

Novelties in the Ukrainian foreign exchange market

On 4 April 2019, the updated Instruction of the National Bank of Ukraine On the Procedure for Opening and Closing Clients' Bank Accounts and Correspondent Accounts of Resident and Non-Resident Banks (hereinafter the „Instruction“) entered into force.

According to the Instruction, the National Bank of Ukraine allowed non-resident legal entities, including foreign investment funds and asset management companies acting on behalf of such investment funds, to open accounts in Ukrainian banks.

Moreover, the National Bank of Ukraine simplified the procedure for opening bank accounts by abolishing the following requirements:

- submission of a signature card; from now on, the accounts shall be used on the basis of the list of authorized signatories as provided for by law; notarization is not required;
- the legal entity name change does not require closing current accounts.

Moreover, on 7 February 2019, the new Law of Ukraine On Currency and Exchange Transactions entered into force and lifted about twenty restrictions in the foreign exchange market, in particular:

- the maximum term established for settlements under export and import contracts has been doubled – up to 365 days;
- export and import operations under UAH 150,000 shall no longer be subject to currency control;
- legal entities may now freely use accounts abroad (except for transactions for the transfer of funds from Ukraine to such accounts);
- individual licenses to conduct foreign exchange operations have been cancelled; they will be replaced by a system of e-limits (EUR 2 million a year for legal entities and EUR 50,000 a year for individuals);
- sanctions for failure to meet payment deadlines in the form of suspension of foreign economic activity have been abolished;
- restriction on early repayment of external loans obligations has been lifted;
- the National Bank of Ukraine allowed currency forwards for the purpose of hedging export/import and loan transactions;
- requirement for cross-border loans registration has been cancelled;
- individuals may now purchase foreign currency online (up to the equivalent of UAH 150,000 per day);
- banks are allowed to sell government securities denominated in foreign currencies to their clients for foreign currency;
- banks may now invest in investment-grade securities without limitations;
- legal entities may now bring investment metals in/out of Ukraine if so provided in their articles of association;

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- the National Bank of Ukraine allowed purchasing and accumulating foreign currency on accounts intended for making payments on external loans;
- dual control over export operations shall no longer be applied: currency supervision will be exercised only by the bank, having received the information on the respective customs declaration;
- investing in Ukraine in currencies that are not only in the first group but also in the second group of the currency classifier will now be allowed;
- currency valuables movement across the border has been unified.

Furthermore, with effect from 7 February, companies may repatriate dividends for 2018, provided the sum of dividends within one calendar month does not exceed EUR 7 million. Companies may also order and buy foreign currency on the same day without preliminary funds reservation. Moreover, as of 1 March 2019, the National Bank of Ukraine lowered requirements for the mandatory sale of foreign currency proceeds from abroad from 50% to 30%.