

Strengthening the protection of investors' rights

On 7 April 2015 the Verkhovna Rada adopted changes in certain acts relating to the protection of investors' rights.

Provisions of the Law are aimed at strengthening the level of protection of investors' rights. Thus, the Law envisages the right of the claimant to obtain reimbursement of its expenses from the company, if such expenses were incurred as a result of a court hearing in case of a claim to the company's officer regarding reimbursement of losses suffered by the company due to illegal actions of such officer in the amount of actual damage to the company.

Also, the other important novelty is the establishment of a derivative claim: the right of a minority shareholder to submit a claim on reimbursement of losses in the interests of the company. Such provision significantly enhances the possibility of a minority shareholder to influence decision-making process of the company.

In addition, the following is worth mentioning:

- establishment of "independent directors" who shall represent the interests of minority shareholders in public joint stock companies and transparent criteria for their election;
- implementation of liability of company's officers in the event of losses caused to the company due to their illegal actions;
- adoption of the procedure on recognition of a transaction executed by company's officer as null and void and return of any profits made by such officers as a result of such transaction.

The Law shall become effective on 01 May 2016.