

Currency Restrictions Prolonged

On 1 December 2014 the National Bank of Ukraine (the NBU) resolved to prolong a number of administrative measures regulating the currency market of Ukraine for another three months. For this purpose the resolution of the Board of the NBU No. 758 "On Settlement of the Situation on Monetary and Foreign Exchange Markets of Ukraine" was adopted, which came into force on 3 December 2014 and is effective until 3 March 2015.

Thus, the requirement to return foreign currency receipts in Ukraine within 90 days and also the ban on sale of foreign currency in cash to one client per day at a bank in the amount of over UAH 3,000, except for the cases when an individual repays a currency loan at such bank, were prolonged.

In addition, the prohibition on transfer of foreign currency abroad without the supporting documents in the amount exceeding the equivalent of UAH 15,000 per one operational day and the restriction on withdrawal of cash in national currency via cash desks and ATMs in the amount of over UAH 150,000 per day per client (except for salaries, expenses for business travels, pensions, bursaries and payouts of the guaranteed amount of deposit by the Deposit Guarantee Fund) were extended.

The resolution also leaves in effect the restriction on withdrawal of cash funds in foreign currency or banking metals from the current and deposit accounts via cash desks and ATMs in the amount exceeding the equivalent of UAH 15,000 at the official exchange rate per day per client. This restriction does not apply to: diplomatic missions, consulate institutions of foreign countries in Ukraine, international financial institutions, representative offices of international financial institutions and their employees, if they are not citizens of Ukraine or do not reside permanently in Ukraine and are accredited by the Ministry of Foreign Affairs of Ukraine, transactions on meeting expenses for business travels abroad of employees of the resident legal persons and individual entrepreneurs and foreign representative offices.

The NBU also prolonged the prohibition on several transactions in foreign currency, in particular, in relation to repatriation of dividends abroad to foreign investors (except for repatriation of dividends on securities traded on stock exchanges).

The resolution also envisages that withdrawal of cash on the territory of Ukraine via electronic payments, issued by residents and non-residents, shall be done in UAH.

Among the innovations of the NBU one may note the following:

- Banks were suggested to issue registered savings (depository) certificates, denominated both in national and foreign currency, with a maturity term of six and more months and the repayment without a cap after the maturity term specified in the certificate;
- Resident guarantors (sureties) that obtained the individual license from the

NBU, have the right to transfer foreign currency for the purposes of performance of obligations under a loan, which is secured by a guarantee (surety), issued by international financial institutions or export-import agencies;

- Charitable aid in foreign currency is exempted from the mandatory sale on the interbank currency market;
- Transactions in foreign currency on the basis of the individual licenses of the NBU are prohibited, except for transactions on the basis of the individual licenses of the NBU for foreign currency transfer abroad by a commercial party-resident for payment of entrance or membership contributions in foreign currency, paid as single or periodic contributions for ensuring current activities of the non-resident legal entity, and also for placing currency on the accounts abroad, issued by the NBU to the legal entities.