object of financial monitoring, about the persons who participated in their conducting, certificates and copies of documents, other information that may be connected with the suspicion of legalisation (laundering) of criminal proceeds, terrorist financing or financing of proliferation of weapons of mass destruction, or a decision or order made (granted) according to the requirements of Article 23 or part three of Article 31 of this Law, and/or receiving a response to such a request, decision or instruction, except as otherwise stipulated in this Law. In case of a request for such information, the specially authorised body shall return such request to the appropriate person concerned without consideration, unless the request was received as part of the verification of generalised and/or

additional generalised materials previously sent to it. If the specially authorised body has additional information concerning the generalised materials previously sent to the law enforcement bodies, the specially authorised body may form and submit additional generalised materials to the appropriate law enforcement body.

Disclosure in any way by employees of the specially authorised body of secrecy of financial monitoring, and the fact of receiving information about a financial transaction and its party, the fact of making a request, decision or order and/or receiving a response to such request, decision or order entails responsibility according to law or by court decision.

12. The obligation to observe the secrecy of financial monitoring and not to disclose the fact of providing information to the specially authorised body, and the fact of receiving and executing a request, decision or order of the specially authorised body in cases established by this Law also applies to persons who learned such information during their professional or official activities.

The persons guilty of violating the secrecy of financial monitoring and the prohibition to inform about the fact of providing information to the specially authorised body, and the fact of receiving and executing a request, decision or order of the specially authorised body, shall bear responsibility according to law.

13. The intelligence authorities of Ukraine shall be prohibited from transmitting to anyone the information received from the specially authorised body in the form of generalised materials and additional generalised materials, except in cases of its transfer to the law enforcement agencies for making a decision according to the Criminal Procedure Code of Ukraine.

The intelligence bodies of Ukraine shall inform the specially authorised body about the course of processing and taking appropriate measures based on the results of consideration of the received generalised materials and additional generalised materials.

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

**Article 17.** Exchange of Information on Financial Monitoring within the Group

1. The reporting entities that are members of the group, having the right for carrying out the primary financial monitoring to request, receive and use (including through the unified information system for group members) the information and documents available to other members of the group for the purpose of initial financial monitoring, who are the reporting entities or take similar measures and are subject to the appropriate supervision according to 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 uniform rules of financial monitoring.

3. The uniform rules of financial monitoring are developed and approved by the main (parent) organisation of the group taking into account the requirements of legislation in the field of prevention and counteraction and the requirements of legislation on protection of information with limited access and are mandatory for

all members of the group that are reporting entities, including their branches and subsidiaries with controlling interests located in other countries.

**Article 18. Powers and Responsibilities of State Financial Monitoring Entities**

1. State regulation and supervision in the field of prevention and counteraction shall be carried out with respect to:

*{Paragraph one, part one of Article 1 as amended by the Law No. 1591-IX of 30 June 2021 – comes into force on 1 August, 2022}*

1) banks and branches of foreign banks; insurers (reinsurers), insurance (reinsurance) brokers, credit unions, pawnshops, other financial institutions whose registration or licensing is carried out by the National Bank of Ukraine; postal operators which provide financial payment services and/or postal transfer services, and/or currency transaction services; operators of payment systems; branches or representative offices of foreign business entities that provide 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 Bank of Ukraine;

*{Paragraph one, part one of Article 1 as amended by the Law No. 1591-IX of 30 June 2021 – comes into force on 1 August, 2022}*

2) commodity and other exchanges that conduct financial transactions with goods; institutions of accumulative pension provision; managers of construction financing funds/real estate transaction funds; professional stock market participants (excluding banks), including the Central Securities Depository — by the National Securities and Stock Market Commission;

3) auditing entities; accountants; business entities that provide accounting services; business entities that provide tax advice; business entities that provide intermediary services during purchase and sale of immovable property, business entities that provide consulting services related to purchase and sale of immovable property for a fee; business entities that trade in cash for precious metals and precious stones and articles thereof; business entities holding lotteries and/or gambling — by the central executive body that ensures the formation and implementation of state policy in the field of prevention and counteraction to legalisation (laundering) of criminal proceeds, terrorist financing and financing of proliferation of weapons of mass destruction;

*{Clause 3, part one of Article 18 as amended according to the Law No. 768-IX of 14 July 2020}*

4) law offices, bar associations and lawyers who practice law individually; notaries; business entities that provide legal services; persons who provide services for the establishment, operation or management of legal entities — by the Ministry of Justice of Ukraine;

5) providers of services related to the circulation of virtual assets — by the Ministry of Digital Transformation of Ukraine.

2. The state financial monitoring entities specified in part one of this Article within their authorities shall:

carry out supervision in the field of prevention and counteraction of the activities of the appropriate reporting entities, in particular, by conducting scheduled and unscheduled inspections, including on-site inspections, in the manner prescribed by:

the National Bank of Ukraine - for banks and branches of foreign banks; insurers (reinsurers), insurance (reinsurance) brokers, credit unions, pawnbrokers, other financial institutions whose registration or licensing is carried out by the National Bank of Ukraine; postal operators who provide financial payment services and/or postal transfer services, and/or services for currency transactions; operators of payment systems; branches or representative offices of foreign business entities that provide financial services on the territory of Ukraine; other legal entities, which by their legal status are not financial institutions, but provide separate financial services;

*{Paragraph three, part two of Article 18 as amended by the Law No. 1591-IX of 30 June 2021 – comes into force on 1 August, 2022}*

the National Commission on Securities and Stock Market — for commodity and other exchanges conducting financial transactions with goods; institutions of accumulative pension provision; managers of construction financing funds/real estate transaction funds; professional stock market participants (except banks), including the Central Securities Depository;

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

take measures of influence provided for by law, in case of detection of violations of legislative requirements in the field of prevention and counteractions, and/or require from reporting entities compliance with the requirements of legislation in the field of prevention and counteraction, including elimination of violations and/or taking measures to remove the reasons that contributed to their perpetration, as well as taking measures to eliminate the deficiencies identified as a result of supervision regarding the organization and conduction of primary financial monitoring.

*{Paragraph six, part two of Article 18 as amended by the Law No. 1591-IX of 30 June 2021 – comes into force on 1 August, 2022}*

The procedure for submitting requirements, applying the measures of influence provided by law, and exercising control over their implementation shall be determined by the state financial monitoring entities, which carry out state regulation and supervision over the activities of the appropriate reporting entities;

create and ensure the functioning of an independent structural unit for regulation and supervision in the field of prevention and counteraction with the appropriate staff, whose employees will be able to perform their duties according to their business and moral qualities, educational, qualification and professional levels;

taking into account the risk-based approach to carry out regulation and supervision in the field of prevention and counteraction in order to determine the compliance of measures taken by the reporting entities, to minimise risks during their activities, including identifying the signs of inadequate risk management system (risk management system is considered inappropriate, in particular, in case of establishing the facts of repeated, large-scale financial transactions giving rise to suspicions of using the reporting entity for legalisation (laundering) of criminal proceeds, terrorist financing, financing of proliferation of weapons of mass

destruction or committing other criminal offense). The fact that the risk management system of the appropriate reporting entity is inappropriate shall be established in the presence of the features determined by the appropriate state financial monitoring entity according to the procedure established by this state financial monitoring entity;

ensure the storage of information received from the primary and state financial monitoring entities, the specially authorised body and the law enforcement agencies, in the manner prescribed by the appropriate state financial monitoring entities;

verify the availability of professional training of responsible employees and the organisation of professional training of other employees of the reporting entities involved in carrying out the primary financial monitoring.

For the performance of their functions, the state financial monitoring entities shall have the right to receive in the manner prescribed by them from the reporting entities (in respect of which they perform regulatory and supervisory functions according to this Law) information, documents, copies of documents executed and certified by the reporting entity according to the requirements of the appropriate state financial monitoring entity.

For carrying out supervision in the field of prevention and counteraction, the National Bank of Ukraine shall have the right of free access (including automated access) to the relevant information systems (databases) of public authorities in the manner agreed by the National Bank of Ukraine with the appropriate public authority.

3. The state financial monitoring entities shall have the right to submit to the statutory state financial monitoring entities, law enforcement agencies and other public authorities the information obtained during the supervision in the field of prevention and counteraction, which may indicate signs of committing offenses.

4. The state financial monitoring entities shall inform the specially authorised body about the revealed violations of the legislation in the field of prevention and counteraction by the reporting entities, and about the measures taken to the reporting entities and/or their officials for the committed violations in this field.

Provision of information by the state financial monitoring entities to the specially authorised body according to this part shall not constitute a disclosure of the secrecy of financial monitoring.

5. The state financial monitoring entities shall annually, but not later than 31 January of the next year, provide the specially authorised body with the generalised information on compliance by the reporting entities, over which they perform the functions of state regulation and supervision, with the requirements of legislation in the field of prevention and counteractions, including about the identified violations and measures taken to the reporting entities and/or their officials in order to dismiss them and/or prevent them from further activities.

6. The state financial monitoring entities shall submit (if any) information to the specially authorised body, in particular:

documents required to perform the tasks assigned to it (except for information about the personal life of citizens), in the manner prescribed by law;



information on termination of the activities of the reporting entities, over which they perform the functions of state regulation and supervision, according to the legislation.

7. The state financial monitoring entities shall use the information of the specially authorised body on the signs of possible violation by the reporting entities of the requirements of the legislation in the field of prevention and counteraction for carrying out the corresponding verification.

8. The state financial monitoring entities shall provide methodological, methodic and other assistance to the reporting entities in the field of prevention and counteraction (including providing recommendations and explanations on the application of legislation in this field).

9. The state financial monitoring entities shall determine and develop the procedure for applying the appropriate precautionary measures against states (jurisdictions) that do not implement or improperly implement the recommendations of international, intergovernmental organisations involved in the fight against money laundering or terrorist financing or financing of proliferation of weapons of mass destruction, in particular on:

increased attention when agreeing on the establishment of branches, representative offices or subsidiaries of reporting entities in such states;

warning the reporting entities in the non-financial sector that transactions with individuals or legal entities, trusts or other legal entities in the state concerned may be at risk of money laundering, terrorist financing or financing of proliferation of weapons of mass destruction;

restriction of business relations or financial transactions with the relevant state or persons in such state, etc.

10. The state financial monitoring entities shall take measures according to the law:

to verify the impeccable business reputation of the persons who will carry out or carry out management, intend to acquire a significant share or are the ultimate beneficial owners of the reporting entities;

to prevent admission of the persons who have unexpunged or unspent conviction in the manner prescribed by law for mercenary criminal offenses or terrorism, and their accomplices in such criminal offenses to management of the reporting entities;

to prevent the formation of capital of the appropriate reporting entities at the expense of funds, the sources of which cannot be confirmed on the basis of official documents or their copies, certified in the prescribed manner.

11. The state financial monitoring entities shall agree with the specially authorised body the developed drafts of any regulatory legal acts on issues related to the implementation of the requirements of this Law.

12. Peculiarities of fulfillment by banks classified as insolvent of the requirements of the legislation in the field of prevention and counteraction shall be established by the Individual Deposit Guarantee Fund upon approval with the specially authorised body.

Supervision in the field of prevention and counteraction over the banks classified as insolvent shall be carried out by the Individual Deposit Guarantee Fund in the manner prescribed by it.

13. For performance of the duties assigned to them by this Law, the state financial monitoring entities shall have the right to submit inquiries to the executive bodies, the state registrars, the law enforcement agencies and the legal entities.

The entities to which the request is addressed shall provide the appropriate information within ten working days. If it is impossible to provide information within the specified term for the justified reasons at the request of the corresponding entities the term of providing the information may be extended by the state financial monitoring entity, but no more than for 30 working days.

14. The state financial monitoring entities within the framework of carrying out supervision in the field of prevention and counteraction shall have the right to exchange information with limited access, subject to compliance with the requirements established by law for its protection.

15. The state financial monitoring entities shall provide conditions for notifications by employees of the reporting entities or any third parties about violations of the requirements of the legislation in the field of prevention and counteraction, in particular through special telephone lines, official websites, electronic means of communication.

The state financial monitoring entities shall be prohibited from disclosing to any third parties information about the persons who have made such notifications, except as provided by law.

The procedure for providing such notifications and the procedure for their consideration shall be determined by the appropriate state financial monitoring entity and the Individual Deposit Guarantee Fund, respectively.

**Article 19.** Comprehensive Administrative Reporting in the Field of Prevention and Counteraction to Legalisation (Laundering) of Criminal Proceeds, Terrorist Financing and Financing of Proliferation of Weapons of Mass Destruction

1. To monitor the effectiveness of the system of prevention and counteraction, the state financial monitoring entities, the law enforcement agencies and judicial bodies shall ensure the formation of comprehensive administrative reporting in the field of prevention and counteraction.

2. Comprehensive administrative reporting shall include data that characterise: the size and importance of various sectors covered by the legislation in the field of prevention and counteraction, the activities of financial monitoring entities, including the number of entities and individuals and the economic importance of each sector;

the reporting phases, investigations and court decisions in the field of prevention and counteraction, including the number of notifications of suspicious transactions submitted to the specially authorised body, responses on the consequences of such notifications and, on an annual basis, the number of investigated cases, the number of persons prosecuted, the number of persons convicted of money laundering or terrorist financing offenses, the types of major criminal offenses, if any, and the value of frozen, seized or confiscated assets;

the performance indicators of the specially authorised body in terms of collection, processing, analysis and transfer of generalised (additional generalised) materials to law enforcement and intelligence agencies;

the number of international requests for information that have been submitted, received, refused, which have been fully or partially answered by the specially authorised body;

the number of requests for mutual legal assistance submitted, received, satisfied and denied;

the number of other international requests in the field of prevention and counteraction;

the activity of law enforcement and judicial systems, including the freezing, seizure and confiscation of assets;

the results of investigation of criminal offenses and consideration of court cases in the field of prevention and counteraction.

3. The procedure for formation and publication of comprehensive administrative reporting in the field of prevention and counteraction shall be determined by the Cabinet of Ministers of Ukraine.

### **Section III**

## **FINANCIAL OPERATIONS SUBJECT TO FINANCIAL MONITORING**

#### **Article 20. Threshold Financial Transactions**

1. Financial transactions are threshold if the amount for which each of them is carried out is equal to or exceeds 400 thousand hryvnias (for business entities holding lotteries and/or gambling — 55 thousand hryvnias) or is equal to or exceeds the amount in foreign currency, bank metals, other assets, equivalent at the official exchange rate of hryvnia to foreign currencies and bank metals to 400 thousand hryvnias at the time of the financial transaction (for business entities holding lotteries and/or gambling — 55 thousand hryvnias), if any one or more of the following features is present:

*{Paragraph one, part one of Article 20 as amended according to the Law No 768-IX of 14 July 2020}*

financial transactions in the event that at least one of the parties – participants in the financial transaction has the appropriate registration, place of residence or location in the state (jurisdiction) that does not perform or improperly implements the recommendations of international, intergovernmental organisations involved in the fight against legalisation (laundering) of proceeds from crime, terrorist financing or financing of proliferation of weapons of mass destruction (including diplomatic missions, embassies, consulates of such foreign states), or one of the parties — participants in a financial transaction is a person who has an account with a bank registered in the specified state (jurisdiction);

*{Paragraph two, part one of Article 20 as amended by the Law No. 1591-IX of 30 June 2021 – comes into force on 1 August, 2022}*

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

payment transactions for the transfer of funds abroad (including to the states referred to offshore zones by the Cabinet of Ministers of Ukraine);

*{Paragraph four, part one of Article 20 as amended by the Law No. 1591-IX of 30 June 2021 – comes into force on 1 August, 2022}*

financial transactions with cash.

*{Paragraph five, part one of Article 20 as amended by the Law No. 1591-IX of 30 June 2021 – comes into force on 1 August, 2022}*

**Article 21. Suspicious Financial Transactions (Activities)**

1. Financial transactions or attempts to conduct them, regardless of the amount for which they are conducted, are considered suspicious if the reporting entity has a suspicion or has sufficient grounds to suspect that they are the result of criminal activity or related to or related to terrorist financing or financing of proliferation of weapons of mass destruction.

2. In determining whether a financial transaction or activity is suspicious, the reporting entity shall take into account typological studies prepared by the specially authorised body and published by it on its website, and the recommendations of the state financial monitoring entities.

**Section IV**

**FREEZING OF ASSETS AND SUSPENSION OF FINANCIAL TRANSACTIONS**

**Article 22. Freezing of Assets Related to Terrorism and its Financing, Proliferation of Weapons of Mass Destruction and its Financing**

1. The reporting entity (liquidator (except for the Individual Deposit Guarantee Fund), the authorised person of the Individual Deposit Guarantee Fund) shall immediately, without prior notice to the client (person), freeze assets related to terrorism and its financing, proliferation of weapons of mass destruction and its financing.

On the day of the decision to freeze such assets, the reporting entity (liquidator (except for the Individual Deposit Guarantee Fund), the authorised person of the Individual Deposit Guarantee Fund) shall simultaneously notify the specially authorised body and the Security Service of Ukraine according to the procedure for frozen assets established by law.

2. If assets are frozen according to part one of this Article, profitable financial transactions of clients included in the list of persons, clients who are representatives of persons included in the list of persons, clients directly or indirectly owned or ultimately beneficial owners of which are persons included in the list of persons shall be carried out. In this case, the reporting entity (liquidator (except for the Individual Deposit Guarantee Fund), the authorised person of the Individual Deposit Guarantee Fund) on the day of conduction, but not later than 11 hours of the next working day from the date of profitable transaction, shall notify of its carrying out and/or attempting to carry out expenditure financial transactions the specially authorised body and the Security Service of Ukraine and immediately, without prior notice to the client (person), freeze the assets received as a result of such profitable transaction.

3. After freezing of assets, the reporting entity (liquidator (except for the Individual Deposit Guarantee Fund), the authorised person of the Individual Deposit Guarantee Fund) shall notify the client (person) in writing of such freezing on his (her) written request.

4. The reporting entity shall unfreeze the assets immediately:

no later than the next working day from the day of exclusion of a person or organisation from the list of persons;

no later than the next working day from the date of receipt from the Security Service of Ukraine of information that a person or organisation having the same or similar name (title) as the person or organisation included in the list of persons and assets of which have become subject to freezing, according to the results of the inspection is not included in the specified list.

The reporting entity (liquidator (except for the Individual Deposit Guarantee Fund), the authorised person of the Individual Deposit Guarantee Fund) no later than the next business day after unfreezing of assets shall inform the specially authorised body and the Security Service of Ukraine.

5. Freezing/unfreezing of assets according to parts one, two and four of this Article shall be carried out according to the procedure established by the state financial monitoring entities, which carry out state regulation and supervision of the activities of the appropriate reporting entities, or the Individual Deposit Guarantee Fund within their powers taking into account requirements and exceptions determined in the resolutions of the UN Security Council.

6. Access to assets related to terrorism and its financing, proliferation and financing of weapons of mass destruction shall be carried out according to the procedure established by law.

7. Freezing of assets according to parts one and two of this article shall not be the basis for the occurrence of civil liability of the reporting entity, its officials and other employees, liquidator (except for the individual Deposit Guarantee Fund), authorised persons of the Individual Deposit Guarantee Fund for violation of conditions of the relevant transactions and/or legislation on the system of guaranteeing deposits of individuals, if they acted within the tasks, responsibilities and in the manner prescribed by this Article.

#### **Article 23.** Suspension of Financial Transactions

1. The reporting entity, which carries out or ensures carrying out of financial transactions, has the right to suspend such transactions if they are suspicious, and is obliged to suspend such financial transactions in case of suspicion that they contain signs of a criminal offense determined in the Criminal Code of Ukraine.

On the day of suspension of the financial transaction, the reporting entity shall notify the specially authorised body in the manner prescribed by law of such financial transaction, its party and the balance on the client's account opened by the reporting entity that suspended the financial transaction. in case of crediting funds to the transit account of the reporting entity — on the balance of money on such account within the credited amounts. Such termination of financial transactions shall be carried out without prior notice to the client for two working days from the date of suspension inclusive.

2. The specially authorised body may decide to further suspend financial transactions carried out according to part one of this Article, for a period of up to seven working days, which must be immediately notified to the reporting entity and law enforcement agencies authorised to make decisions according to the Criminal Procedure Code of Ukraine.

3. In case of suspicion, the specially authorised body may decide to suspend expenditure financial transactions for up to seven working days, which must be immediately notified to the reporting entity and law enforcement agencies authorised to make decisions according to the Criminal Procedure Code of Ukraine. In this case, the reporting entity shall on the day of receipt, but not later than 11 hours of the next working day after receipt of the decision, notify the specially authorised body of the balance on the client's account, financial transactions (funds) and in case of suspension of financial transactions on transit accounts of the reporting entity — on the balance of funds on such accounts within the credited amounts.

4. In case of suspension of expenditure financial transactions according to part three of this article the profitable financial transactions shall not be suspended. In this case, the reporting entity on the day of the transaction, but not later than 12 hours of the next business day from the date of the profitable transaction, shall notify the specially authorised body of profitable financial transactions and/or attempted financial transactions.

5. Decisions (instructions) of the specially authorised body, made according to parts two, three and nine of this Article or part three of Article 31 of this Law, after the introduction of a temporary administration in respect of an insolvent bank, shall be performed by the authorised person of the individual Deposit Guarantee Fund by suspending the satisfaction of claims of depositors and other creditors of the bank, which is stipulated in the Law of Ukraine "On the Individual deposit Guarantee System".

6. Property or funds of a client of an insolvent bank held in accounts on which the financial transactions have been suspended according to this Article and part three Article 31 of this Law before the date of classification of the bank as insolvent or during the temporary administration of the insolvent bank, may be transferred to the host, transitional bank or specialised institution established by the Individual Deposit Guarantee Fund, in the manner prescribed by the legislation on the Individual Deposit Guarantee System with a written notification of the specially authorised body by the Individual Deposit Guarantee Fund. In this case, the transferred property or amounts of money remain encumbered according to the decision (order) to suspend (further suspension, extension of suspension) of the relevant financial transactions, suspension of the financial transaction of the person to fulfill the request of the authorised body of a foreign state.

7. Decisions (instructions) of the specially authorised body, made according to parts two, three and nine of this Article or part three of Article 31 of this Law after the decision to liquidate the bank, shall be executed by the authorised person of the Individual Deposit Guarantee Fund by suspending the payment of compensation to

depositors, their authorised representatives or heirs, suspension of satisfaction of creditors' claims.

8. Property or monetary funds of a client of an insolvent bank held in accounts on which the financial transactions have been suspended according to this Article, or part three of Article 31 of this Law after the decision to liquidate the bank, may be transferred to a specialised institution established by the Individual Deposit Guarantee Fund in the manner prescribed by the legislation on the deposit guarantee system of individuals with a written notification of the specially authorised body by the Individual Deposit Guarantee Fund. In this case, the transferred property or amounts of money remain encumbered according to the decision (order) to suspend (further suspension, extension of suspension) of the relevant financial transactions, suspension of the financial transaction of the person to fulfill the request of the authorised body of a foreign state.

9. In case of making a decision according to parts two and three of this Article, the specially authorised body during the period of further suspension of the relevant financial transactions or suspension of expenditure financial transactions conducts analytical work, collects the necessary additional information, processes, checks, analyses it and if pursuant to the results of the inspection:

the signs of legalisation (laundering) of criminal proceeds, or terrorist financing, or commission of another criminal offense are not confirmed, the specially authorised body must immediately, but not later than the next working day, cancel its decision to further suspend the relevant financial transactions or expenditure financial transactions and notify the reporting entity;

there are motivated suspicions — the specially authorised body decides to continue the suspension of the relevant financial transactions (expenditure financial transactions), prepares and submits the relevant generalised material or additional generalised material to the law enforcement agencies authorised to make decisions according to the Criminal procedure Code of Ukraine, and on the day of making such a decision informs the appropriate reporting entity about the expiration date of the suspension of the relevant financial transactions. The period of suspension of the relevant financial transactions shall be extended by the specially authorised body from the next business day after the submission of the relevant generalised material or additional generalised material, provided that the total period of such suspension does not exceed 30 working days.

During the period of extension of the suspension of the relevant financial transactions (expenditure financial transactions), the law enforcement agencies shall conduct a pre-trial investigation and if:

established the absence of an event of a criminal offense or the absence in the act of a criminal offense — immediately inform the specially authorised body;

there are reasonable suspicions that a person has committed a criminal offense and the relevant accounts have been seized according to the procedure established by the Criminal Procedure Code of Ukraine, — inform the specially authorised body within two working days from the date of the court ruling on the seizure of property, indicating its number and date.

The specially authorised body on the day of receipt from the law enforcement body of the information stipulated in clauses five and six of this part, shall cancel its decision to continue the suspension of the relevant financial transactions (expenditure financial transactions) and notify the reporting entity.

In case of imposition according to the procedure stipulated in the Criminal Procedure Code of Ukraine, of seizure on the client's accounts, transactions on which are suspended according to parts one — three or nine of this Article, the reporting entity shall inform the specially authorised body on the day of receipt for execution of the court decision on seizure of property indicating its number and date.

10. The reporting entity resumes financial transactions:

on the third business day from the date of suspension of the financial transaction in case of failure of the reporting entity within the period provided in part one of this article, to receive the decision of the specially authorised body on further suspension of the financial transaction;

immediately, but not later than the next business day after the day of receipt by the reporting entity within the period specified in the decision of the specially authorised body on further suspension of the relevant financial transactions according to part two of this article or on the suspension of an expenditure financial transaction according to part three of this Article, notification of cancellation by the specially authorised body of such decision, but not later than 31 working days from the date of suspension of the financial transaction;

on the next business day after the expiration date of the suspension of the relevant financial transactions specified in the decision of the specially authorised body on the continuation of the suspension of the relevant financial transactions (expenditure financial transactions);

immediately, but not later than the next working day after the day of receipt by the reporting entity of the order of the specially authorised body according to part three of Article 31 of this Law on resumption of financial transactions suspended at the request of the authorised body of a foreign state.

The reporting entity shall inform the specially authorised body no later than the next business day after the resumption of financial transactions.

11. The reporting entity upon written request of the client notifies in writing the number and date of the decision of the specially authorised body to continue the suspension of the relevant financial transactions (expenditure financial transactions).

12. Suspension and resumption of financial transactions shall take place in the manner prescribed by the state financial monitoring entities, which carry out state regulation and supervision of activities of the reporting entities, or the Individual Deposit Guarantee Fund within their powers.

Adoption by the specially authorised body of decisions on suspension (further suspension, continuation of suspension) of relevant financial transactions, suspension or resumption of monitoring or monitoring of the financial transaction of the person concerned at the request of the authorised body of a foreign state and delivery of decisions or instructions of the specially authorised body to the reporting entity, liquidator, authorised person of the Individual Deposit Guarantee Fund shall be carried out in the manner prescribed by the central executive body, which ensures



the formation and implementation of state policy in the field of prevention and counteraction to legalisation (laundering) of criminal proceeds, terrorist financing and financing of proliferation of weapons of mass destruction.

Terms of suspension of financial transactions by the reporting entities and the specially authorised body specified in parts one — three and nine of this Article are final and cannot be extended.

13. Suspension of financial transactions according to parts one — three, nine of this Article, part three of Article 31 of this Law shall not be the basis for the occurrence of civil liability of the reporting entity, its officials and other employees, liquidator (except for the Individual Deposit Guarantee Fund), authorised persons of the Individual Deposit Guarantee Fund for violation of terms of the relevant transactions and/or legislation on the individual deposits guarantee system.

14. The requirements of this Article do not apply to expenditure transactions on the account, which were carried out using electronic means of payment before the receipt of the notification from the specially authorised body.

The reporting entity (bank) shall exclude from the notification of the balance of money on the account the amount of money blocked for settlements with payment systems under transactions carried out using electronic means of payment.

#### **Article 24.** Making a List of Persons

1. The list of persons shall be formed according to the procedure, determined by the Cabinet of Ministers of Ukraine. The ground for inclusion of the person in the specified list shall be:

1) court decision to include individuals, legal entities and organisations that meet the criteria set out in UN Security Council resolutions to the specified list;

2) information generated by international organisations or their authorised bodies about organisations, legal entities and individuals connected with terrorist organisations or terrorists, and about the persons subject to international sanctions.

2. The list of persons shall be immediately brought to the notice of the reporting entities by the specially authorised body in the manner prescribed by the central executive body, which ensures the formation and implementation of state policy in preventing and combating money laundering, terrorist financing and financing the proliferation of weapons of mass destruction.

3. Exclusion from the list of persons shall be carried out in the manner prescribed by the Cabinet of Ministers of Ukraine. The grounds for removal of a legal entity, individual or organisation from the specified list shall be:

1) court decision to remove individuals, legal entities and organisations that no more meet the criteria set out in UN Security Council resolutions from the specified list;

2) removal of data on a person or organisation from the information generated by international organisations or their authorised bodies, on organisations, legal entities and individuals related to terrorist organisations or terrorists, and on the persons subject to international sanctions.

4. Consideration of requests for removal from the list of persons shall be carried out in the manner and within the time limits established by the Cabinet of Ministers of Ukraine.

**Section V**  
**TASKS, FUNCTIONS AND RIGHTS OF THE SPECIALLY**  
**AUTHORISED BODY**

**Article 25.** Tasks and Functions of a Specially Authorised Body

1. The tasks of the specially authorised body are as follows:

1) collecting, processing and analysing (operational and strategic) information on financial transactions subject to financial monitoring, other financial transactions or information that may be related to the suspicion of legalisation (laundering) of criminal proceeds, terrorist financing or financing of proliferation of weapons of mass destruction.

The principles of processing the information received from the reporting entities on financial transactions subject to financial monitoring and the criteria for analysing such transactions are established by the central executive body that ensures the formation and implementation of state policy on prevention and counteraction to legalisation (laundering) of criminal proceeds, obtained by criminal means, terrorist financing and financing of proliferation of weapons of mass destruction;

2) ensuring the implementation of state policy in the field of prevention and counteraction;

3) ensuring the functioning and development of the unified information system in the field of prevention and counteraction;

4) establishing cooperation, interaction and information exchange with state bodies, the National Bank of Ukraine, competent bodies of foreign states and international organisations in the field of prevention and counteraction;

5) conducting a national risk assessment;

6) ensuring the representation of Ukraine in the prescribed manner in international organisations for prevention and counteraction.

2. Pursuant to the tasks assigned, the specially authorised body the tasks assigned shall:

1) makes proposals for the development of legislative acts, participates in the prescribed manner in the preparation of other regulations on prevention and counteraction;

2) submits requests to officials, state bodies (except for the National Bank of Ukraine), including law enforcement agencies, prosecutors and courts, local governments, state executive service bodies, private executors, enterprises, institutions, organisations for obtaining information according to the law (including copies of documents) required to perform the tasks assigned;

3) cooperates with executive authorities, the National Bank of Ukraine, other state bodies included in the system of prevention and counteraction;

4) if there are sufficient grounds to believe that a financial transaction or a set of related financial transactions may be connected with the legalisation (laundering) of criminal proceeds, terrorist financing or financing of proliferation of weapons of mass destruction, submits to law enforcement and intelligence agencies the appropriate generalised materials (additional generalised materials) and receives from them information on the course of their consideration;

5) if there are sufficient grounds to believe that the financial transaction or client is connected with the commission of a criminal offense not related to legalisation (laundering) of criminal proceeds or terrorist financing, submits information to the appropriate law enforcement or intelligence agency of Ukraine as generalised materials or additional generalised materials;

6) participates in international cooperation on prevention and counteraction;

7) analyses methods and financial schemes for legalisation (laundering) of criminal proceeds, terrorist financing or financing of proliferation of weapons of mass destruction;

8) annually summarises information on prevention and counteraction in the state;

9) approves drafts of regulatory legal acts of state financial monitoring entities on issues of prevention and counteraction;

10) receives from the reporting entities information on tracking (monitoring) of financial transactions of clients that have become the object of financial monitoring;

11) carries out typological research in the field of combating legalisation (laundering) of criminal proceeds, terrorist financing or financing of proliferation of weapons of mass destruction;

12) requires from the reporting entities compliance with the requirements of the legislation in the field of prevention and counteraction and in case of violations of the legislation takes measures provided by law, and notifies the appropriate state financial monitoring entities, which according to this Law perform state regulation and supervision of the reporting entities;

13) ensures the implementation of state policy in the field of prevention and counteraction and ensures the coordination of activities of state bodies in this field;

14) ensures, according to the procedure established by the Cabinet of Ministers of Ukraine, organisation and coordination of work on retraining and advanced training of specialists of public authorities on financial monitoring and responsible employees of reporting entities, and employees involved in primary financial monitoring, to prevent and counteract on the basis of the appropriate educational institution — academy, which refers to the sphere of management of the specially authorised body;

15) provides information to the state financial monitoring entities to increase the effectiveness of supervision in the field of prevention and counteraction.

The scope and procedure for providing the information specified in paragraph one of this clause shall be determined by the central executive body that ensures the formation and implementation of state policy in prevention and counteraction to legalisation (laundering) of proceeds from crime, terrorist financing and financing of proliferation of weapons of mass destruction, in agreement with the National Bank of Ukraine (for the reporting entities, state regulation and supervision of which according to Article 18 of this Law is carried out by the National Bank of Ukraine), and joint regulations of the central executive body, which ensures the formation and implementation of state policy in the field of prevention and counteraction to legalisation (laundering) of criminal proceeds, terrorist financing and financing of

proliferation of weapons of mass destruction, with other state financial monitoring entities (in relation to other reporting entities);

16) notifies the reporting entity after receiving information from courts or law enforcement agencies authorised to make decisions according to the Code of Criminal Procedure of Ukraine, on delivery to the person of the written notice on suspicion of commission of a criminal offense, on closing of criminal proceedings which are begun upon the notification of such entity which has arrived to the specially authorised body according to requirements of Articles 8, 14, 15, 16, 23 of this Law, and provides it with information on court decisions on such criminal proceedings with simultaneous notification to the appropriate state financial monitoring entity. The procedure for notifying and informing the reporting entity and the state financial monitoring entity shall be established by the central executive body that ensures the formation and implementation of state policy in the field of prevention and counteraction to legalisation (laundering) of criminal proceeds, terrorist financing and financing of proliferation of weapons of mass destruction;

17) participates on behalf of the Cabinet of Ministers of Ukraine in the preparation of the appropriate international treaties of Ukraine;

18) performs other functions arising from the tasks assigned and exercises powers according to the law.

3. The specially authorised body within the framework of this Law shall ensure record keeping of:

1) information on financial transactions that have been the object of financial monitoring;

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

3) information on the results of the pre-trial investigation and court decisions in criminal proceedings in which the provided generalised materials were used (are used), and on the number of persons who committed or are suspected of committing criminal offenses, as well as those convicted of criminal offenses;

4) information on confiscated assets and assets seized in criminal proceedings in which the provided generalised materials were used (are used), and on the number of persons in respect of whom the court decided to confiscate assets and whose assets were seized;

5) sent and executed international requests for cooperation in the field of prevention and counteraction;

6) reporting entities.

4. The specially authorised body shall ensure the storage of information, materials, documents obtained or created within the framework of this Law for at least five years after receiving information about the financial transaction, refusal to carry out the financial transaction or decision-making by law enforcement agencies or courts during the consideration of which the generalised materials were used.

5. The specially authorised body according to the procedure, established by the Cabinet of Ministers of Ukraine, provides deregistration/renewal of the reporting entities at their request in case of termination/resumption of the appropriate activities

or deregistration of the reporting entities at the request of the state financial monitoring entities, which according to this Law perform the functions of state regulation and supervision over the reporting entities, either on the basis of information of the appropriate state registration bodies on cancellation of state registration (for legal entities and individual entrepreneurs), or in case of state registration of death (for individuals).

6. The specially authorised body is independent in making decisions on the analysis of information on financial transactions subject to financial monitoring, other financial transactions or information that may be related to the suspicion of legalisation (laundering) of criminal proceeds, terrorist financing or financing of proliferation of weapons of mass destruction, sending inquiries and/or transmitting information to law enforcement and intelligence agencies.

#### **Article 26. Political Independence of a Specially Authorised Body**

1. The head of the specially authorised body is appointed to the position based on the results of the competition and is dismissed in the manner prescribed by law.

2. The use of the specially authorised body in party, group or personal interests is not permitted.

3. For the period of service or work under an employment contract, the membership of officials and persons in charge of the specially authorised body in parties, movements and other public associations with political goals shall be suspended.

The head of the specially authorised body may not be a member of a political party, movement or other public association with political goals.

4. Membership of employees who have concluded an employment contract with the specially authorised body in trade unions and other public associations that do not have political goals is not prohibited.

#### **Article 27. Rights of a Specially Authorised Body**

1. The specially authorised body has the right to:

1) engage specialists of central and local executive bodies, enterprises, institutions and organisations in the consideration of issues within its competence (with the approval of their heads);

2) receive the information (certificates, copies of documents), including information with limited access required to perform the tasks assigned free of charge in the manner prescribed by law from state bodies, law enforcement agencies, courts, the National Bank of Ukraine, local self-government bodies, business entities, enterprises, institutions and organisations;

3) receive the information on tracking (monitoring) of financial transactions that may be related to legalisation (laundering) of criminal proceeds, terrorist financing or financing of proliferation of weapons of mass destruction from the reporting entity, if necessary, based on the results of the analysis;

4) receive the information on death of individuals from the central executive body, which implements the state policy in the field of state registration of civil status, in the manner prescribed by the central executive body, which ensures the formation and implementation of state policy in the field of prevention and counteraction to legalisation (laundering) of criminal proceeds, terrorist financing

and financing of proliferation of weapons of mass destruction, and the Ministry of Justice of Ukraine;

5) carry out, according to the procedure established by law, access, including automated one, to information and reference systems, registers and data banks of public authorities (except for the National Bank of Ukraine) and other state information resources;

6) receive additional information from the reporting entities upon request;

7) develop and submit for consideration of the central executive body that ensures formation and implementation of state policy in the field of prevention and counteraction to legalisation (laundering) of criminal proceeds, terrorist financing and financing of proliferation of weapons of mass destruction, the draft regulations necessary for fulfillment of tasks and functions stipulated in Article 25 of this Law;

8) receive from law enforcement and intelligence bodies of Ukraine, to which the generalised materials (additional generalised materials) have been submitted according to this Law, information on the course of processing and taking the appropriate measures on the basis of the received materials in the manner prescribed by law;

9) conclude international treaties of interdepartmental nature with the appropriate bodies of other states on cooperation in the field of prevention and counteraction in the manner prescribed by law;

10) make in the cases provided by this Law, the decisions on suspension (further suspension, continuation of suspension) of financial transactions for the term established by this Law;

11) participate in coordination with the appropriate state financial monitoring entities, which according to this Law perform the functions of state regulation and supervision over the reporting entities, in preparation and/or conduct of inspections of the reporting entities (except for inspections of the reporting entities carried out by the National Bank of Ukraine) on compliance with the legislation in the field of prevention and counteraction;

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

13) provide data to the state financial monitoring entities according to the legislation within the limits specified in part three of Article 25 of this Law.

## **Section VI**

### **NATIONAL RISK ASSESSMENT**

#### **Article 28. National Risk Assessment**

1. The specially authorised body, other state bodies carrying out activities in the field of prevention and counteraction, with the involvement of other entities (if necessary) shall participate in the national risk assessment.

2. The national risk assessment shall be carried out systematically, but at least once every three years.

The specially authorised body shall be responsible for conducting the national risk assessment.

3. The national risk assessment shall be carried out taking into account, in particular, the requirements of the recommendations and documents of the Financial Action Task Force (FATF), the provisions of reports and recommendations on risk assessment of money laundering or terrorist financing of the European Commission and other international reviews, reports and recommendations on issues related to the national risk assessment.

4. Collection, processing and analysis of information on the results of activity of financial monitoring entities, other government agencies involved in the system of prevention and counteraction, approval and publication of the results of national risk assessment and implementation of measures based on its results shall be carried out according to the procedure established by the Cabinet of Ministers of Ukraine together with the National Bank of Ukraine.

**Article 29. Sources of Information Required for the National Risk Assessment**

1. Sources of information required for the national risk assessment shall be, in particular, comprehensive administrative reporting in the field of prevention and counteraction, analytical reviews and references of participants in the national risk assessment, answers of participants in the national risk assessment to the questionnaires of the specially authorised body, results of selective analysis of court decisions in criminal cases, results of scientific research, public opinion polls, and European Commission reports identifying, analysing and assessing the risks of legalisation (laundering) of criminal proceeds and/or terrorist financing at European Union level and the European Commission's recommendations on measures to be taken to eliminate certain risks.

**Section VII**

**INTERNATIONAL COOPERATION IN THE FIELD OF  
PREVENTION AND COUNTERACTION**

**Article 30. General Principles of International Cooperation in the Field of Prevention and Counteraction**

1. International cooperation in the field of prevention and counteraction shall be carried out on the principle of reciprocity according to this Law, international treaties of Ukraine, the binding nature of which has been approved by the Verkhovna Rada of Ukraine, other regulatory legal acts.

**Article 31. Powers of State Bodies to Ensure International Cooperation in the Field of Prevention and Counteraction and Procedure for their Implementation**

1. The specially authorised body according to the international treaties of Ukraine on the principle of reciprocity or on its own initiative shall carry out international cooperation with the appropriate bodies of foreign states in terms of exchange of experience and information on prevention and counteraction.

2. Provision of restricted information to the specially authorised body of a foreign state by the specially authorised body shall be carried out according to the procedure established by law and assuming that the foreign state body provides such information with the level of protection at least equal to that used in Ukraine. Such information may be provided by the specially authorised body to the appropriate body of a foreign state exclusively for use in operational analysis in cases on legalisation (laundering) of criminal proceeds, terrorist financing or financing of

proliferation of weapons of mass destruction or in cases involving the commission of a socially dangerous act as a result of which the criminal income was received.

If the specially authorised body receives a request from the appropriate body of a foreign state for the transfer of information containing the secret of financial monitoring, law enforcement agencies of a foreign state shall be provided with such information only for investigation in cases on legalisation (laundering) of criminal proceeds, terrorist financing or financing of proliferation of weapons of mass destruction or in cases involving the commission of a socially dangerous act as a result of which the criminal income was received. Nonetheless such information may not be provided by the specially authorised body to the appropriate body of a foreign state for use as evidence or for joining the materials of criminal proceedings.

Provision of information received from the law enforcement body of Ukraine by the specially authorised body to the appropriate body of a foreign state shall be carried out only with the prior permission of such law enforcement body.

3. Receipt by the specially authorised body of a request of the appropriate body of a foreign state shall be the basis for requesting additional information necessary for the execution of the request from public authorities, enterprises, institutions, organisations and reporting entities. The request of the specially authorised body to provide the information necessary to fulfill the request of the appropriate body of a foreign state must contain a reference to the number and day of registration of such request in the appropriate register of the specially authorised body.

Refusal to comply with a request for international cooperation in the field of prevention and counteraction or postponement of its implementation shall be carried out only on the basis of international agreements to which Ukraine is a party.

To fulfill the appropriate request of the authorised body of a foreign state, the specially authorised body has the right to instruct the reporting entity to suspend or resume or monitor the financial transaction (transactions) of the relevant person within the period established by such request.

4. The Security Service of Ukraine with the participation of the Ministry of Foreign Affairs of Ukraine shall carry out international cooperation in submitting proposals to the UN Security Council committees and foreign states regarding adding (removal) of individuals or legal entities and organisations to/from the appropriate sanctions lists and consideration of foreign states' requests for adding (removal) to/from (j) List of persons.

When submitting proposals to the UN Security Council committees regarding adding of individuals, legal entities and organisations to the appropriate sanctions lists, the Security Service of Ukraine and the Ministry of Foreign Affairs of Ukraine shall:

adhere to the procedures and standard forms of adding of persons to the appropriate lists established by the relevant committees of the UN Security Council;

provide, as far as possible, complete information on the person or organisation proposed for adding, namely the information sufficient to identify individuals, organisations and legal entities and, where possible, the information required by the International Criminal Police organisation — Interpol to issue a special notification;



set out in detail, as far as possible, the facts of the case and the reasons for adding to the list and provide such information on request, except for information with limited access, which cannot be provided to the relevant committee;

indicate whether the status of Ukraine as a country that has submitted proposals for adding to the appropriate sanctions lists may be made public by the relevant committees.

When submitting proposals to foreign states regarding adding of individuals, legal entities and organisations to the appropriate sanctions lists, the Security Service of Ukraine and the Ministry of Foreign Affairs of Ukraine shall provide as detailed information as possible on such persons or organisations, including information necessary to identify individuals and information confirming that individuals, legal entities and organisations meet the criteria set out in the UN Security Council resolutions for adding to the appropriate lists.

When submitting proposals to the UN Security Council committees regarding the removal of individuals, legal entities and organisations from the appropriate sanctions lists, the Security Service of Ukraine and the Ministry of Foreign Affairs of Ukraine shall follow the procedures established by the relevant UN Security Council committees.

The Ministry of Foreign Affairs of Ukraine shall develop the procedures for submitting a request for removal of persons and organisations included in the appropriate sanctions lists of the UN Security Council, and publishes them on its official website.

5. The Ministry of Foreign Affairs of Ukraine cooperates internationally in applying to the UN Security Council committees for permission to access assets (notification of intent to grant access to assets) related to terrorism and its financing, proliferation of weapons of mass destruction and its financing.

6. Ensuring international cooperation in the field of prevention and counteraction shall also be vested with:

the Ministry of Justice of Ukraine — regarding execution of court decisions concerning the confiscation of criminal proceeds;

the Prosecutor General's Office of Ukraine, the National Anti-Corruption Bureau of Ukraine — regarding taking procedural actions within the framework of criminal proceedings on legalisation (laundering) of criminal proceeds, or terrorist financing or financing of proliferation of weapons of mass destruction.

7. Proceeds obtained by criminal means confiscated in connection with a court sentence (decision) in a case of legalisation (laundering) of criminal proceeds or terrorist financing or financing of proliferation of weapons of mass destruction and subject to return to Ukraine or a foreign state shall be sent according to the international treaty of Ukraine with such a state on the distribution of confiscated assets or income from the placement of such assets. Money received by Ukraine under such international treaty shall be credited to the state budget, unless otherwise provided by law.

8. The specially authorised body, state financial monitoring entities, other bodies of state power and law enforcement agencies shall carry out international cooperation with the appropriate bodies of foreign states on issues of prevention and

counteraction according to international treaties of Ukraine or on its own initiative with observance of confidentiality requirements.

The specially authorised body, the state financial monitoring entities, other bodies of state power and law enforcement agencies shall carry out prioritization of the international cooperation taking into account results of the National risks assessment.

Information received by the specially authorised body from the appropriate authority of a foreign state shall be a secret of financial monitoring and may be used only for the purposes for which such information was requested, subject to the restrictions specified in part twelve of Article 16 of this Law, and in compliance with the conditions and restrictions specified by the relevant body of a foreign state regarding its use, publication, further transfer, disclosure of the source of its receipt, etc. This information may be transmitted by the specially authorised body for purposes other than those for which such information was requested, subject to the prior permission of the relevant authority of a foreign state.

Restrictions on the use of information received by the specially authorised body from the relevant authority of a foreign state shall also apply to the persons who have become aware of such information in connection with their professional or official activities

The persons guilty of violating restrictions on the use of information received by the specially authorised body from the relevant body of a foreign state shall be criminally liable for disclosing the secret of financial monitoring.

The state financial monitoring entities and other public authorities shall ensure the permission of a foreign state authority to disclose restricted information provided by such authority of a foreign state, except in cases where the state financial monitoring entity or other public authority according to the legislation of Ukraine is obliged to transfer the received information to the third parties. In such cases, the state financial monitoring entity or another body of state power shall inform the relevant body of a foreign state about such obligation.

9. The specially authorised body and other state financial monitoring entities within their powers shall ensure cooperation with the international, intergovernmental organisations involved in the fight against legalisation (laundering) of criminal proceeds, or terrorist financing or financing of proliferation of weapon of mass destruction, including together with the Anti-Money Laundering Financial Action Task Force (FATF), the Council of Europe's Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL), the European Union, the World Bank, the International Monetary Fund, the Egmont Group of Financial Intelligence Units, and the United Nations organisation.

10. In Ukraine, pursuant to the international treaties of Ukraine approved by the Verkhovna Rada of Ukraine and the laws of Ukraine, judgments (decisions) of courts, decisions of other competent bodies of foreign states that have entered into force in respect of persons with criminal income and confiscation of criminal proceeds or equivalent property and located in the territory of Ukraine shall be recognised.

Confiscated proceeds of crime or equivalent property on the basis of the relevant international treaty of Ukraine may be transferred in whole or in part to a foreign state, the court or other competent authority of which issued a sentence (decision) on confiscation.

11. Decision on extradition to a foreign state of persons, except citizens of Ukraine and stateless persons permanently residing in Ukraine, who have been found guilty on the basis of a court sentence (decision) of committing criminal offenses related to legalisation (laundering) of criminal proceeds or terrorist financing or financing of proliferation of weapons of mass destruction, shall be accepted pursuant to the international treaties of Ukraine.

If Ukraine does not have the appropriate international treaty with a foreign state that requests the extradition of persons designated in paragraph one of this part, the said persons may be issued for criminal offenses related to the legalisation (laundering) of criminal proceeds or terrorist financing or financing of proliferation of weapons of mass destruction, provided that the principle of reciprocity is observed.

### **Section VIII**

#### **RESPONSIBILITY FOR VIOLATION OF STATUTORY REQUIREMENTS IN THE FIELD OF PREVENTION AND COUNTERACTION, RESTORATION OF RIGHTS AND LEGAL INTERESTS OF OWNERS**

**Article 32.** Responsibility for Violation of Statutory Requirements in the Field of Prevention and Counteraction

1. The persons guilty of violating the statutory requirements in the field of prevention and counteraction, including failure to ensure proper organisation and/or primary financial monitoring, and involvement in the legalisation (laundering) of criminal proceeds, terrorist financing and financing of proliferation of weapons of mass destruction or assisting others in committing such acts, or who have financed terrorism or proliferation of weapons of mass destruction, shall be liable according to the law.

2. The legal entities (except banks) that carried out financial transactions on legalisation (laundering) of criminal proceeds, or financed terrorism or proliferation of weapons of mass destruction may be liquidated by a court decision.

The banks that carried out financial transactions on legalisation (laundering) of criminal proceeds, or financed terrorism or proliferation of weapons of mass destruction may be liquidated by the decision of the National Bank of Ukraine by revoking the banking license (at the initiative of the National Bank of Ukraine).

3. In case of non-fulfillment (improper fulfillment) by the reporting entity (its authorised (official) person) of the statutory requirements in the field of prevention and counteraction, the following measures of influence shall be applied to it adequately to committed violation within six months from the date of detection of the violation, but not later than three years from the date of its commission:

- 1) a written warning;

2) revocation of the license and/or other documents granting the right to carry out the activity with which the person has the status of the reporting entity, in the manner prescribed by law;

3) imposing on the reporting entity the obligation to remove from office an official of such reporting entity;

4) fine;

5) concluding a written agreement with the reporting entity, according to which the reporting entity undertakes to pay a certain monetary obligation and take measures to eliminate and/or prevent further violations of legislation in the field of prevention and counteraction, to ensure improving the efficiency and/or adequacy of the risk management system, etc. (hereinafter — the agreement on the settlement of the consequences of violations of legislation in the field of prevention and counteraction).

No more than one measure of influence may be applied for one violation.

The day of detection of a violation shall be the date of drawing up the document, in which the violation detected during supervision is recorded, by the state financial monitoring entity, which according to this Law carries out state regulation and supervision of the reporting entity.

4. The measures of influence stipulated in part three of this Article shall be applied to the reporting entities by the state financial monitoring entities, which pursuant to this Law perform the functions of state regulation and supervision over the reporting entities, in the manner prescribed by the appropriate state financial monitoring entity taking into account the requirements stipulated in this Law.

5. The following amounts of fines may be imposed on the reporting entity:

1) for violation of the requirements for proper due diligence, requirements for identifying the affiliation of clients and other persons to politically significant persons, members of their families, persons related to them, in cases provided by law — in the amount of up to 12 thousand tax-exempt minimum income of citizens;

2) for violation of the requirements for refusal to establish (maintain) business relations, conducting a financial transaction — in the amount of up to 20 thousand tax-exempt minimum income of citizens;

3) for violation of the requirements for the implementation of payment transactions provided for in Article 14 of this Law - in the amount of up to 10,000 tax-exempt minimum incomes of citizens;

*{Clause 3, part five of Article 32 as amended by the Law No. 1591-IX of 30 June 2021 – comes into force on 1 August, 2022}*

4) for violation of the procedure for freezing/unfreezing of assets connected with terrorism and its financing, proliferation of weapons of mass destruction and its financing, and suspension of financial transactions — in the amount of up to 100 thousand tax-exempt minimum income of citizens;

5) for violation of the procedure for creation (keeping) and storage of documents, including electronic, records, data, information in the cases stipulated in this Law, including in case of their loss or destruction — in the amount of up to 12 thousand tax-exempt minimum income of citizens;

6) for non-submission, late submission, violation of the procedure for submission or submission of unreliable information to the specially authorised body in cases provided by law — in the amount of up to 20 thousand tax-exempt minimum income of citizens;

7) for obstruction to the state financial monitoring entity in its supervision in the field of prevention and counteraction, including for non-admission to the inspection on compliance with the requirements of the legislation in the field of prevention and counteraction, creation of obstacles in its conducting and/or non-submission, submission of incomplete, submission of unreliable information/documents, submission of copies of documents in which it is impossible to read all the information specified, at the request of the state financial monitoring entity necessary for its supervision in the field of prevention and counteraction according to this Law — in the amount of up to 20 thousand tax-exempt minimum income of citizens;

8) for non-fulfillment of terms of the agreement on settlement of the consequences of violation of the legislation in the field of prevention and counteraction — in the amount not exceeding the amount of the monetary obligation under such agreement;

9) for non-compliance with the requirements to eliminate the identified violations and/or take measures to eliminate the reasons that contributed to their commission, and failure to take measures to eliminate identified deficiencies in the organisation and conduct of primary financial monitoring — in the amount of up to 100 thousand tax-exempt minimum income of citizens;

10) for non-detection, late detection of financial transactions subject to financial monitoring, and violation of the procedure for their registration — in the amount of up to 20 thousand tax-exempt minimum income of citizens;

11) for violation of restrictions on the exchange of information set by law in the field of prevention and counteraction — in the amount of up to 12 thousand tax-exempt minimum income of citizens;

12) for failure to protect employees who notified the head and/or responsible employee of the reporting entity or the state financial monitoring entity of violations of the legislation in the field of prevention and counteraction — in the amount of up to 12 thousand tax-exempt minimum income of citizens;

13) for failure to ensure proper organisation and conduct of primary financial monitoring, lack of proper risk management system, repeated non-compliance with the requirements of public financial monitoring to eliminate identified violations and/or take measures to eliminate the grounds that contributed to their commission — in the amount of up to 10 percent of total annual turnover, but not more than 7,950 thousand of tax-exempt minimum income of citizens;

14) for violation of other requirements of the legislation in the field of prevention and counteraction — in the amount of up to 3 thousand of tax-exempt minimum income of citizens.

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

In this case, the maximum amount of fine that can be applied to the reporting entity can not exceed:

1) for reporting entities, which are financial institutions, — 10 percent of the total annual turnover, but not more than 7,950 thousand of tax-exempt minimum income of citizens;

2) for other reporting entities— twice the amount of benefit received by the reporting entity as a result of the violation, and if the amount of such benefit cannot be determined — 1,590 thousand of tax-exempt minimum income of citizens.

7. In determining the measure of influence and/or the amount of fine, the state financial monitoring entities take into account the circumstances of the violation, including:

1) nature and duration of the violation;

2) financial condition of the reporting entity;

3) benefit received by the reporting entity as a result of the violation, if the amount of such benefit can be determined;

4) losses of third parties caused by the violation, if the amount of such damages can be determined;

5) repeated commission of a homogeneous offense for which the reporting entity has been subject to measures of influence during the last three years;

6) degree of responsibility;

7) cooperation of the reporting entity with state bodies included in the system of prevention and counteraction.

8. Prior to the decision (resolution) on the application of measure of influence to the reporting entity in the form of concluding an agreement on settling the consequences of violations of legislation in the field of prevention and counteraction, the state financial monitoring entity and the reporting entities agree on measures to eliminate and/or prevent further violations of the legislation in the field of prevention and counteraction, improving the efficiency and/or adequacy of the risk management system, the terms of such measures, and the amount of monetary obligation that such reporting entity undertakes to pay within the framework of such agreement.

In case of non-agreement by the state financial monitoring entity and the reporting entity of the terms of the agreement on settlement of the consequences of violation of the legislation in the field of prevention and counteraction, the state financial monitoring entity shall apply another measure of influence.

The text of the agreement on settlement of the consequences of violation of the legislation in the field of prevention and counteraction shall indicate the amount of the monetary obligation calculated according to the requirements of this Article.

In case of violation by the primary financial monitoring of the terms of the agreement on settlement of the consequences of violation of the legislation in the field of prevention and counteraction the state financial monitoring entity has the right to apply a measure of influence for non-compliance with the terms of the agreement on settlement of the consequences of violation of the legislation in the field of prevention and counteraction stipulated in this article.

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

In case of violation by banks, branches of foreign banks of the requirements of the legislation in the field of prevention and counteraction, the National Bank of Ukraine in proportion to the committed violation has the right to apply to them measures of influence accordingly, according to the procedure and within the terms determined in the Law of Ukraine "On Banks and Banking" and regulations of the National Bank of Ukraine.

10. The decision (resolution) of the state financial monitoring entity (its authorised official) on application to the reporting entity of the measures of influence provided by this Article, shall come into force from the working day following the day of approval of such decision (resolution).

Information on the application of measures of influence to the reporting entity (indicating the name of the reporting entity, information on applied measures of influence, including the amount of fine, and general information on violations of the law), appeals against these measures of influence and the relevant court decision, which has entered into force, shall be published on the official website of the appropriate state financial monitoring entity in the manner prescribed by it and shall remain available for review for at least five years from the date of publication.

The following information shall not be disclosed:

- 1) personal data of dismissed officials;
- 2) measures of influence applied, if such disclosure may have a negative impact, harm and/or threaten the stability of the financial system or may affect the pre-trial investigation and/or court proceedings (except for information summarised by such reporting entities without indicating their names).

The decision (resolution) of the state financial monitoring entity on the application to the reporting entity of the measures of influence stipulated in this Article may be appealed in court according to the legislation within one month from the date of its entry into force.

If within a month from the date of entry into force of the decision (resolution) of the state financial monitoring entity on application to the reporting entity of measures of influence in the form of a fine the reporting entity did not notify the state financial monitoring entity of voluntary execution of such decision (resolution), and such decision (resolution) was not appealed in court, it acquires the status of an enforcement document, is subject to execution pursuant to the requirements of the Law of Ukraine "On Enforcement Proceedings" and is transferred to the bodies of the State Enforcement Service for enforcement according to the legislation.

If the decision (resolution) of the state financial monitoring entity on application to the reporting entity of measures of influence in the form of a fine within one month from the date of its entry into force is appealed in court, and the administrative court initiated proceedings in the case on appeal against the said decision, such decision acquires the status of an enforcement document from the date of entry into force of the appropriate court decision in such case taking into account the terms stipulated in the Law of Ukraine "On Enforcement Proceedings".

11. The fines stipulated in this Law shall be credited to the state budget.

**Article 33. Failure to Submit Information to the Specially Authorised Body**

1. Failure to submit information to the specially authorised body means:

1) failure of the reporting entity to provide information in the cases stipulated in the legislation in the field of prevention and counteraction, which led to the absence of a duly executed and submitted notification by the specified entity with the specially authorised body;

2) failure of the reporting entity to provide information on financial transactions subject to financial monitoring, or additional information after receipt from the specially authorised body of the notification with non-zero error codes for individual financial transactions, or in general regarding the notification provided by such entity about the financial transaction subject to financial monitoring, or an error during processing of other information, which led to the absence of a duly executed and submitted notification by the specified entity with the specially authorised body;

3) submission by the reporting entity of an improperly executed notification after receipt from the specially authorised body of the notification with non-zero error codes for individual financial transactions, or in general regarding the notification provided by such entity about the financial transaction subject to financial monitoring, or an error during processing of other information, which led to the absence of a duly executed and submitted notification by the specified entity with the specially authorised body

4) failure of an enterprise, institution, organisation that is not a reporting entity, liquidator (except for the Individual Deposit Guarantee Fund), an authorised person of the Individual Deposit Guarantee Fund or a government agency of information in cases provided by legislation in the field of prevention and counteraction.

**Article 34. Late Submission of Information to a Specially Authorised Body**

1. Late submission of information to the specially authorised body means:

1) submission by the reporting entity of information in violation of the terms provided by the legislation in the field of prevention and counteraction;

2) submission by the reporting entity of a duly executed notification in violation of the terms provided by this Law, after receipt from the specially authorised body of the notification with non-zero error codes for individual financial transactions, or in general regarding the notification of a financial transaction subject to financial monitoring provided by such entity, or an error in processing other information;

3) submission by the reporting entity of a duly executed notification after successive receipt from the specially authorised body of three or more notifications with non-zero error codes for individual financial transactions, or in general regarding the notification of a financial transaction subject to financial monitoring provided by such entity, or on an error in the processing of other information, unless such information is submitted to the specially authorised body without violation of the terms established by the legislation in the field of prevention and counteraction;

4) submission by an enterprise, institution, organisation that is not a reporting entity, liquidator (except for the Individual Deposit Guarantee Fund), an authorised person of the Individual Deposit Guarantee Fund or a government agency of information in violation of the terms provided by the legislation in the field of prevention and counteraction.



**Article 35. Restoration of Rights and Legitimate Interests**

1. According to the court decision, the proceeds of crime are subject to confiscation to the state revenue or shall be returned to their owner, whose rights or legitimate interests are violated, or their market value shall be reimbursed.

2. Deeds aimed at legalisation (laundering) of criminal proceeds, or terrorist financing, or financing of proliferation of weapons of mass destruction, shall be declared invalid in the manner prescribed by law.

3. The subjects of financial monitoring, their officials and other employees, liquidator (except for the Individual Deposit Guarantee Fund), the authorised person of the Individual Deposit Guarantee Fund shall not bear responsibility for damage caused to legal entities and individuals in connection with fulfillment of their duties during financial monitoring, if they acted within the tasks, responsibilities and in the manner prescribed by this Law.

4. Damage caused to a legal entity or an individual by illegal actions of state bodies as a result of state financial monitoring shall be reimbursed from the state budget according to the procedure established by law.

**Section IX**

**CONTROL AND SUPERVISION OVER COMPLIANCE WITH  
LEGISLATION IN THE FIELD OF PREVENTION AND  
COUNTERACTION**

**Article 36. Control over Compliance with Legislation in the Field of Prevention and Counteraction**

1. Control over compliance with legislation in the field of prevention and counteraction shall be carried out by public authorities within their powers and in the manner prescribed by the Constitution and laws of Ukraine.

2. Until 31 March of the year following the reporting year, the specially authorised body shall submit to the Verkhovna Rada of Ukraine a report as per standard form on the status of prevention and counteraction to legalisation (laundering) of criminal proceeds, terrorist financing and financing of proliferation of weapons of mass destruction for the previous year.

**Section X**

**FINAL AND TRANSITIONAL PROVISIONS**

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

2. To recognise as invalid the Law of Ukraine "On Prevention and Counteraction to Legalisation (Laundering) of Criminal Proceeds, Terrorist Financing and Financing of Proliferation of Weapons of Mass Destruction" (The Official Bulletin of the Verkhovna Rada of Ukraine, 2014, No. 50—51, Article 2057, as amended).

3. The amount of fine for violation by the reporting entity of the legislation in the field of prevention and counteraction committed by such reporting entity before the entry into force of this Law shall be determined based on the fine for the relevant violation established by law on the date of its commission.

4. Legal entities registered before the entry into force of this Law shall submit to the state registrar information on the ultimate beneficial owner in the amount specified by this Law and the ownership structure within one year from the date of entry into force of the regulatory act approving the form and content of ownership structure.

*{Clause 4 of Section X as amended by the Law No. 1805-IX of 8 October 2021}*

5. Temporarily, until the entry into force of the Law of Ukraine "On Amendments to Certain Legislative Acts of Ukraine on Improving the Functions of State Regulation of Financial Services Markets" of 12 September 2019, No. 79-IX, the National Commission for State Regulation of Financial Services Markets shall be the state financial monitoring entity and carry out state regulation and supervision in the field of prevention and counteraction regarding payment organisations, payment systems and participants or members of payment systems (in terms of providing financial services, except for money transfer services), insurers (reinsurers), insurance (reinsurance) brokers, pawnshops and other financial institutions, as well as legal entities that provide financial services according to the legislation (except for financial institutions and other legal entities regarding which state regulation and supervision in the field of prevention and counteraction is carried out by other state financial monitoring entities).

6. The following legislative acts of Ukraine shall be amended:

1) in the Code of Ukraine on Administrative Offences (The Official Bulletin of the Verkhovna Rada of the Ukrainian SSR, 1984, Annex to No. 51, Article 1122):

a) in Article 166<sup>9</sup>:

clause 1 shall be amended to read as follows:

"Violation of the requirements for proper due diligence, requirements for identifying the affiliation of clients and other persons specified by law to politically significant persons, members of their families, persons related to politically significant figures; failure to submit, late submission, violation of the procedure for submission or submission to the central executive body implementing the state policy in the field of prevention and counteraction to legalisation (laundering) of criminal proceeds, terrorist financing and financing of proliferation of weapons of mass destruction, unreliable information in cases provided by legislation; violation of the requirements for the creation (keeping) and storage of documents (including electronic ones), records, data, information; violation of the requirements for accompanying transfers with information about the initiator and recipient of the transfer; violation of the requirements for refusal to establish (maintain) business relations (conduct of a financial transaction); violation of the procedure for suspension of financial transaction (transactions), and the procedure for freezing or unfreezing of assets connected with terrorism and its financing, proliferation of weapons of mass destruction and its financing; violation of the requirements for detection and registration of financial transactions subject to financial monitoring,

entail the imposition of a fine on officials of the reporting entities, liquidators or an authorised person of the Individual Deposit Guarantee Fund from three hundred to two thousand of tax-exempt minimum income of citizens";

part 3 shall be deleted;

b) part six of Article 166<sup>11</sup> shall be restated as follows:

"Failure to submit or late submission to the state registrar of stipulated in the Law of Ukraine "On State registration of Legal Entities, Individual Entrepreneurs and Public Associations" information on the ultimate beneficial owner of a legal entity or its absence, or documents to confirm the information on the ultimate beneficial owner of a legal entity —

entail the imposition of a fine on the head of a legal entity or a person authorised to act on behalf of a legal entity (executive body), from one thousand to three thousand tax-exempt minimum income of citizens";

c) in Article 188<sup>34</sup>:

in paragraph one, the words "prevention and counteraction to legalisation (laundering) of criminal proceeds or terrorist financing" shall be replaced by the words "prevention and counteraction to legalisation (laundering) of criminal proceeds, terrorist financing and financing of proliferation of weapons of mass destruction";

in paragraph two, the words "citizens — business entities" shall be replaced by the words "citizens — business entities, self-employed persons, liquidators or an authorised person of the Individual Deposit Guarantee Fund";

to supplement with a note to read as follows:

"Note. The self-employed person means the person specified in subclause 14.1.226, clause 14.1 of Article 14 of the Tax Code of Ukraine";

d) in clause 1, part one of Article 255:

clause "state financial monitoring entities (Article 166<sup>9</sup>, part six of Article 166<sup>11</sup>, Article 188<sup>34</sup>)" shall be replaced to read as follows:

"state financial monitoring entities, which perform the functions of state regulation and supervision over the appropriate reporting entities(part one of Article 166<sup>9</sup>, Article 188<sup>34</sup>);

the central executive body that implements the state policy in the field of prevention and counteraction to legalisation (laundering) of criminal proceeds, terrorist financing and financing of proliferation of weapons of mass destruction (part two of Article 166<sup>9</sup>)";

paragraph "of the central executive body that implements the state policy in the field of state registration of legal entities, individual entrepreneurs and public associations (parts one, two, nine and ten of Article 166<sup>6</sup>, parts one— five of Article 166<sup>11</sup>)" shall be restated as follows:

"central executive body that implements the state policy in the field of state registration of legal entities, public associations that do not have the status of a legal entity, and individual entrepreneurs (parts one, two, nine and ten of Article 166<sup>6</sup>, Article 166<sup>11</sup>)";

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

a) in part two of Article 96<sup>2</sup>:

in the first sentence, the words and the figure "specified in clause 1, part one of this Article" shall be replaced by the words "specified in part one of this Article";

in the second sentence, the words and the figure "specified in clause 1, part one of this Article" shall be replaced by the words "specified in part one of this Article";

b) in part one of Article 96<sup>-3</sup>:

shall be supplemented with clause 5 to read as follows:

"5) commission by its authorised person on behalf of and in the interests of a legal entity of any of the crimes stipulated in Articles 255, 343, 345, 347, 348, 349, 376-379, 386 of this Code";

clause 2 of the note shall be stated to read as follows:

"2. Offences stipulated in Articles 109, 110, 113, 146, 147, parts two — four of Article 159<sup>-1</sup>, Articles 160, 209, 255, 260, 262, 306, 343, 345, 347, 348, 349, parts one and two of Article 368<sup>-3</sup>, parts one and two of Article 368<sup>-4</sup>, Articles 369, 369<sup>-2</sup>, 376-379, 386, 436, 437, 438, 442, 444, 447 of this Code are recognised as committed in the interests of a legal entity, if they led to its illegal benefit or created the conditions for such benefit, or were aimed at evading the liability provided by law";

c) in Article 96<sup>-4</sup>:

in paragraph one of part two the figures and the word "3 and 4" shall be replaced by figures "3—5";

shall be supplemented with part 3 to read as follows:

"3. In case of reorganisation of legal entities specified in parts one and two of this Article, measures of criminal law nature may be applied to their legal successors, to whom the property, rights and obligations connected with the commission of crimes referred to in clauses 1—5, part one of Article 96<sup>-3</sup> of this Code";

d) in part two of Article 96<sup>-7</sup>:

in paragraph four, the words "up to fifty thousand" shall be replaced by the words "up to seventy-five thousand";

in paragraph five, the words "from fifty to seventy-five thousand" shall be replaced by the words "from seventy-five to one hundred thousand";

e) part one of Article 96<sup>-9</sup> shall be stated to read as follows:

"1. Liquidation of a legal entity is applied by the court in case of commission by its authorised person of any of the crimes stipulated in Articles 109, 110, 113, 146, 147, 160, 209, 255, 258-258<sup>-5</sup>, 260, 262, 306, 436, 436<sup>-1</sup>, 437, 438, 442, 444, 447 of this Code";

f) in clause one of Article 198 the words "legalisation (laundering) of criminal proceeds" shall be replaced by the words "legalisation (laundering) of property obtained by criminal means";

g) in Article 205<sup>-1</sup>:

clause two, part one shall be amended to read as follows:

"shall be punished by the fine from five hundred thousand to eight hundred thousand of tax-free minimum income of citizens or an arrest for a term from three to six months, or imprisonment for a term of up to three years";

clause two, part two shall be amended to read as follows:

"shall be punished by the fine from eight to ten thousand of tax-exempt minimum income of citizens or imprisonment for a term of three to five years, with deprivation of the right to hold certain positions or engage in certain activities for up to three years or without such";

h) Article 209 shall be stated to read as follows:

**"Article 209.** Legalisation (laundering) of property proceeding from crime

1. Acquisition, possession, use, disposal of property in respect of which the factual circumstances confirm that they are proceeds of crime, including conducting financial operation, transaction with such property, or transfer, change of form (transformation) of such property, or actions aimed at concealing, hiding the origin of such property or possession, the right to such property, its sources of origin, location, where these actions were committed by a person who knew or should have known that such property directly or indirectly, wholly or partially proceeded from crimes

shall be punishable by imprisonment for a term of three to six years with deprivation of the right to hold certain positions or engage in certain activities for a term of up to two years, and forfeiture of property.

2. Any such actions as provided for by part 1 of this Article, where committed repeatedly or by a group of persons upon their prior conspiracy, or committed in respect of large amounts

shall be punishable by imprisonment for a term of five to eight years with deprivation of the right to hold certain positions or engage in certain activities for a term of up to three years, and forfeiture of property.

3. Any such actions as provided for by part 1 or 2 of this Article, where committed by an organised group or in respect of a particularly large amount

shall be punishable by imprisonment for a term of eight to twelve years with deprivation of the right to hold certain positions or engage in certain activities for a term of up to three years, and forfeiture of property.

Note.

1. Legalisation (laundering) of property derived from criminal proceeds shall be deemed committed in respect of large amounts, where the subject of the crime was property exceeding six thousand tax-free minimum incomes.

2. legalisation (laundering) of property obtained by criminal means is considered committed in a particularly large amount, if the subject of the crime was property in excess of eighteen thousand of tax-exempt minimum income of citizens";

i) in Article 209<sup>-1</sup>:

in the title, the words "on prevention and counteraction to legalisation (laundering) of criminal proceeds or terrorist financing" shall be replaced by the words "on prevention and counteraction to legalisation (laundering) of criminal proceeds, terrorist financing and financing of proliferation of weapons of mass destruction";

in part 1:

in clause one, the words "specially authorised central executive body with a special status on financial monitoring" shall be replaced by the words "central executive body implementing state policy in the field of prevention and counteraction to legalisation (laundering) of criminal proceeds, terrorist financing and financing of proliferation of weapons of mass destruction";

in clause two, the words "up to two thousand" shall be replaced by the words "up to three thousand";

paragraph one, part two shall be stated to read as follows:

“2. Disclosure in any form of secrecy of financial monitoring or the fact of exchange of information about a financial transaction and its party between reporting entities, state financial monitoring entities, other state bodies, and the fact of providing (receiving) request, decision or instruction of the central executive body that implements state policy in the field of prevention and counteraction to legalisation (laundering) of criminal proceeds, terrorist financing and financing of proliferation of weapons of mass destruction, or providing (receiving) a response to such a request, decision or order by the person whom this information became known in connection with professional or official activity, if such actions caused significant damage to the rights, freedoms or interests of individual citizens protected by law, state or public interests or the interests of individual legal entities”;

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

k) paragraph one, part one of Article 258<sup>5</sup> shall be stated to read as follows:

“1. Providing or collecting any assets, directly or indirectly, for the purpose of their use or the realisation that they will be used in whole or in part for any purpose by an individual terrorist or terrorist group (organisation), or to organise, prepare or commit a terrorist act, involvement in the commission of a terrorist act, public appeals to commit a terrorist act, the creation of a terrorist group (organisation), facilitating the commission of a terrorist act, carrying out any other terrorist activity, as well as attempts to commit such acts”;

l) Article 306 shall be stated to read as follows:

**"Article 306.** Use of money obtained from illicit trafficking in narcotic drugs, psychotropic substances, their analogues, precursors, toxic or potent substances or toxic or potent medicines

1. Use of money obtained from illicit trafficking in narcotic drugs, psychotropic substances, their analogues, precursors, toxic or potent substances or toxic or potent medicines in order to continue illicit trafficking in narcotic drugs, psychotropic substances, their analogues, precursors, toxic or potent substances or toxic or potent medicines

shall be punishable by imprisonment for a term of seven to twelve years with deprivation of the right to hold certain positions or engage in certain activities for a term of up to three years and forfeiture of property.

2. The actions provided for by part 1 of this Article, if committed repeatedly or by a group of persons upon their prior conspiracy, or in large amounts

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

Note. A large amount shall be understood as funds amounting to two hundred or more of tax-exempt minimum income of citizens”;

3) in the Civil Code of Ukraine (The Official Bulletin of the Verkhovna Rada of Ukraine, 2003, Nos. 40—44, Article 356):

a) the first sentence of part one of Article 1074 after the words "and in case of suspension of financial transactions that may be connected with the legalisation

(laundering) of criminal proceeds or terrorist financing and financing of proliferation of weapons of mass destruction" shall be supplemented with the words "freezing of assets connected with terrorism and its financing, proliferation of weapons of mass destruction and its financing";

b) in Article 1075:

paragraph one of part one after the first sentence shall be supplemented with a new sentence of the following content: "The bank has no right at the request of the client to terminate the bank account agreement or perform other actions resulting in termination of the agreement if money placed on the appropriate account are frozen according to the Law of Ukraine "On Prevention and Counteraction to Legalisation (Laundering) of Criminal Proceeds, Terrorist Financing and Financing of Proliferation of Weapons of Mass Destruction";

amend part four to read as follows:

"4. The bank may refuse the bank account agreements and close the client's account in case of:

the absence of transactions on the client's account for three consecutive years and absence of cash balance on this account;

the existence of the grounds stipulated in the Law of Ukraine "On Prevention and Counteraction to Legalisation (Laundering) of Criminal Proceeds, Terrorist Financing and Financing of Proliferation of Weapons of Mass Destruction". The balance of money on the client's account shall be returned to the client";

4) in the Code of Criminal Procedure of Ukraine (The Official Bulletin of the Verkhovna Rada of Ukraine, 2013, Nos. 9—13, Article 88):

a) part one of Article 162 shall be supplemented with clause 10 to read as follows:

"10) secret of financial monitoring";

b) clause 7, part one of Article 164 shall be stated to read as follows:

"7) the term of validity of the ruling, which may not exceed two months from the date of the ruling, except for the rulings issued to comply with the requirements of part two of Article 562 of this Code";

c) part nine of Article 216 shall be stated to read as follows:

"9. In criminal proceedings concerning the crimes stipulated in Articles 209 and 209<sup>-1</sup> of the Criminal Code of Ukraine, pre-trial investigation shall be carried out by the investigator of the body that initiated the pre-trial investigation or to which competence the crime preceding the legalisation (laundering) of property obtained by criminal means belongs, except when these crimes are under investigation of the National Anti-Corruption Bureau of Ukraine";

d) in part one of Article 568 the words "property, money and valuables obtained by criminal means, and property belonging to suspects, accused or convicted persons" shall be replaced by the words and figures "property, money and valuables that meet any of the criteria stipulated in part one of Article 96<sup>-2</sup> of the Criminal Code of Ukraine, and property belonging to suspects, accused or convicted persons";

e) part three of Article 589 after the words "Prosecutor General's Office of Ukraine" shall be supplemented with the words and figures "immediately, but not later than within 24 hours";

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

a) Article 284 shall be restated as follows:

**"Article 284.** Peculiarities of proceedings in cases at the request of the Security Service of Ukraine to include individuals, legal entities and organisations in the list of persons connected with terrorist activities or subject to international sanctions, removal of individuals, legal entities and organisations from such list and granting access to assets connected with terrorism and its financing, and financing of proliferation of weapons of mass destruction

1. Proceedings in cases on adding of individuals, legal entities and organisations to the list of persons connected with terrorist activities or in respect of which international sanctions have been applied, removal of individuals, legal entities and organisations from such list and granting access to assets connected with terrorism and its financing, proliferation of weapons of mass destruction and its financing, shall be carried out on the basis of a lawsuit submitted by the Head of the Security Service of Ukraine or his deputy.

2. The statement of claim shall be filed with the court of first instance under the jurisdiction established by this Code in writing and shall contain:

- 1) name of the administrative court;
- 2) name, postal address and number of the applicant's means of communication;
- 3) the grounds for filing a claim, the circumstances supported by the evidence, and the requirements of the applicant;
- 4) the list of the attached documents and other materials;
- 5) signature of the authorised person of the power entity with the seal attached.

3. In case of violation of the requirements of part two of this Article, the court shall notify the applicant and set the term for elimination of deficiencies.

Failure to comply with the requirements of the court within the period prescribed entails the return of the statement of claim to the claimant and the documents attached to it.

The return of the statement of claim shall not be an obstacle to re-appeal to the court after eliminating the deficiencies that caused appeal to the court.

4. The court shall refuse to initiate proceedings in the case if the claim asserted is not stipulated in part one of this article.

5. The decision on the merits of the claims shall be made by the court no later than the next working day from the date of receipt of the claim, considered in closed session with the participation of only the applicant. The person in respect of whom a decision is made to include in the list of persons connected with terrorist activities or in respect of whom international sanctions have been applied or remove from such list and the owner of assets connected with terrorism and its financing, proliferation of weapons of mass destruction and its financing to which access is granted, shall not be notified of consideration of the case by court.

6. The court decision shall state:

- 1) date of decision;
- 2) name of the court, surname and initials of the judge;



3) motives and conclusion of the court on the merits of the stated claims with reference to the law;

4) the procedure for taking the actions specified in the decision.

7. The ruling on refusal to initiate proceedings may be appealed. The court of appeal shall consider the appeal against the ruling on refusal to initiate proceedings within three days from the date of receipt of the appeal.

8. The court decision on adding of individuals, legal entities and organisations to the list of persons connected with terrorist activities or in respect of which international sanctions have been applied, removal of individuals, legal entities and organisations from such list and granting access to assets connected with terrorism and its financing, proliferation of weapons of mass destruction and its financing, shall be executed immediately.

9. Appeals against court decisions in the cases specified in this Article may be filed by the parties within ten days from the date of their ruling. The filing of an appeal against a court decision in the cases specified in this Article shall not preclude its execution";

b) §2, Chapter 11, Section II shall be supplemented with Article 289<sup>1</sup> to read as follows:

**"Article 289<sup>1</sup>.** Peculiarities of administrative proceedings on appeals against decisions of the central executive body implementing state policy in the field of prevention and counteraction to legalisation (laundering) of criminal proceeds, terrorist financing and financing of proliferation of weapons of mass destruction, continuation of relevant financial transaction (transactions) (expenditure financial transactions)

1. The persons whose financial transaction (transactions) (expenditure financial transactions) are suspended have the right to apply to the administrative court with a statement of claim to appeal against the decisions of the central executive body implementing state policy in the field of prevention and counteraction to legalisation (laundering) of criminal proceeds, terrorist financing and financing of proliferation of weapons of mass destruction (hereinafter — the specially authorised body), to continue the suspension of the relevant financial transaction (transactions) (expenditure financial transactions) within ten days from the date when they learned or should have learned of the violation of their rights, freedoms or interests.

2. The decisions of the specially authorised body to continue the suspension of the relevant financial (transaction (transactions) (expenditure financial operations) shall be appealed to the district administrative court, whose territorial jurisdiction extends to the city of Kyiv.

3. The administrative claim must have the following information:

1) name of the administrative court to which the statement of claim is filed;

2) name (title) of the plaintiff, postal address, and the number of the means of communication, e-mail address (if available);

3) name of the defendant, the postal address, and the number of the means of communication, e-mail address, if available;

4) number and date of the appealed decision of the specially authorised body on the continuation of suspension of the relevant financial transaction (transactions) (expenditure financial transactions);

5) circumstances that may indicate a violation of rights, freedoms or interests of the plaintiff and the content of the claims;

6) the list of the attached documents and other materials.

To confirm the fact of suspension of financial transactions, the plaintiff provides (if any) a written notice of the reporting entity of the number and date of the decision of the specially authorised body to continue the suspension of relevant financial transaction (transactions) (expenditure financial transactions).

4. In case of violation of the requirements of part three of this Article, the court shall notify the applicant and set the term for elimination of deficiencies.

Failure to comply with the requirements of the court within the term set entails the return of the statement of claim and the documents attached to the claimant.

The return of the statement of claim shall not be an obstacle to re-appeal to the court after eliminating the deficiencies.

5. The court shall make a decision on initiation of proceedings in an administrative case no later than the next day from the date of receipt of the statement of claim.

The court shall notify the defendant of the filing of the statement of claim and the opening 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 the proceedings. The administrative court shall notify the plaintiff of initiation of proceedings no later than the next day after approval of ruling on initiation of proceedings in the case.

Within one day from the date of receipt of such notification, the defendant must receive in court a copy of the ruling on initiation of proceedings, copies of the statement of claim and attached documents and within two days from the date of receipt of such ruling and copies of documents submit directly to the court registry the statement of defence and copies of the appealed decisions and documents that became the ground for their adoption.

6. The administrative cases, defined in part one of this Article, shall be decided by a panel of three judges within ten days after initiation of the proceedings in a closed court session.

For review, the plaintiff (representative of the plaintiff) shall be provided with case materials, except for documents (copies of documents) that became the ground for making the appealed decisions and contain the information transferred by the specially authorised body to law enforcement and/or intelligence agencies in the generalised materials (additional generalised materials)).

7. The decision of the court shall be drawn up and signed on the day of its adoption according to the rules stipulated in Articles 243, 250 of this Code, without the right of the court to postpone the full decision.

Copies of the full decision shall be issued to the persons involved in the case immediately after the announcement of such decision.

8. Decisions of the court on the results of consideration of cases specified in part one of this Article may be appealed within ten days from the date of their announcement.

The court of appeal shall consider the case within two days after the expiration of the term of the appeal with notification of the persons involved in the case.

Failure to appear at the court hearing of persons who have been duly notified of the date, time and place of the hearing shall not preclude the appellate hearing of the case.

The court of appellate instance may not remand the case for retrial as a result of the appellate review. The court decision of appellate instance shall be final";

c) clause 7, part one of Article 371 shall be stated to read as follows:

"7) adding of individuals, legal entities and organisations to the list of persons connected with terrorist activities or in respect of which international sanctions have been applied, removal of individuals, legal entities and organisations from such list and granting access to assets connected with terrorism and its financing, proliferation of weapons of mass destruction and its financing";

6) in the Law of Ukraine "On the Security Service of Ukraine" (The Official Bulletin of the Verkhovna Rada of Ukraine, 1992, No. 27, Article 382 as amended):

a) Article 24 shall be supplemented with clause 20 to read as follows:

"20) carry out, with the participation of the Ministry of Foreign Affairs of Ukraine, international cooperation in submitting proposals to the UN Security Council committees and foreign states on adding (removal) of individuals or legal entities and organisations to/from the relevant sanctions lists and consideration of foreign states' requests for adding (removal) to/from (j) the list of persons connected with terrorist activities or in respect of whom international sanctions have been applied";

b) in part two of Article 25:

clause 7 be restated as follows:

"7) initiate in court pursuant to the law the issue of adding (removal) of individuals or legal entities and organisations to/from the list of persons connected with terrorist activities or in respect of whom international sanctions have been applied";

shall be supplemented with paragraph 8 to read as follows:

"8) initiate in court the issue of providing access to assets connected with terrorism and its financing, proliferation of weapons of mass destruction and its financing, at the request of the person who can document the existence of exceptional conditions set out in the appropriate UN Security Council resolutions, or the need in 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 — eight to read as follows:

"The National Bank places (publishes) in the manner prescribed by it on the pages of the official Internet office of the National Bank information related to violations by the bank (branch of a foreign bank, non-bank financial institution, other legal entity, state regulation and supervision in the field of prevention and

counteraction to legalisation (laundering) of criminal proceeds, terrorist financing and financing of proliferation of weapons of mass destruction shall be carried out by the National Bank) of the laws of Ukraine and/or regulations of the National Bank governing relations in the field of prevention and counteraction to legalisation (laundering) of criminal proceeds, terrorist financing and financing of proliferation of weapons of mass destruction, indicating the name of the bank (branch of a foreign bank, non-bank financial institution, other legal entity, the state regulation and supervision in the field of prevention and counteraction to legalisation (laundering) of criminal proceeds, terrorist financing and financing of proliferation of weapons of mass destruction over which is carried out by the National Bank), in particular:

general information on decisions on non-compliance of an official of a bank, non-bank financial institution, other legal entity, the state regulation and supervision in the field of prevention and counteraction to legalisation (laundering) of criminal proceeds, terrorist financing and financing of proliferation of weapons of mass destruction over which is carried out by the National Bank, the requirements of the legislation of Ukraine;

general information on the applied measures of influence in the form of a written warning, conclusion of a written agreement with a bank, non-bank financial institution, other legal entity, the state regulation and supervision in the field of prevention and counteraction to legalisation (laundering) of criminal proceeds, terrorist financing and financing of proliferation of weapons of mass destruction over which is carried out by the National Bank, imposition of a fine (including the amount of the fine) and removal of an official of a bank, non-bank financial institution, other legal entity, the state regulation and supervision in the field of prevention and counteraction to legalisation (laundering) of criminal proceeds, terrorist financing and financing of proliferation of weapons of mass destruction over which is carried out by the National Bank) from office, as well as general information on violations for which the above-mentioned measures of influence have been applied;

information on application of measures of influence in the form of reference of a bank to the category of insolvent, revocation of banking license and liquidation of the bank, cancellation (revocation) in non-banking financial institutions, other legal entities, the state regulation and supervision in the field of prevention and counteraction to legalisation (laundering) of criminal proceeds, terrorist financing and financing of proliferation of weapons of mass destruction over which is carried out by the National Bank, of license for the transfer of money in the national currency without opening accounts and/or license of the National Bank for foreign exchange transactions;

information on appeal of the above measures of influence and the relevant court decision that has entered into force (if any).

According to part six of this Article, the following information shall not be disclosed:

personal data of dismissed officials and officials in respect of whom a decision has been made on their non-compliance with the requirements of the legislation of Ukraine;

measures of influence applied, if such disclosure may have a negative impact, harm and/or threaten the stability of the banking and/or financial system or may affect the pre-trial investigation and/or court proceedings (except for generalised information without specifying their names for such banks, branches of foreign banks, non-bank financial institutions, other legal entities, the state regulation and supervision in the field of prevention and counteraction to legalisation (laundering) of criminal proceeds, terrorist financing and financing of proliferation of weapons of mass destruction over which is carried out by the National Bank).

The information on the applied measures of influence posted (published) according to this Article shall remain available on the pages of the official Internet representative office of the National Bank for five years from the moment of posting (publication)";

8) in the Law of Ukraine "On Banks and Banking" (The Official Bulletin of the Verkhovna Rada of Ukraine, 2001, No. 5—6, Article 30 as amended):

a) in Article 2 to delete definition of the term "shell bank";

b) to delete Article 64;

c) in part one of Article 73:

clause 3 shall be restated as follows:

"3) concluding a written agreement with the bank, under which the bank undertakes to pay a certain monetary obligation and take measures to eliminate and/or prevent further violations, improve the financial condition of the bank, increase the efficiency of the risk management system, etc. For non-fulfillment or improper fulfillment by the bank of the terms of the written agreement, the National Bank of Ukraine shall have the right to apply other measures of influence stipulated in this part";

paragraph three, clause 9 shall be restated as follows:

"bank according to the provisions approved by the Board of the National Bank of Ukraine, but in the amount of not more than 1 percent of the amount of the registered authorised capital. The above limitation of the maximum amount of fine does not apply in the case of a fine imposed on the bank for violating the requirements of legislation in the field of prevention and counteraction to legalisation (laundering) of criminal proceeds, terrorist financing and financing of proliferation of weapons of mass destruction. The maximum amount of fine for violation of the legislation in the field of prevention and counteraction to legalisation (laundering) of criminal proceeds, terrorist financing and financing of proliferation of weapons of mass destruction may not exceed 7,950 thousand of tax-exempt minimum income of citizens";

d) Article 74 shall be supplemented with part six to read as follows:

"Information on the measures of influence applied by the National Bank of Ukraine to banks, branches of foreign banks for violation of the legislation in the field of prevention and counteraction to legalisation (laundering) of criminal proceeds, terrorist financing and financing of proliferation of weapons of mass destruction shall be published on the official website representative office of the National Bank of Ukraine in the manner prescribed 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, Article 1 as amended) shall be supplemented with clause 7<sup>-1</sup> to read as follows:

"7<sup>-1</sup>) enter into a written agreement with a financial institution, a person who is not a financial institution, but has the right to provide certain financial services, under which such person undertakes to pay a certain monetary obligation and/or take measures to eliminate and/or prevent violations in further activities, improving the financial condition of the financial institution, improving the efficiency of the risk management system, etc.

For non-fulfillment or improper fulfillment by a financial institution, a person who is not a financial institution, but has the right to provide certain financial services, of the terms of a written agreement the National Bank of Ukraine shall have the right to apply other measures of influence stipulated in this part";

10) paras four and five, part three of Article 40 of the Law of Ukraine "On Insurance" (The Official Bulletin of the Verkhovna Rada of Ukraine, 2002, No. 7, Article 50 as amended) shall be restated to read as follows:

"The National Anti-Corruption Bureau of Ukraine, the State Bureau of Investigation, the Prosecutor's Office of Ukraine, the Security Service of Ukraine, the National Police of Ukraine, the tax police at their written request for insurance operations of a specific legal entity or individual under a specific insurance contract in case of notification of suspicion of committing a criminal offense to this person;

the central executive body implementing state policy in the field of prevention and counteraction to legalisation (laundering) of criminal proceeds terrorist financing and financing of proliferation of weapons of mass destruction, according to the Law of Ukraine "On Prevention and Counteraction to Laundering (Laundering) of Criminal Proceeds, Terrorist Financing and Financing of Proliferation of Weapons of Mass Destruction";

11) in the Law of Ukraine "On the Fight against Terrorism" (The Official Bulletin of the Verkhovna Rada of Ukraine, 2003, No. 25, Article 180 as amended):

a) in part one of Article 1:

after clause eleven, to add two new clauses to read as follows:

"training in terrorism;

leaving Ukraine and entering Ukraine for terrorist purposes".

In this connection, clauses twelve — twenty-four shall be deemed to be clauses fourteen — twenty-six, respectively;

clauses fifteen — seventeen shall be restated as follows:

"Terrorist financing — provision or collection of any assets, directly or indirectly, for the purpose of their use or realisation that they will be used in whole or in part:

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

for the organisation, preparation or commission of a terrorist act, involvement in the commission of a terrorist act, public appeals to commit a terrorist act, creation of a terrorist group (organisation), assistance in committing a terrorist act, training

in terrorism, leaving Ukraine and entering Ukraine for terrorist purposes, carrying out any other terrorist activity, and attempts to commit such acts";

b) in paragraph two, part four of Article 4 the words "central executive body implementing the state policy in the field of prevention and counteraction to legalisation (laundering) of criminal proceeds or terrorist financing" shall be replaced by the words "central executive body implementing the state policy in the field of prevention and counteraction to legalisation (laundering) ) of criminal proceeds, terrorist financing and financing of proliferation of weapons of mass destruction";

b) Articles 11<sup>-1</sup> i 11<sup>-2</sup> shall be restated to read as follows:

**"Article 11<sup>-1</sup>.** Adding/removal of individuals, legal entities and organisations to/from the UN Security Council sanctions list and the list of persons connected with terrorist activities or subject to international sanctions

The Security Service of Ukraine during implementation of measures connected with prevention, detection and cessation of terrorist activities, according to the procedure prescribed by legislation in the field of combating terrorism, identifies individuals, legal entities and organisations that meet the criteria set by the UN Security Council resolutions, to add/remove to/from the appropriate sanctions lists, including the list of persons connected with terrorist activities or subject to international sanctions, and promptly checks the information on compliance of individuals, legal entities and organisations with such criteria within the request of a foreign state. For this purpose, the Security Service of Ukraine uses the evidence standards of reasonable suspicion for adding/removal to/from the appropriate sanctions lists approved by the Cabinet of Ministers of Ukraine.

When collecting information to identify individuals, legal entities and organisations that meet the criteria set out in the UN Security Council resolutions for adding/removal, and for verification of information on compliance of individuals, legal entities and organisations with such criteria within the request of a foreign state, the Security Service of Ukraine shall have the powers defined in the Criminal Procedure Code of Ukraine, this Law, other laws, international treaties of Ukraine, the consent to the binding nature of which was given by the Verkhovna Rada of Ukraine, decrees and orders of the President of Ukraine, acts of the Cabinet of Ministers of Ukraine, and other regulatory legal acts.

If individuals, legal entities and organisations that meet the criteria set out in the UN Security Council resolutions are identified during implementation of measures connected with prevention, detection and cessation of terrorist activities to be included in the sanctions list or to establish the fact of compliance of individuals, legal entities and organisations with such criteria during verification of information at the request of a foreign state, the Security Service of Ukraine shall initiate in court adding such persons to the list of persons connected with terrorist activities or subject to international sanctions, and/or submits proposals to the UN Security Council committees and/or foreign states to add such persons to the appropriate sanctions lists.

If during the implementation of measures connected with prevention, detection and cessation of terrorist activities, individuals, legal entities and organisations that

no longer meet the criteria set out in the UN Security Council resolutions were detected, for adding to the sanctions lists or establishing the fact of non-compliance of persons, legal entities and organisations with such criteria during verification of information as part of the request of a foreign state, the Security Service of Ukraine shall initiate in court the issue of removal of such persons from the list of persons connected with terrorist activities or subject to international sanctions, and/or submits proposals to the UN Security Council committees and/or to foreign states to remove such persons from the relevant sanctions lists.

The pending criminal proceedings shall not be a prerequisite for the Security Service of Ukraine to initiate the issue of adding/removal of individuals, legal entities and organisations to/from the relevant sanctions lists, including the list of persons connected with terrorist activities or subject to international sanctions.

Adding of individuals, legal entities and organisations to the list of persons connected with terrorist activities or in respect of whom international sanctions have been applied, and removal of individuals, legal entities and organisations from such list shall be carried out pursuant to a court decision.

**Article 11<sup>-2</sup>.** Freezing of assets related to terrorism and its financing, proliferation of weapons of mass destruction and its financing

If the entities directly combating terrorism and/or involved in combating terrorism identify the assets connected with terrorism and its financing, proliferation of weapons of mass destruction and its financing, such entities shall immediately provide information on the identified assets to the Security Service of Ukraine.

Assets connected with terrorism and its financing, proliferation of weapons of mass destruction and its financing shall be frozen by the reporting entities (liquidators (except for the Individual Deposit Guarantee Fund), authorised persons of the Individual Deposit Guarantee Fund) according to the Law of Ukraine "On Prevention and Counteraction to Legalisation (Laundering) of Criminal Proceeds, Financing of Terrorism and Financing of Proliferation of Weapons of Mass Destruction" with obligatory notification of the Security Service of Ukraine.

The Security Service of Ukraine shall immediately verify the applications of clients of the reporting entities, who have the same or similar name as the persons included in the list of persons connected with terrorist activities or subject to international sanctions, and the assets of which have become the object of freezing, in the manner prescribed by Article 11<sup>-1</sup> of this Law. The Security Service of Ukraine shall immediately inform the appropriate reporting entity (liquidator) (except for the Individual Deposit Guarantee Fund), the authorised person of the Individual Deposit Guarantee Fund about the results of the inspection).

Access to assets connected with terrorism and its financing, proliferation of weapons of mass destruction and its financing shall be carried out pursuant to a court decision in the presence of exceptional conditions set out in the appropriate UN Security Council Resolutions, and to cover basic and extraordinary expenses, including payment for food, rent, mortgage, utilities, medicines and medical care, payment of taxes, insurance premiums, or exclusively for payment for the usual price of costs for the services of specialists and reimbursement of costs connected with the provision of legal services, payment of fees or making according to the law of



payment for the provision of services for the current storage or ensuring safekeeping of money, other financial assets and economic resources.

If it is necessary to provide access to the assets connected with terrorism and its financing, proliferation of weapons of mass destruction and its financing, in respect of the persons included in the sanctions lists of the UN Security Council committees, the Head of the Security Service of Ukraine or his deputy shall apply to the Ministry of Foreign Affairs of Ukraine with the submission (notification) of the need for access to such assets.

The Ministry of Foreign Affairs of Ukraine within three working days from the date of receipt of the said submission (notification) shall apply to the appropriate UN Security Council Committee for permission to access the assets connected with terrorism and its financing, proliferation of weapons of mass destruction and its financing, to cover basic or extraordinary expenses (to inform about the existence of exceptional conditions set out in the UN Security Council resolutions, to provide access to assets).

Upon receipt of the decision of the UN Security Council Committee by the Ministry of Foreign Affairs of Ukraine, the said Ministry shall immediately inform the Head of the Security Service of Ukraine or his deputy in writing of such decision.

The information provided in writing by the Ministry of Foreign Affairs of Ukraine on the decision of the UN Security Council Committee shall be the basis for submission of the request by the Head of the Security Service of Ukraine or his deputy to the court to gain access to such assets";

12) in the Law of Ukraine "On Access to Court Decisions" (The Official Bulletin of the Verkhovna Rada of Ukraine, 2006, No. 15, Article 128; 2015, Nos. 18-20, 2017, No. 48, Article 436):

a) the first sentence of paragraph one, part two of Article 2 shall be supplemented with the words "except for rulings on seizure of property and temporary access to things and documents in criminal proceedings, which shall be made public not earlier than the day of their enforcement";

b) Article 7 shall be supplemented with part three to read as follows:

"3. To prevent alteration or destruction of things or documents in criminal proceedings, the texts of rulings on temporary access to things and documents in criminal cases open to the public according to this Law shall not contain information that allows identifying the persons specified in such rulings as owners of things or documents";

13) paragraph two, 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, Article 496) shall be supplemented with the words "and the National Anti-Corruption Bureau of Ukraine (regarding inquiries 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, Article 81):

paragraph two, clause 6 shall be supplemented with the words "and the National Anti-Corruption Bureau of Ukraine (regarding procedural actions in criminal proceedings in which it conducts pre-trial investigation)";

in paragraph three, clause 9, the words "central executive body with the special status on financial monitoring of Ukraine" shall be replaced by the words "central executive body implementing state policy in the field of prevention and counteraction to legalisation (laundering) of criminal proceeds, terrorist financing and financing of proliferation of weapons of mass destruction";

15) in the Law of Ukraine "on the Individual Deposit Guarantee System" (The Official Bulletin of the Verkhovna Rada of Ukraine, 2012, No. 50, Article 564 as amended):

a) part four of Article 12 shall be supplemented with clause 1<sup>-1</sup> to read as follows:

"1<sup>-1</sup>) establishes the peculiarities of fulfillment by banks classified as insolvent of the requirements of the legislation in the field of prevention and counteraction to legalisation (laundering) of criminal proceeds, terrorist financing and financing of proliferation of weapons of mass destruction and approves the procedure for its control over insolvent banks in this field";

b) part four of Article 26 shall be supplemented with clause 12 to read as follows:

"12) on the deposit, the satisfaction of claims under which is suspended according to the Law of Ukraine "On Prevention and Counteraction to Legalisation (Laundering) of Criminal Proceeds, Terrorist Financing and Financing of Proliferation of Weapons of Mass Destruction";

c) part two of Article 27 shall be supplemented with clause 4<sup>-1</sup> to read as follows:

"4<sup>-1</sup>) the list of depositors' accounts for which financial transactions have been suspended according to the Law of Ukraine "On Prevention and Counteraction to Legalisation (Laundering) of Criminal Proceeds, Terrorist Financing and Financing of Proliferation of Weapons of Mass Destruction";

d) clause 3, part two of Article 37 shall be restated to read as follows:

"3) to continue, limit, suspend or terminate any transactions by the bank";

e) part five of Article 57 shall be restated as follows:

"5. The Fund and/or the authorised person of the Fund shall submit to the central executive body implementing state policy in the field of prevention and counteraction to legalisation (laundering) of criminal proceeds terrorist financing and financing of proliferation of weapons of mass destruction, the information in the cases stipulated in the Law of Ukraine "On Prevention and Counteraction to Laundering (Laundering) of Criminal Proceeds, Terrorist Financing and Financing of Proliferation of Weapons of Mass Destruction".

The Fund shall provide upon request (claim, decision) of the National Anti-Corruption Bureau the information containing banking secrecy";

16) clause 1, 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, Article 1; 2014, No. 50—51, Article 2057; 2015, No. 30, Article 285) shall be stated to read as follows:

"1) keep documents of title, documents that contain information about the activities carried out according to the purpose (objectives) and tasks; store and regularly update information sufficient for identification pursuant to the requirements of the law of the ultimate beneficial owners (controllers), founders, managers, members of management bodies and proxies of the public association, and provide it to the state registrar in cases and to the extent provided by law. This information cannot be classified as restricted";

17) in the Law of Ukraine "On the Depository System of Ukraine" (The Official Bulletin of the Verkhovna Rada of Ukraine, 2013, No. 39, Article 517; 2018, No. 33, Article 249):

clause 11<sup>2</sup>, 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 Service Association (ISSA)";

in the first sentence, paragraph two, part five of Article 25 the words "information of clients of the nominal holder, clients of the client of the nominal holder" shall be replaced with the words "other information";

18) in the Law of Ukraine "On State Registration of Legal Entities, Individual Entrepreneurs and Public Associations" (The Official Bulletin of the Verkhovna Rada of Ukraine, 2016, No. 2, Article 17 as amended):

a) the last para, part one of Article 1 shall be stated to read as follows:

"The terms "ultimate beneficial owner" and "ownership structure" shall have the meaning given in the Law of Ukraine "On Prevention and Counteraction to Legalisation (Laundering) of Criminal Proceeds, Financing of Terrorism and Financing of Proliferation of Weapons of Mass Destruction";

b) part three of Article 6 shall be restated as follows:

"3. When carrying out the state registration of termination of entrepreneurial activity of an individual entrepreneur due to their death or declaring them dead, as well as when carrying out the registration of changes associated with changes in the membership of founders (members) of a legal entity due to the death of the respective founder (member) or being declared dead, the state registrar shall necessarily use the information from the State Civil Register through direct access to it.

When carrying out registration actions in respect of a legal entity (except for state registration of dissolution) and in case of submission by such legal entity of information on the person who is the ultimate beneficial owner of the legal entity, the state registrar shall necessarily check (verify) the information specified in respect of this person, using the information from the State Civil Register, the Unified State Demographic Register, the State Register of Individual Taxpayers, the Unified Information System of the Ministry of Internal Affairs of Ukraine on the search for missing persons and stolen (lost) documents upon applications of citizens.

The information from the State Civil Register, the Unified State Demographic Register, the State Register of Individual Taxpayers, the Unified Information System of the Ministry of Internal Affairs of Ukraine received by the state registrar shall remain in the relevant registration file.

The use of the State Civil Register, the Unified State Demographic Register, the State Register of Individual Taxpayers, the Unified Information System of the Ministry of Internal Affairs of Ukraine shall be made directly by the state registrar, which carries out the relevant state registration.

To verify identity documents, the state registrar necessarily checks such documents using the Unified State Demographic Register.";

c) clause 9, part two of Article 9 shall be restated to read as follows:

"9) information on the ultimate beneficial owner of a legal entity, including the ultimate beneficial owner of a founder, if the founder is a legal entity (except for political parties, structural units of political parties, trade unions, their associations, trade union organisations provided for in the charter of trade unions and their associations, creative unions, local branches of creative unions, employers' organisations, their associations, bar associations, chambers of commerce and industry, condominium associations, religious organisations, state bodies, local governments, their associations, state and municipal enterprises, institutions, organisations): 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, taxpayer identification number (if any), as well as full name and identification code (for resident) of the legal entity's founder wherein this person is the ultimate beneficial owner, nature and extent (level, scope, portion) of beneficial ownership (benefit, interest, impact). If a legal entity has no ultimate beneficial owner of the legal entity, including no ultimate beneficial owner of its founder, if the founder is a legal entity, the justified reason for their absence shall be recorded";

d) Article 10 shall be supplemented with part five to read as follows:

"5. The requirements of this Article shall not apply to the legal relations regulated by the legislation of Ukraine in the field of prevention and counteraction to legalisation (laundering) of criminal proceeds, terrorist financing and financing of proliferation of weapons of mass destruction concerning the status of information on the ultimate beneficial owners";

e) in Article 13:

paragraph two, part two after the word "statistics" shall be supplemented with the words "the central executive body that implements state policy in the field of prevention and counteraction to legalisation (laundering) of criminal proceeds, terrorist financing and financing of proliferation of weapons of mass destruction";

part eleven shall be deleted;

f) in Article 17:

part one shall be supplemented with clauses 17—19 to read as follows:

"17) ownership structure in the form and with the content defined by the legislation;

18) an extract, abstract or another document from the commercial, bank or court register confirming the registration of a non-resident legal entity in its host country – if the founder of a legal entity is a non-resident legal entity;

19) a notarised copy of the identity document of an ultimate beneficial owner of a legal entity – for a non-resident individual, and if such document is executed

without application of the Unified State Demographic Register – for a resident individual.

The state registrar shall establish data on an ultimate beneficial owner of a legal entity under the documents referred to in clauses 17–19 of this part";

paragraph one, part tree shall be replaced by five new paras to read as follows:

"3. For the state registration of entering the information on a legal entity registered before 1 July 2004, the information on which is not contained in the United State Register, the following documents shall be submitted:

1) an application for state registration of entering the information on a legal entity into the United State Register;

2) ownership structure in the form and with the content defined by the legislation;

3) an extract, abstract or another document from the commercial, bank or court register confirming the registration of a non-resident legal entity in its host country – if the founder of a legal entity is a non-resident legal entity;

4) a notarised copy of the identity document of an ultimate beneficial owner of a legal entity – for a non-resident individual, and if such document is executed without application of the Unified State Demographic Register – for a resident individual".

In connection therewith, paragraph two shall be considered as paragraph six;

part four shall be supplemented with clauses 14—16 to read as follows:

"14) ownership structure in the form and with the content defined by the legislation;

15) an extract, abstract or another document from the commercial, bank or court register confirming the registration of a non-resident legal entity in its host country – if the founder of a legal entity is a non-resident legal entity;

16) a notarised copy of the identity document of an ultimate beneficial owner of a legal entity – for a non-resident individual, and if such document is executed without application of the Unified State Demographic Register – for a resident individual";

in part five:

after paragraph eleven, to add three new clauses to read as follows:

"h) ownership structure in the form and with the content defined by the legislation;

i) an extract, abstract or another document from the commercial, bank or court register confirming the registration of a non-resident legal entity in its host country – if the founder of a legal entity is a non-resident legal entity;

j) a notarised copy of the identity document of an ultimate beneficial owner of a legal entity – for a non-resident individual, and if such document is executed without application of the Unified State Demographic Register – for a resident individual".

In connection therewith, paras twelve —seventeen shall be considered paras fifteen — twenty, respectively;

in paragraph sixteen the words "subclauses "a" and "b" shall be replaced by the words "in subclauses "a", "b", "h", "i" and "j";

part seven shall be supplemented with clauses 3—5 to read as follows:

"3) ownership structure in the form and with the content defined by the legislation;

4) an extract, abstract or another document from the commercial, bank or court register confirming the registration of a non-resident legal entity in its host country – if the founder of a legal entity is a non-resident legal entity;

5) a notarised copy of the identity document of an ultimate beneficial owner of a legal entity – for a non-resident individual, and if such document is executed without application of the Unified State Demographic Register – for a resident individual";

part eight shall be supplemented with clauses 4-6 to read as follows:

"4) ownership structure in the form and with the content defined by the legislation;

5) an extract, abstract or another document from the commercial, bank or court register confirming the registration of a non-resident legal entity in its host country – if the founder of a legal entity is a non-resident legal entity;

6) a notarised copy of the identity document of an ultimate beneficial owner of a legal entity – for a non-resident individual, and if such document is executed without application of the Unified State Demographic Register – for a resident individual";

part fourteen shall be supplemented with clauses 7—9 to read as follows:

"7) ownership structure in the form and with the content defined by the legislation;

8) an extract, abstract or another document from the commercial, bank or court register confirming the registration of a non-resident legal entity in its host country – if the founder of a legal entity is a non-resident legal entity;

9) a notarised copy of the identity document of an ultimate beneficial owner of a legal entity – for a non-resident individual, and if such document is executed without application of the Unified State Demographic Register – for a resident individual";

part seventeen shall be supplemented with clauses 3—5 to read as follows:

"3) ownership structure in the form and with the content defined by the legislation;

4) an extract, abstract or another document from the commercial, bank or court register confirming the registration of a non-resident legal entity in its host country – if the founder of a legal entity is a non-resident legal entity;

5) a notarised copy of the identity document of an ultimate beneficial owner of a legal entity – for a non-resident individual, and if such document is executed without application of the Unified State Demographic Register – for a resident individual";

parts eighteen and nineteen shall be stated to read as follows:

"18. For the state registration of changes in the information on a separate unit of a legal entity contained in the United State Register the following documents shall be submitted:

1) an application for state registration of changes in the information on a separate unit of a legal entity contained in the United State Register;

2) ownership structure in the form and with the content defined by the legislation;

3) an extract, abstract or another document from the commercial, bank or court register confirming the registration of a non-resident legal entity in its host country – if the founder of a legal entity is a non-resident legal entity;

4) a notarised copy of the identity document of an ultimate beneficial owner of a legal entity – for a non-resident individual, and if such document is executed without application of the Unified State Demographic Register – for a resident individual".

19. The following documents shall be submitted for the state registration of the dissolution of a separate unit of a legal entity:

1) an application for state registration of the dissolution of a separate unit of a legal entity;

2) ownership structure in the form and with the content defined by the legislation;

3) an extract, abstract or another document from the commercial, bank or court register confirming the registration of a non-resident legal entity in its host country – if the founder of a legal entity is a non-resident legal entity;

4) a notarised copy of the identity document of an ultimate beneficial owner of a legal entity – for a non-resident individual, and if such document is executed without application of the Unified State Demographic Register – for a resident individual";

after part twelve to add four new parts to read as follows:

“21. Legal entities shall have information on the ultimate beneficial owner and an ownership structure.

22. Legal entities shall be obliged to keep the information on the ultimate beneficial owner and an ownership structure up to date, update it and notify a state registrar of the changes within 30 business days of their occurrence and submit documents to the state registrar confirming these changes. If there are no changes in the ownership structure and the information on the ultimate beneficial owner of a legal entity, legal entities shall notify the state registrar of the absence of such changes when carrying out the state registration of any changes in the information on a legal entity contained in the Unified State Register.

23. If a legal entity discovers any incompleteness or inaccuracy or errors in the information on the ultimate beneficial owner and the ownership structure previously provided to the state registrar, the legal entity shall, not later than three business days from the date of their discovery, re-submit the 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 authority ensuring the formation and implementation of the state policy in the field of prevention and counteraction to legalisation (laundering) of criminal proceeds, terrorist financing and financing of proliferation of weapons of mass destruction in coordination with the Ministry of Justice of Ukraine".

In connection therewith, part twenty-one shall be considered as part twenty-five;

g) to supplement with Article 17<sup>-1</sup> to read as follows:

**"Article 17<sup>1</sup>.** Documents to be submitted by the applicant to confirm the information on the ultimate beneficial owner of a legal entity

1. To confirm the information on the ultimate beneficial owner, the following documents shall be submitted annually, starting from the following year from the date of the state registration of a legal entity, within 14 calendar days:

1) a statement to confirm the information on the ultimate beneficial owner;  
2) ownership structure in the form and with the content defined by the legislation;

3) an extract, abstract or another document from the commercial, bank or court register confirming the registration of a non-resident legal entity in its host country – if the founder of a legal entity is a non-resident legal entity;

4) a notarised copy of the identity document of an ultimate beneficial owner of a legal entity – for a non-resident individual, and if such document is executed without application of the Unified State Demographic Register – for a resident individual";

p) in Article 22:

part two shall be supplemented with paragraphs 8—10 to read as follows:

"8) ownership structure in the form and with the content defined by the legislation;

9) an extract, abstract or another document from the commercial, bank or court register confirming the registration of a non-resident legal entity in its host country – if the founder of a legal entity is a non-resident legal entity;

10) a notarised copy of the identity document of an ultimate beneficial owner of a legal entity – for a non-resident individual, and in case such document is executed without application of the Unified State Demographic Register – for a resident individual";

part three shall be supplemented with clauses 5—7 to read as follows:

"5) ownership structure in the form and with the content defined by the legislation;

6) an extract, abstract or another document from the commercial, bank or court register confirming the registration of a non-resident legal entity in its host country – if the founder of a legal entity is a non-resident legal entity;

7) a notarised copy of the identity document of an ultimate beneficial owner of a legal entity – for a non-resident individual, and in case such document is executed without application of the Unified State Demographic Register – for a resident individual";

i) paragraphs 3 and 4, part one of Article 27 shall be deleted;

j) part one of Article 28 shall be supplemented with paragraphs 10<sup>3</sup> and 10<sup>4</sup> which read as follows:

"10<sup>3</sup>) inconsistency of the information specified in the application for state registration with the information specified 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 by this Law;



10<sup>4</sup>) inconsistency of the information specified in the documents submitted for state registration with the information contained in the United State Register or other information systems, the use of which is provided by this Law";

k) part six of Article 30 shall be deleted;

l) paragraph one, part one of Article 34<sup>1</sup> shall be supplemented with the words "and in order to identify the facts of non-submission or late submission to the state registrar of the information provided by this Law on the ultimate beneficial owner of the legal entity or its absence";

m) part four of Article 35 after the words "shall be entered in the Unified State Register" shall be supplemented with the words "and non-submission or late submission to the state registrar of the information provided by this Law on the ultimate beneficial owner of the legal entity or its absence";

19) paragraph two, 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, Article 239) shall be stated to read as follows:

"authorised institutions during foreign exchange transactions, except for foreign exchange transactions related to the export and import of goods for the amount less than the amount stipulated in Article 20 of the Law of Ukraine "On Prevention and Counteraction to Legalisation (Laundering) of Criminal Proceeds, Terrorist Financing and Financing of Proliferation of Weapons of Mass Destruction", shall carry out direct supervision over implementation of the requirements of the currency legislation by residents (except other authorised institutions) and non-residents carrying out foreign exchange transactions through these authorised institutions";

20) paragraph nine, subclause 4, clause 4, Section I of the Law of Ukraine "On Amendments to Some Legislative Acts of Ukraine to Improve the Functions of State Regulation of Financial Services Markets" (The Official Bulletin of the Verkhovna Rada of Ukraine, 2019, No. 44, Article 277) shall be stated to read as follows:

"30) carries out state regulation and supervision in the field of prevention and counteraction to legalisation (laundering) of criminal proceeds, terrorist financing and financing of proliferation of weapons of mass destruction at 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, in respect of which state regulation and supervision in the field of prevention and counteraction are carried out by other state financial monitoring entities); payment organisations, participants or members of payment systems that provide financial services on the basis of relevant licenses or registration documents; postal operators; other institutions that provide services for the transfer of funds and foreign exchange transactions; branches or representative offices of foreign economic entities that provide financial services on the territory of Ukraine, other legal entities that by their legal status are not financial institutions, but provide certain financial services".

7. Within three months after the effective date of this Law, the Cabinet of Ministers of Ukraine shall:

adopt regulatory acts necessary for the implementation of the provisions of this Law;

bring its regulatory acts in line with this Law;  
ensure that ministries and other central executive authorities review and cancel their regulatory acts contrary to this Law.

8. The National Bank of Ukraine, the National Commission on Securities and Stock Market and the National Commission for State Regulation of Financial Services Markets shall bring their regulations in compliance with this Law within three months from the date of enactment of this Law.

9. To establish that from the date of entry into force of this clause during the period of martial law introduced by the Decree of the President of Ukraine of February 24, 2022 No. 64/2022 “On the introduction of martial law in Ukraine”, approved by the Law of Ukraine of February 24, 2022 No. 2102- IX “On the approval of the Decree of the President of Ukraine “On the introduction of martial law in Ukraine” of February 24, 2022 No. 2102-IX, for the period until the termination or cancellation of martial law in Ukraine:

the bank does not take measures to establish the sources of origin of funds when they are deposited by a customer-individual in cash form into his current account in the amount that corresponds to the threshold financial transaction, in the event that such a customer has not provided relevant documents or information at the request of the bank;

banks are prohibited from carrying out outgoing transactions (in particular, giving funds in cash, their transfer) on the accounts of customers-individuals with the funds specified in paragraph two of this clause, except for the cases of transferring such funds to special accounts opened by the National Bank of Ukraine for the support of the Armed Forces of Ukraine and/or for humanitarian aid to Ukrainians affected by the actions of the aggressor state of the Russian Federation, as well as for the purchase of bonds of the internal state loan “Military Bonds”.

The bank notifies the customer – an individual in advance about the limitation of outgoing transactions with the funds specified in paragraph two of this clause.

If there is a suspicion that cash deposited by a customer of the bank – an individual are assets related to terrorism and its financing, the proliferation of weapons of mass destruction and its financing, the bank is obliged to immediately, without prior notice to the customer – an individual, freeze these assets and immediately notify the Security Service of Ukraine in accordance with the procedure established by the legislation (by means of electronic communication) about such frozen assets.

The bank is obliged to unfreeze the assets no later than the next working day from the date of receipt from the Security Service of Ukraine in accordance with the procedure established by the legislation (by means of electronic communication) of information that the bank's suspicion regarding the cash funds contributed by an individual person as assets, related to terrorism and its financing, proliferation of weapons of mass destruction and its financing, has not been confirmed. The bank informs the Security Service of Ukraine about it no later than the next working day after the unfreezing of such assets in accordance with the procedure established by the legislation (by means of electronic communication).

The freezing of assets related to terrorism and its financing, the proliferation of weapons of mass destruction and its financing, in accordance with the requirements of this clause, shall not be a basis for civil liability of the bank, its officials and other employees for violating the terms of the relevant transactions, if they acted within tasks, duties and in the manner provided for in this clause.

The Bank after the termination or cancellation of martial law or a state of war:

has the right to carry out outgoing transactions on the current accounts of customers – individuals with funds deposited by them in cash in accordance with paragraph two of this clause, after taking measures to establish the sources of origin of such funds in accordance with the requirements of this Law;

shall be obliged within 30 days after the termination or cancellation of martial law or a state of war to provide to the Specially Authorized Body the information about frozen assets in accordance with the requirements of this Law

*{Clause 9 of Section X has been added by the Law No. 2120-IX of 15 March 2022}*

<b>President of Ukraine</b>	<b>V. ZELENSKYI</b>
<b>City of Kyiv</b> <b>6 December 2019</b> <b>No. 361-IX</b>	