

Restrictions on the foreign exchange market relaxed

The National Bank of Ukraine's Regulation No. 685 (hereinafter, the Regulation) dated October 30, 2014 came into effect on November 3, 2014. This relaxes the requirements on the Ukrainian foreign exchange market.

The Regulation introduces key changes to the National Bank of Ukraine's Regulation No. 540, dated August 29, 2014 "On the Introduction of Additional Mechanisms to Stabilize the Monetary and Foreign Exchange Markets of Ukraine", and regulation No. 597 dated December 30, 2003 "On the Transfer of Funds in National and Foreign Currency to Non-Residents' Accounts".

Thus, the National Bank has cancelled its previously imposed restrictions on purchasing foreign currency that had caused major business protests in the past, and allows foreign currency to be purchased for payments that result from import transactions without goods being imported into Ukraine. From now on currency can be purchased for payments as a result of import agreements under which the goods entered Ukraine and passed customs clearance more than 180 days earlier. Previously, the National Bank had prohibited these transactions.

In addition, transfers for charitable aid to charitable funds and transfers of funds abroad by the Ministry of Healthcare of Ukraine for the treatment of patients are only made based on confirmation of the need for medical treatment at a foreign healthcare institution. Now there is no longer a requirement for price opinions from the government enterprise "State Information and Analysis Centre for Monitoring Export Commodities Markets" or approval by the National Bank of Ukraine, or an individual NBU license.

At the same time, the NBU has lowered the threshold for contracts between residents and non-residents for work, services and intellectual property rights which are subject to price evaluation from EUR 100,000 to EUR 50,000. This aims to ensure control by the authorized banks for residents' transactions for payments for work, services and intellectual property rights.

Other restrictions, including with regard to dividend disbursements to foreign investors, payments from the sale of securities issued by Ukrainian entities (other than Ukrainian government bonds) off the stock exchange and with regard to the repayment of income generated by foreign investors from the sale of participating interests (with the exception of shares) in Ukrainian companies, remain unchanged.