



MINISTRY OF FINANCE OF UKRAINE

ORDER

July 23, 2015

Kyiv

No. 662

Registered with the Ministry of Justice of Ukraine
on Wednesday, August 12, 2015 under 973/27418

On Approving the Provision on Performance of Financial Monitoring by the Primary Financial Monitoring Subjects, Whose State Regulation and Supervision Is Effected by the State Financial Monitoring Service of Ukraine

Pursuant to Articles 6-9, 14, and 17 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” and to ensure coordination of the primary financial monitoring subjects' activities on organization of financial monitoring 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 Performance of Financial Monitoring by the Primary Financial Monitoring Subjects, Whose State Regulation and Supervision Is Effected by the State Financial Monitoring Service of Ukraine
2. Declare null and void the Ministry of Finance of Ukraine Order of May 28, 2013, No. 561 “On Approving the Provision on Performance of Financial Monitoring by the Primary Financial Monitoring Subjects, Whose State Regulation and Supervision Is Effected by the State Financial Monitoring Service of Ukraine” registered with the Ministry of Justice of Ukraine on July 30, 2013 under No. 1274/23806.
3. The Department of Tax, Customs Policy, and Accounting Methodology of the Ministry of Finance of Ukraine (Chmeruk M.O.) and the Department for Coordination of the Financial Monitoring System of the State Financial Monitoring Service of Ukraine (Hayevskyi I.M.) shall duly submit this Order for state registration to the Ministry of Justice of Ukraine.
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:

**Head of the Joint Representative
Agency of All-Ukrainian Trade
Unions and Trade-Union
Associations for Negotiations,
Concluding General Agreement for a
New Term, Ensuring Control and
Ensuring Its Implementations**

H.V. Osovyi

**Head of the Union of Leasers and
Entrepreneurs of Ukraine**

V. Khmilyovskyi

**First Deputy Head of the Joint
Representative Agency of Employers
on the National Level**

D. Oliynyk

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

I. Cherkaskyi

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

K.M. Lyapina

**First Deputy Head
of the National Bank of Ukraine**

O.V. Pysaruk

APPROVED

**Ministry of Finance of Ukraine
Order
of July 23, 2015, No. 662**

**Registered
with the Ministry of Justice of
Ukraine on August 12, 2015 under
No. 973/27418**

**Provision
on Performance of Financial Monitoring by the Primary Financial**

Monitoring Subjects, Whose State Regulation and Supervision Is Effected by the State Financial Monitoring Service of Ukraine

I. General provisions

1. This Provision has been developed pursuant to 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”).

2. This Provision regulates the activities of the primary financial monitoring subjects - business entities that provide intermediary services during real estate sale transactions (hereinafter “the subjects”) and their separated divisions, 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.

3. The terms in this Procedure shall be used in the meaning stipulated by the Law.

4. This Provision regulates the following issues:

appointment of the officer responsible for financial monitoring;

development of the financial monitoring rules and programs;

client identification, verification, and examination;

risk management;

detection of financial transactions which are subject to financial monitoring and may be related to, concern, or intended for financing of terrorism and financing of proliferation of weapons of mass destruction;

suspension of financial transactions;

conducting internal audits;

subject's (separated division's) personnel training for compliance with the legislative requirements on preventing and countering legalization (laundering) of proceeds of crime, financing of terrorism, and financing of proliferation of weapons of mass destruction.

II. Appointment of the officer responsible for financial monitoring

1. Provisions of this section shall be used by the subjects (separated divisions), except for those that pursue their activities in person, without establishing a legal entity.

2. The officer responsible for financial monitoring (hereinafter “the responsible officer”) shall be appointed by the subject's head in line with the aspects prescribed by the Law, within three days of the date of establishing business relations with the client who intends to effect a legal transaction related to real estate sale, but before the subject's performing such a transaction.

The subject's responsible officer shall be appointed at the level of the subject management, which envisages functions of managing of the primary financial monitoring subject on the whole and/or of its divisions.

The subject's responsible officer shall be independent in his/her activities and report only to the subject's head.

The functions of the responsible officer may be imposed on the subject's head.

The same person may not be appointed the responsible officer of the subject and its separated division at the same time, or of several separated divisions simultaneously.

3. The subject (separated division) shall notify the State Financial Monitoring Service of Ukraine pursuant to the established procedure about:

appointment of the responsible officer or a person acting for him/her within three work days of the appointment date;

dismissal of the responsible officer or a person acting for him/her within three work days of the dismissal date.

4. The responsible officer shall be a person charged with organization and coordination of the subject's (separated division's) financial monitoring activities.

If the responsible officer does not agree with the instructions of the subject's (separated division's) head on financial monitoring, the responsible officer may notify the State Financial Monitoring Service of Ukraine accordingly stating his/her objections in writing.

5. The responsible officer shall meet the following requirements:

have immaculate business reputation;

have higher education, at least one year of experience in the subject's relevant sphere of activities or at least one year of experience in the sphere of preventing and countering legalization (laundering) of proceeds of crime, financing of terrorism, and financing of weapons of mass destruction;

have the main place of employment with the subject (separated division).

The responsible officer shall know legislation and international standards on preventing and countering legalization (laundering) of proceeds of crime, financing of terrorism, and financing of proliferation of weapons of mass destruction, be skilled in their practical application.

The subject shall verify business reputation of the applicant to the responsible officer's position prior to his/her appointment based on the original documents submitted by him/her: passport, work record book, documents on education and/or professional development, certificate evidencing absence of criminal record, unexpunged or outstanding conviction from internal affairs authorities.

The applicant compliance for the position of the responsible officer with the requirements established by this Provision shall be verified by the head or acting head.

If the subject's head is appointed a responsible officer, his business reputation shall be verified by the subject's governing body or founders.

Confirmation of business reputation of the applicant to the responsible officer position based on its verification shall be formalized in a written conclusion signed by the subject's head or persons who verified business reputation or approved by a the subject's relevant governing body.

6. The person appointed a responsible officer for the first time shall undergo training within three months of the appointment date and enhance his/her qualification level at least once every three years pursuant to the procedure defined by the Cabinet of Ministers of Ukraine.

7. If the subject has separated divisions, the subject's head, on submission of the separated division's head, shall appoint the separated division's responsible officer.

The separated division's responsible officer shall be independent in his/her activities and report only to the subject's head.

The functions of the separated division's responsible officer may be imposed on the separated division's head.

8. In absence (vacation, business travel, sickness, etc.) of the responsible officer, a person acting for him/her shall be appointed.

The said person shall have the rights and responsibilities established for the responsible officer.

The person acting for the responsible officer shall have immaculate business reputation, have the main place of employment with the subject and receive training pursuant to the internal procedures on meeting the requirements of the Law.

Compliance of the person acting for the responsible officer with the legal requirements shall be verified per the procedure established in Clause 5 of this Section.

9. In the case of dismissal of the responsible officer the subject's head shall, no later than the next work day after his/her dismissal, appoint another responsible officer.

The person acting for the responsible officer may perform his/her duties in the case of dismissal of the responsible agent for the duration of verification of the responsible officer's business reputation, which shall not exceed two months.

10. The responsible officer shall exercise his powers pursuant to Article 7 of the Law, based on his/her job description approved by the subject's head or a person acting for him/her. The responsible officer shall certify the fact of reading and understanding the job description by his/her signature.

The responsible officer's job description shall contain the powers (rights) and obligations, functions and tasks envisaged by legislation, internal financial monitoring rules, subject's other internal documents, and liability for violation of legislative requirements.

11. The responsible officer shall inform the subject's head on the detected financial transactions which are subject to financial monitoring and on the measures taken to implement legislative norms on preventing and countering legalization (laundering) of proceeds of crime, financing of terrorism, and financing of proliferation of weapons of mass destruction. The information shall be provided at least once a month, but no later than the last work day of the reported period by submitting of a written executive summary in a free form signed by the responsible officer to the head.

The executive summary may specifically contain information about:

detected financial transactions subject to financial monitoring;

registered financial transactions subject to financial monitoring;

information on financial transactions subject to financial monitoring submitted to the State Financial Monitoring Service of Ukraine;

risk management;

suspended of financial transactions;

information submitted to the law enforcement agencies in the legally stipulated cases;

financial transactions refused by the subject (separated division);

actions taken in relation to personnel training for compliance with the legislative requirements on preventing and countering legalization (laundering) of proceeds of crime, financing of terrorism, and financing of proliferation of weapons of mass destruction;

results of internal financial monitoring system audits.

The fact of the subject's head having reviewed the executive summary submitted by the responsible officer shall be evidenced with the head's signature.

If the responsible officer's duties are performed by the subject's head, the said executive summary shall be drafted and signed by him/her.

12. The documents, availability of which is envisaged by this Section, shall be stored for at least five years from the date of their signing (approval or concurrence).

III. Development of the Financial Monitoring Rules and Programs

1. Provisions of this section shall be used by the subjects, except for those that pursue their activities in person, without establishing a legal entity.

2. The Financial Monitoring Rules (hereinafter "the Rules") is the subject's consolidated internal document which sets the procedure for the subject employees'

actions on implementation of financial monitoring and aimed at preventing use of the subject and its separated divisions for legalization (laundering) of proceeds of crime, financing of terrorism, and financing of proliferation of weapons of mass destruction.

3. The financial monitoring program (hereinafter “the Program”) is the subject's separate internal document containing a financial monitoring action plan.

4. The Rules and the Program shall be developed with account for legislative requirements on preventing and countering legalization (laundering) of proceeds of crime, financing of terrorism, and financing of proliferation of weapons of mass destruction, and international standards in the area.

The Rules and the Program cover the aspects of financial monitoring on all the subject's and its separated division's activity areas.

5. In the newly established subject, the Rules and the Program shall be developed by the responsible officer and approved by the subject's head no later than the day of the first financial transaction.

The period for which the Rules and the Program are developed by the subject independently taking into account changes in the legislation on preventing and countering legalization (laundering) of proceeds of crime, financing of terrorism, and financing of proliferation of weapons of mass destruction.

6. The subject's responsible officer, upon getting the subject's head approval, shall determine the procedure for reviewing, storage, and application of the Rules and the Program (including their electronic copies) and a list of persons who have access to these documents.

The Rules and the Program shall be updated by the responsible agent with account for legislative requirements and approved by the subject's head or a person acting for him/her.

7. The Rules shall be composed of the following separate sections:

description of the subject's internal financial monitoring system, including a list of the subject's individual employees and/or separated divisions involved in financial monitoring, and the interaction mechanism between them and the responsible officer;

procedure for the subject's and its separated divisions' registration (de-registration) with the State Financial Monitoring Service of Ukraine;

list of rights and obligations of the responsible officer, as well as of other employees involved in financial monitoring;

procedure for client identification, verification, and examination;

risk criteria for legalization (laundering) of proceeds of crime, financing of terrorism, and financing of proliferation of weapons of mass destruction;

procedure of risk assessment and re-assessment;

description of the subject's risk management measures;

procedure for refusal to establish business relations with a client or conduct a financial transaction;

procedure for detection, registration, and submittal to the State Financial Monitoring Service of Ukraine of information on the financial transactions subject to financial monitoring, other information which may be related to legalization (laundering) of proceeds of crime or financing of terrorism, or financing of proliferation of weapons of mass destruction;

procedure for reporting to the State Financial Monitoring Service of Ukraine on suspicions with regard to activities of persons or their assets if there are grounds to believe they are related to a crime stipulated in the Criminal Code of Ukraine;

procedure for reporting to the State Financial Monitoring Service of Ukraine and competent law enforcement agencies on financial transactions with regard to which there are grounds to believe that they are related to, concern, or intended for financing of terrorism and financing of proliferation of weapons of mass destruction;

description of actions to prevent disclosure of information submitted to the State Financial Monitoring Service of Ukraine and other information on the issues of financial monitoring;

procedure for providing information, in response to the State Financial Monitoring Service of Ukraine request, including on monitoring financial transactions of a client, whose transactions have become the object of financial monitoring;

procedure for suspension of financial transactions;

procedure for receiving and storing of documents on client identification, verification, and examination, risk assessment and re-assessment, as well as all the documents related to financial transactions and business relations with the client;

procedure for actions related to submittal of requests to government authorities with the aim of performing the tasks imposed on the subject by the Law;

procedure for internal audits of the subject's activities for compliance with the legislative requirements on preventing and countering legalization (laundering) of proceeds of crime, financing of terrorism, and financing of proliferation of weapons of mass destruction.

8. The Program shall contain the following measures, including their implementation dates and persons responsible for their implementation:

purpose of the responsible officer;

development and approval of the responsible officer's job description;

drafting and updating of the Rules and the Program;

submittal of information on appointment of the responsible officer to the State Financial Monitoring Service of Ukraine;

warning of the subject's (separated division's) personnel about liability for violation of internal documents and legislation on preventing and countering legalization (laundering) of proceeds of crime, financing of terrorism, and financing of proliferation of weapons of mass destruction;

ensuring professional development of the responsible officer;

training the personnel for compliance with the legislative requirements on preventing and countering legalization (laundering) of proceeds of crime, financing of terrorism, and financing of proliferation of weapons of mass destruction by implementing theoretical and practical measures;

conducting of internal audits of the subject (separated division) for compliance with the legislative requirements on preventing and countering legalization (laundering) of proceeds of crime, financing of terrorism, and financing of proliferation of weapons of mass destruction.

9. If the subject has branches, other separated divisions, and subsidiaries located in the countries in which FATF recommendations are not applied or are applied insufficiently, the Rules shall provide for evaluation of the measures to counter money laundering and financing of terrorism pursued in such countries. If taking such measures is not allowed by such country's legislation, the subject shall inform the State Financial Monitoring Service of Ukraine on the relevant precautions the subject will take to limit the risks of using the activities of 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.

The Rules shall also contain a list of precautions aimed at an in-depth client check prior to establishing business relations with persons or companies of the above countries, notifying the State Financial Monitoring Service of Ukraine of financial transactions with the clients of relevant countries, warning the financial sector representatives that transactions with natural persons or legal entities in the relevant countries may have the risk of laundering proceeds of crime or financing of terrorism or financing of proliferation of weapons of mass destruction.

IV. Client Identification, Verification, and Examination

1. Conditions for client identification, verification, and examination, and a list of identification data is established in Article 9 of the Law.

2. Client identification, verification, and examination include the following measures:

performing initial identification and verification during establishing business relations with the client;

in-depth check of the client information if in doubt of the credibility or completeness of the information provided by them;

specifying identification data and other available information on the client in the case of changes in or expiration of the documents used as the basis for client identification, verification, and examination.

3. Client identification, verification, and examination shall be done by the responsible officer or other subject's (separated division's) staff pursuant to the subject's internal documents.

The subjects pursuing their activities in person, without establishing a legal entity, shall perform client identification, verification, and examination directly.

4. The subject (separated division) shall perform client identification and verification before/or during establishing of business relations, effecting a legal transaction with the client, but prior to the financial transaction.

Financial transactions with the existing clients (with which business relations were established), which were not previously identified, shall be conducted by the subject (separated division) after duly established identification of such clients.

5. During identification and verification, the subject shall collect client identification data stipulated in Article 9 of the Law and establish (confirm) the client's (client representative's) identity correspondence in his/her presence to the identification data received from him/her.

During identification and verification the subject shall establish:

1) for state authorities of Ukraine – full name, location, details of the executive order used as a basis for establishing a legal entity (name, acceptance/signing date, executive order number), identification code according to the Unified State Register of Enterprises and Organizations of Ukraine (hereinafter “the EDRPOU Code”);

2) for state owned companies – full name, location, details of the executive order used as a basis for establishing the entity (name, acceptance/signing date, executive order number), EDRPOU code;

3) for international institutions and organizations, in which Ukraine is a member pursuant to Ukraine's international agreements, the binding nature of which was agreed to by the Verkhovna Rada of Ukraine – full name, location, information on the international agreement of Ukraine, under which such institutions and organizations were established (date of establishing, number, date of agreement ratification by Ukraine).

6. Identification and verification of the clients involved in financial transactions shall be based on submitted official documents or copies thereof certified by a notary or a company (institution, organization) which issued them.

The subject's authorized officer, in presence of the person (person's representative), who concludes an agreement on provision of services, shall take copies of the relevant documents used as a basis for client (person) identification and verification and agreements with clients. The said copies shall be certified by signatures of the subject's and client's (person's) authorized officer who concludes a

service agreement as corresponding to the original and shall be stored by the subject as specified in the Rules.

7. When performing client identification, verification, and examination, the subject may draft a details form. The details form is the subject's internal document completed and signed by the officer authorized to perform identification and verification.

8. Documents used as a basis for identification and verification of persons that are participants in financial transactions shall be valid at the moment of their submission and contain all the information required for client identification, verification, and examination.

9. When examining the client, the subject shall:

examine the essence of the client's activities;

evaluate the client's financial status;

analyze correspondence of the client's financial transactions to the aspects of its activities;

determine if the client or person acting in his/her behalf belongs to national or foreign publicly exposed persons or persons who perform political functions at international organizations or related persons;

ascertain all the data on his/her residence address or place of stay (temporary stay) in Ukraine:

establish the aim of business relations with the subject;

ascertain information on whether the client is on the list of persons related to terrorist activities or subjected to international sanctions.

10. To evaluate the client's financial status, the subject (separated division) shall use the following sources of information:

annual financial reports of a client that is a legal entity or individual entrepreneur (if available) developed pursuant to the legislative requirements and received by the subject (separated division) directly from the client (balance, excerpts with information on profit and losses of the client's business activities, tax declaration with attachments);

financial reports of a client that is a legal entity published in specialized mass media pursuant to the legislative requirements;

client's financial reports and information on the financial status received from specialized Internet web-sites.

Information on the purpose of business relations may be obtained by written questioning of the client (authorized representative if the client is a legal entity) according to the procedure stipulated in the Rules.

11. If during identification, verification, and examination of a client (or a person acting for him/her) it was established that the client has relation to publicly exposed

persons or persons related thereto, or to a charity or non-profit organization, the subject's (separated division's) responsible officer shall:

1) detect, pursuant to internal documents on financial monitoring, whether the client or person acting for him/her belongs to the said client category during identification, verification, and their servicing, and whether they are end beneficiary owners (controllers) or heads of legal entities;

2) establish, with the subject's head permission, business relations with such persons;

3) before or during establishing business relations take action to identify such persons' origin of funds based on the documents received from them and/or information from other sources, if such information is publicly open, evidencing the origin of their assets, rights to such assets, etc;

4) monitor financial transactions whose participants or beneficiaries are such persons, using the procedure established for high-risk clients;

5) ascertain the client information at least once a year.

The subject (separated division) may collect information on whether the client is related to publicly exposed persons by written questioning of the client (authorized representative).

12. If in doubt about credibility or completeness of the client information, the subject (separated division) shall take measures for an in-depth client check and ascertain this information by submitting requests to executive authorities, state registrars, law enforcement authorities, legal entities as prescribed by the Cabinet of Ministers of Ukraine.

For the purposes of an in-depth check, ascertaining information on identification and verification of a client or other financial transaction participants, the subject (separated division) may request and the client (client representative) shall provide information (official documents) required for client identification, verification, examination, ascertaining client information, and for meeting by such a client of other legislative requirements on preventing and countering legalization (laundering) of proceeds of crime, financing of terrorism, and financing of proliferation of weapons of mass destruction.

13. If the subject gets to know that the documents used as a basis for client identification, verification, and examination have been changed or expired, the subject shall ascertain the client information by a corresponding request to him/her, or may perform another client identification and verification during the next client's financial transaction.

To ascertain the information on client identification, verification, and examination, the subject (separated division) may use publicly available (open) information.

14. The subject, pursuant to the Law and the Rules, shall store official documents and other documents (including electronic documents created by the

subject) and copies thereof on identification of persons (clients, client representatives), including persons whose financial transactions were refused by the subject, on client examination, ascertaining of client information, as well as all the documents pertaining to business relations (financial transactions) with the client (including any analysis results during measures taken to verify the client or examine the client in-depth), for at least five years after completion of the financial transaction, completion of business relations with the client, and all the required data on the financial transactions (sufficient to trace the transaction) – for at least five years after completion of the transaction or suspension of business relations.

15. If the documents are destroyed, lost, or damaged before their storage period expiration, regardless of the causes, the subject shall notify the State Financial Monitoring Service of Ukraine within thirty days of establishing such facts.

In the case of receiving a State Financial Monitoring Service of Ukraine letter on extension of the storage period for the documents on identification of persons who are participants of individual financial transactions and documentation on individual financial transactions, the subject shall ensure further storage of the documents for the duration established by the State Financial Monitoring Service of Ukraine.

In the case of receiving a State Financial Monitoring Service of Ukraine letter after destruction of the documents or their transfer pursuant to the legislation to authorized officials for storage, the subject shall notify the State Financial Monitoring Service of Ukraine accordingly and provide copies of the documents evidencing destruction or transfer of the documents.

V. Risk Management and Risk Assessment

1. At the stage of establishing business relations or in the process of client servicing, the subject (separated division), based on the analysis of the client identification data and other available data and information on the client and his/her activities, shall perform risk assessment of this client, with due regard for the risk criteria set forth by the Ministry of Finance of Ukraine.

Risk assessment shall be done by the relevant criteria, specifically by the type of client, geographic location of the client's country of registration or institution through which s/he transfers (receives) assets and by the type of commodities and services the client receives from the subject.

The subject shall develop its own risk criteria for legalization (laundering) of proceeds of crime, financing of terrorism, and financing of proliferation of weapons of mass destruction, with due regard for the risk criteria set forth by the Ministry of Finance of Ukraine and the subject's activities aspects.

2. Based on the analyses of client identification data and other available data and information on the client and his/her activities, the subjects shall establish categories for clients with a low, medium, or high risk of their conducting transactions that may be related to legalization (laundering) of proceeds of crime, financing of terrorism, or financing of weapons of mass destruction.

Based on the analysis of business relations and in accordance with the client examination results, his/her characteristics may be reviewed and the risk level changed.

3. The subject shall independently determine and reflect the following in its internal documents:

- risk assessment method and procedure;

- risk assessment (re-assessment) results;

- precautions in relation to the clients depending on the risk level assigned to them;

- aspects of client monitoring and financial transaction analysis depending on the risk level assigned to them;

- periodicity of reviewing the risk level assigned to the client.

The subject may, in its internal documents determine and reflect, except for those stated above, additional provisions on the subject's risk assessment of legalization (laundering) of proceeds of crime, financing of terrorism, and financing of proliferation of weapons of mass destruction.

4. The results of client risk assessment (reassessment) and risk management actions shall be recorded in writing on paper and stored with the documents evidencing the fact of completed client identification (verification) as prescribed by the Rules.

5. The subject shall reassess the risks of the clients with whom business relations have been established and in other legally stipulated cases at least once a year to keep it updated and in the following cases:

- based on ascertaining the data of the initial client identification and examination;

- based on the client's financial transactions which may be related to legalization (laundering) of proceeds of crime or financing of terrorism, or financing of proliferation of weapons of mass destruction;

- based on the client transaction analysis in the case of suspicions on inconsistency between the client transactions and the available information on his/her financial status and essence of his/her activities;

- based on the review of his/her own risk criteria (implementation of new criteria);

- in the case of legislative changes on preventing and countering legalization (laundering) of proceeds of crime, financing of terrorism, and financing of proliferation of weapons of mass destruction in relation to risk assessment.

6. If the subject (separated division) assigned a "high" risk level to the client, the subject (separated division) shall take precautions, which may include:

- in-depth client check;

verifying information on the client and other financial transaction participants, specifically by checking the client-provided identification and verification information and receiving additional information from the client or from other public sources;

collecting information on the essence of the client activities and financial status from public sources;

refusal to establish or continue business relations with the client;

informing the State Financial Monitoring Service of Ukraine on the client financial transactions to which the subject (separated division) assigned a high risk level.

The list of the required measures for additional examination of the client characterized by a high risk level may be complemented by the subject (separated division) independently taking into account the client's activities aspects.

7. If the client risk assessment results in a “high” risk level, the subject shall update the client identification data and other available data and information on the client and his/her activities at least once a year.

If the client risk assessment results in a “medium” risk level, the update period for the client identification data and other available data and information on the client and his/her activities shall not exceed two years.

If the client risk assessment results in a “low” risk level, the update period for the client identification data and other available data and information on the client and his/her activities shall not exceed three years.

VI. Detection of Financial Transactions which Are Subject to Financial Monitoring and May Be Related to, Concern, or Intended for Financing of Terrorism and Financing of Proliferation of Weapons of Mass Destruction

1. Detection of financial transactions subject to financial monitoring, including the ones that may be related to, concern, or intended for financing of terrorism, and financing of proliferation of weapons of mass destruction, or information on suspicions regarding persons' activities or assets if there are grounds to believe that they are related to the crime stipulated by the Criminal Code of Ukraine, shall be done by the subject (separated division) based on:

risk criteria determined by the subject independently with due regard for the risk criteria established by the Ministry of Finance of Ukraine;

analytically established inconsistency between the client's financial transaction(s) and the client's financial status and/or essence of activities;

typological research on preventing and countering legalization (laundering) of proceeds of crime or financing of terrorism, or and financing of proliferation of weapons of mass destruction prepared and published by the State Financial Monitoring Service of Ukraine;

State Financial Monitoring Service of Ukraine recommendations and clarifications.

2. Detection of financial transactions subject to financial monitoring and the ones that may be related to, concern, or intended for financing of terrorism, and financing of proliferation of weapons of mass destruction shall be done by the subject's (separated division) responsible officer or other employees identified in the Rules or the Program.

The subjects pursuing their activities in person, without establishing a legal entity, shall directly detect financial transactions which are subject to financial monitoring and may be related to, concern, or intended for financing of terrorism and financing of proliferation of weapons of mass destruction.

3. Detection of financial transactions that are subject to financial monitoring or may be related to legalization (laundering) of proceeds of crime, financing of terrorism, and financing of proliferation of weapons of mass destruction shall be done prior to, during, but no later than the next work day after they were effected or on the day of aroused suspicion, or during the attempt at their conducting, or after the client's refusal to effect them.

4. In the case of detecting a financial transaction that is subject to financial monitoring or in relation to which there is suspicion that it is related to, concerns, or intended for financing of terrorist activities, financing of proliferation of weapons of mass destruction, terrorist acts or terrorist organizations and organizations or persons subjected to international sanctions, the subject's (separated division's) employee who detected it shall without delay inform the subject's (separated division's) responsible officer. The responsible officer shall check the above information, ensure its registration in the cases stipulated by the law, and notify the State Financial Monitoring Service of Ukraine and the law enforcement agencies.

Actions aimed at detecting whether the transaction is subject to financial monitoring or is the one that may be related to, concern, or intended for financing of terrorism and financing of proliferation of weapons of mass destruction, shall be determined by the Rules and shall include:

1) analysis of a legal transaction (belonging of persons participating in the transaction to legal entities or natural persons related to terrorist activity or subjected to international sanctions; belonging to high-risk persons; payment form and method, subject of the contract, etc.);

2) ascertaining the essence and purpose of the transaction, including by receiving additional documents, data, and clarifications related to transactions;

3) analysis of the client's financial transaction consistency with the available information on the essence of his/her activities and financial status with the aim of detecting financial transactions subject to financial monitoring;

4) management of the risks related to implementation or use of new and existing information products, business practice or technologies, including the ones allowing financial transactions without direct contact with the client.

To evaluate whether a financial transaction (or its attempt) is effected for legalization (laundering) of proceeds of crime or related with financing of terrorism and financing of proliferation of weapons of mass destruction, the subject (separated division) shall examine the client's transactions and may additionally examine financial transactions of other persons who are participants of the evaluated transactions.

5. In the case of detecting a financial transaction with a high risk or legalization (laundering) of proceeds of crime, financing of terrorism, and financing of proliferation of weapons of mass destruction, the subject shall:

1) ensure risk management for legalization (laundering) of proceeds of crime or financing of terrorism pursuant to the Rules;

2) decide on submitting a report to the State Financial Monitoring Service of Ukraine on such a financial transaction.

In the case of detecting a financial transaction with a medium risk of legalization (laundering) of proceeds of crime or financing of terrorism and financing of proliferation of weapons of mass destruction, the subject shall ensure management of risks of legalization (laundering) of proceeds of crime or financing of terrorism, or financing of proliferation of weapons of mass destruction pursuant to the Rules.

6. The subject (separated division) shall store information on the financial transaction in the scope required for submittal of a financial transaction report to the State Financial Monitoring Service of Ukraine in the legally stipulated cases.

7. The information on its suspicions regarding the activities of persons or their assets, if there are grounds to believe that they are related to a crime stipulated by the Criminal Code of Ukraine, shall be submitted by the subject to the State Financial Monitoring Service of Ukraine in a free form and signed by the subject's head or responsible officer.

VII. Suspension of Financial Transactions

1. If the subject's (separated division's) employee detects a financial transaction, the participant or beneficiary of which is a person included on the list of persons related to terrorist activities or subjected to international sanctions, the information on such a financial transaction shall without delay be forwarded to the subject's (separated division's) responsible officer.

To make a decision on suspension of a financial transaction, the subject's (separated division's) responsible officer shall submit information on such a transaction to the subject's head.

A decision on suspension of a financial transaction shall be made by the subject's head on the day of detecting the financial transaction by issuing a

corresponding written instruction. After making this decision, the responsible officer shall on the same day ensure registration of information on such a financial transaction and on the suspension day shall duly inform the State Financial Monitoring Service of Ukraine on such a financial transaction and its participants.

The subject shall suspend the financial transaction, the participant or beneficiary of which is a person included on the list of persons related to terrorist activities or subjected to international sanctions for two work days from the suspension day (inclusive).

2. The subject shall have the right to make a decision on suspension of the financial transaction for two work days from the suspension day (inclusive) if such a transaction has indicators stipulated in Articles 15 and 16 of the Law. Such suspension shall follow the procedure stipulated in Clause 1 of this Section.

3. If a decision on suspension of a financial transaction is made, the subject shall on the same day inform the State Financial Monitoring Service accordingly by submitting information using the legally established form.

The information shall be submitted to the State Financial Monitoring Service of Ukraine taking precautions to preclude unauthorized access to the information or documents during their delivery.

4. If the subject receives a State Financial Monitoring Service of Ukraine decision on further suspension of the financial transaction, the subject shall ensure its further suspension for the duration specified by the State Financial Monitoring Service of Ukraine.

5. If the subject receives a State Financial Monitoring Service of Ukraine instruction provided in pursuance of a request from an authorized foreign agency on suspension of a financial transaction as potentially related to legalization (laundering) of proceeds of crime, financing of terrorism, and financing of proliferation of weapons of mass destruction, the subject shall suspend the corresponding person's transaction or ensure its monitoring for the duration specified in the State Financial Monitoring Service of Ukraine instruction.

If financial transactions are suspended on the State Financial Monitoring Service of Ukraine instruction, the subject shall add information on this transaction to the register on the day of instruction arrival.

6. The subject shall resume financial transactions:

on the third work day from suspension of the financial transaction if the subject does not receive a State Financial Monitoring Service of Ukraine decision on further suspension of a financial transaction(s) within two work days;

the next work day after the subject receives a notification on the State Financial Monitoring Service of Ukraine canceling this decision within the period specified in the State Financial Monitoring Service of Ukraine decision on further suspension of a corresponding financial transaction(s) pursuant to Part 2, Article 17 of the Law, but no later than on the 31st work day from suspension of a financial transaction(s);

the next work day after expiration of the suspension period for a corresponding financial transaction(s) specified in the State Financial Monitoring Service of Ukraine decision on further suspension of a corresponding financial transaction(s);

the next work day after the subject receives a State Financial Monitoring Service of Ukraine instruction pursuant to Part 5, Article 23 of the Law on suspension of financial transactions suspended in response to a request from an authorized foreign agency.

The subject shall notify the client in the case of an application for suspension of a financial transaction(s) if the suspension period exceeded seven work days.

VIII. Performing Internal or Independent Audits

1. Provisions of this section shall be used by the subjects, except for those that pursue their activities in person, without establishing a legal entity.

2. An internal audit of the subject's activities for compliance with the legislative requirements on preventing and countering legalization (laundering) of proceeds of crime, financing of terrorism, and financing of proliferation of weapons of mass destruction shall be performed at least once a year.

3. The audit shall be performed by decision of the subject's head or a person acting for him/her and formalized in an executive order. The audit dates and scope shall be set forth in the executive order.

4. The audit scope shall include:

1) compliance of the Rules and the Program with the legislative requirements on preventing and countering legalization (laundering) of proceeds of crime, financing of terrorism, and financing of proliferation of weapons of mass destruction;

2) implementation of the actions provided for by the Program;

3) compliance with the Program requirements;

4) implementation of the actions provided for by the corresponding training program;

5) compliance of the risk assessment with the risk criteria set forth by the Ministry of Finance of Ukraine;

6) personnel compliance with the requirements for storage of financial monitoring documents.

The subject's head or person acting for him/her shall have the right to include additional audit issues in line with the subject's activities.

5. The audit shall be performed by the subject's officials designated by a corresponding executive document.

6. The audit shall result in an act signed by the person(s) who performed the audit. The act shall state conclusions and, if needed, proposals on elimination of the findings identified during the audit.

The audit act shall be provided to the subject's head after its signing for information and taking corrective actions as required.

The subject's head review of the audit act shall be evidenced by his/her signature.

7. The subject may request an independent audit of its activities on preventing and countering legalization (laundering) of proceeds of crime, financing of terrorism, and financing of proliferation of weapons of mass destruction from an auditor (auditing firm) included in the Register of Auditor Firms and Auditors of the Audit Chamber of Ukraine.

8. The audit act or audit findings shall be stored by the subject for five years from the audit date.

IX. Subject's personnel training for compliance with the legislative requirements on preventing and countering legalization (laundering) of proceeds of crime, financing of terrorism, and financing of proliferation of weapons of mass destruction

1. Provisions of this section shall be used by the subjects, except for those that pursue their activities in person, without establishing a legal entity.

2. To ensure the appropriate level of personnel qualification on financial monitoring, the subject's (separated division's) responsible officer shall train personnel on detection of financial transactions subject to financial monitoring by conducting educational and practical events.

3. All the subject's (separated division's) employees who participate in or ensure performance of a financial transaction (hereinafter "the employees") shall review the Rules and the Program and participate in the relevant training sessions.

4. The employees shall be warned in writing about liability for violation of legislative requirements on preventing and countering legalization (laundering) of proceeds of crime, financing of terrorism, and financing of proliferation of weapons of mass destruction.

5. Training of the employees in line with their job duties shall be done by conducting educational and practical events, specifically to:

acquaint the employees with the legislation and international standards on preventing and countering legalization (laundering) of proceeds of crime, financing of terrorism, and financing of proliferation of weapons of mass destruction;

acquaint the employees with the internal documents on financial monitoring;

study best practices on detection of financial transactions which may be related to legalization (laundering) of proceeds of crime or financing of terrorism, or financing of proliferation of weapons of mass destruction;

acquaint the employees with the means of and approaches to examination of clients and checking information related to their identification and verification;

acquaint the employees with the procedure of risk management on legalization (laundering) of proceeds of crime, financing of terrorism, and financing of proliferation of weapons of mass destruction, including practical sessions on their risk assessment based on the established risk criteria.

Completion of each training session shall be confirmed by a relevant record in an education event log, which is a separate document, filled out by the subject's (separated division's) responsible officer, and contains information on the training date, list of topics, and signature of the employees who took the training.

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

M.O. Chmeruk