



MINISTRY OF FINANCE OF UKRAINE

ORDER

October 27, 2015

Kyiv

No. 950

Registered with the Ministry of Justice of Ukraine
on November 16, 2015 under 1434/27879

On Approving the Provision on the Procedure for Using Preventive Actions in relation to the States That Do Not Meet or Inadequately Meet Recommendations of International and Intergovernmental Organizations Involved in Countering Legalization (Laundering) of Proceeds of Crime or Financing of Terrorism and Financing of Proliferation of Weapons of Mass Destruction

Pursuant to Part 5 of Article 14 of the Law of Ukraine “On Preventing and Countering Legalization (Laundering) of Proceeds of Crime, Financing of Terrorism and Financing of Proliferation of Weapons of Mass Destruction”

I HEREBY ORDER:

1. Approve the attached Provision on the Procedure for Using Preventive Actions in relation to the States That Do Not Meet or Inadequately Meet Recommendations of International and Intergovernmental Organizations Involved in Countering Legalization (Laundering) of Proceeds of Crime or Financing of Terrorism and Financing of Proliferation of Weapons of Mass Destruction.

2. Declare null and void the Ministry of Finance of Ukraine Orders:

of March 11, 2011, No. 338 “On the Procedure for Using Preventive Actions in relation to the States That Do Not Meet or Inadequately Meet Recommendations of International and Intergovernmental Organizations” registered with the Ministry of Justice of Ukraine on March 29, 2011 under No. 415/19153;

of January 17, 2012, No. 24 “On the Procedure for Using Preventive Actions in relation to the States That Do Not Meet or Inadequately Meet Recommendations of International and Intergovernmental Organizations” registered with the Ministry of Justice of Ukraine on February 2, 2012 under No. 162/20475.

3. The Department of Tax, Customs Policy, and Accounting Methodology of the Ministry of Finance of Ukraine (Chmeruk M.O.) together with the Legal Department of the State Financial Monitoring Service of Ukraine (Mishchenko) shall duly ensure:

submittal of this order for state registration to the Ministry of Justice of Ukraine;

publication of this order.

4. This order shall become effective on the day of its official publication.

5. Control of this order implementation shall be imposed on the Deputy Minister of Finance of Ukraine, Makeyeva O.L., and the First Deputy Head of the State Financial Monitoring Service of Ukraine, Kovalchuk A.T.

Minister

N. Jaresko

CONCURRED:

**Acting Head of the State Regulatory
Service of Ukraine**

O.V. Miroshnichenko

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

A.T. Kovalchuk

APPROVED

Ministry of Finance of Ukraine
Order
of October 27, 2015, No. 950

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PROVISION

on the Procedure for Using Preventive Actions in relation to the States That Do Not Meet or Inadequately Meet Recommendations of International and Intergovernmental Organizations Involved in Countering Legalization (Laundering) of Proceeds of Crime or Financing of Terrorism and Financing of Proliferation of Weapons of Mass Destruction

1. This Provision establishes the procedure for using preventive actions by primary financial monitoring subjects in relation to the states that do not meet or inadequately meet recommendations of international and intergovernmental organizations involved in countering legalization (laundering) of proceeds of crime or financing of terrorism and financing of proliferation of weapons of mass destruction (hereinafter “the risk states”) and clients from such states.

2. This Provision shall apply to:

primary financial monitoring subjects, whose state regulation and supervision on preventing and countering legalization (laundering) of proceeds of crime, financing of terrorism, and financing of proliferation of weapons of mass destruction is effected by the Ministry of Finance of Ukraine (hereinafter “the MFU”), namely: business entities that conduct lotteries or any other types of gambling, business entities trading in precious metals and stones and products therefrom, auditors, auditor firms, individual entrepreneurs who provide accounting services;

primary financial monitoring subjects, whose state regulation and supervision on preventing and countering legalization (laundering) of proceeds of crime, financing of terrorism, and financing of proliferation of weapons of mass destruction is effected by the State Financial Monitoring Service of Ukraine (hereinafter “the SFMSU”), namely: entrepreneurs that provide intermediary services during real estate sale transactions.

3. The terms in this Provision shall be used in the meaning provided in the Law of Ukraine “On Preventing and Countering Legalization (Laundering) of Proceeds of Crime, Financing of Terrorism and Financing of Proliferation of Weapons of Mass Destruction” (hereinafter “the Law”).

4. Actions envisaged by legislation on preventing and countering legalization (laundering) of proceeds of crime, financing of terrorism, and financing of proliferation of weapons of mass destruction shall be ensured directly by the primary financial monitoring subject, its branches, other separated divisions and subsidiaries, including those located in the risk countries within the boundaries stipulated by the legislation of such a country.

In relation to branches, other separated divisions, and subsidiaries located in risk countries, the primary financial monitoring subject shall assess the measures on preventing money laundering and financing of terrorism taken in such countries.

If taking the said actions is not allowed by the legislation of such a risk country, the primary financial monitoring subjects, whose state regulation and supervision on preventing and countering legalization (laundering) of proceeds of crime, financing of terrorism, and financing of proliferation of weapons of mass destruction is effected by the Ministry of Finance of Ukraine, shall notify the Ministry of Finance of Ukraine; the primary financial monitoring subjects, whose state regulation and supervision on preventing and countering legalization (laundering) of proceeds of crime, financing of terrorism, and financing of proliferation of weapons of mass destruction is effected by the State Financial Monitoring Service of Ukraine, shall notify the State Financial Monitoring Service of Ukraine on the relevant precautions that will be taken by the subjects to mitigate the risks of using the branches, other separated divisions, and subsidiaries for legalization (laundering) of proceeds of crime, financing of terrorism, and financing of proliferation of weapons of mass destruction.

5. The primary financial monitoring subject shall assign a high risk level to the clients that reside (stay, are registered) in a risk country.

6. The primary financial monitoring subjects shall take relevant precautions in relation to clients from risk countries, namely:

ensure their in-depth check and obtain additional information on the client from all the available sources prior to establishing business relations with risk country persons or companies;

ensure collection of the required information on the essence of their activities, financial status, reputation;

check credibility and completeness of information received from the client;

inform the State Financial Monitoring Service of Ukraine on the financial transactions with risk country clients;

warn representatives of the non-financial sector that transactions with natural persons or legal entities in risk countries may be fraught with a risk of laundering of proceeds of crime or financing of terrorism, and financing of weapons of mass destruction.

The primary financial monitoring subjects may take additional precautions in relation to risk countries and clients from these countries depending on the aspects of their activities.

7. The primary financial monitoring subject shall have the right to refuse a client's financial transaction if the financial transaction has indications of the one that is subject to financial monitoring under the Law.

The primary financial monitoring subject shall report refusal to effect such a financial transaction and also the persons who intend or intended to establish business relations and/or effect financial transactions to the State Financial Monitoring Service of Ukraine within one work day, but no later than the next work day after refusal.

8. The primary financial monitoring subject shall have the right to suspend financial transactions with the client from a risk country if such a transaction gives indications stipulated by Articles 15 and/or 16 of the Law.

**Director of the Department of Tax,
Customs Policy, and Accounting
Methodology**

M.O. Chmeruk