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Ukraine

Progress report ¹

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UKRAINE

Third Evaluation Round Third Progress Report

1. Information submitted by Ukraine for the third 3rd round progress report

1.1 General overview of the current situation and the developments since the last evaluation relevant in the AML/CFT field

Position at date of last progress report (27 September 2010)

On May 18, 2010 the new AML/CFT Law of Ukraine has been adopted. The same law introduced amendments to the Criminal Code and other laws. The Law has been signed by President of Ukraine on May 21 and published on May 22, so Law is duly enacted and it came into force in 90 days after publication, namely on 21st of August 2010.

Key features of the new AML/CFT legislation are:

- Improved definition of money laundering, all crimes punished with imprisonment are predicate offences (except tax evasion)
- Terrorism financing definition is improved, it is a separate offence
- DNFBPs become reporting entities
- Risk-based approach introduced in the AML/CFT Law
- International sanctions also make basis for reporting of transactions and freezing
- FIU received power to freeze transactions in cases of ML/TF suspicions and on request of foreign FIUs

FIU received power to request reporting entities to monitor transactions of clients and report results to FIU.

Along with the implementation of international standards the Law contains improvements of the AML/CFT system based on 7 years of experience.

To meet provisions of the AML/CFT Law following Resolutions were approved by the Government of Ukraine:

1. Resolution of the Cabinet of Ministers of Ukraine On Adopting the Procedure of Composing of the List of Persons Related to Terrorist Activities or with Regard to Whom International Sanctions are Applied as of August 18, 2010 No 745;
2. Resolution of the Cabinet of Ministers of Ukraine On approval of Procedure of Submitting Information Concerning Client Identification by State Authorities on Request of Reporting Entity as of August 25, 2010 No 746;
3. Resolution of the Cabinet of Ministers of Ukraine On Some Issues of Financial Monitoring Organization as of August 25, 2010 No 747;
4. Resolution of the Cabinet of Ministers of Ukraine On Procedure for Providing Information by State Authorities on Financial Transactions to the State Financial Monitoring Service as of August 25, 2010 No 759;
5. Resolution of the Cabinet of Ministers of Ukraine On Procedure of Determination of Countries (Territories) that do not Address or Improperly Address Recommendations of AML/CFT International, Intergovernmental Organizations as of August 28, 2010 No 765;
6. Resolution of the Cabinet of Ministers of Ukraine On approval of Procedure of submitting information to the State Financial Monitoring Service by business entities, enterprises, institutions, organizations, which are not reporting entities as of August 30, 2010 No 775.

The FIU of Ukraine and state regulators adopted 66 orders and other regulations.

Financial sector of Ukraine

Banks

The Ukrainian banking system is a two-level structure which consists of the National bank of Ukraine and commercial banks including 5 state-owned banks.

In 1991 year 76 banks were registered in Ukraine, their amount reached 196 as of 01.07.2010 with 922 operating branches. According to the amendments in the Law on Joint Stock Companies of April 30, 2009 the joint-stock banks were converted into public companies. Banks operate according to the Law On Bank and Banking, and they are determined as “legal entities which have exceptional right on the basis of license of the National Bank of Ukraine to carry out such operations in an aggregate: bringing in deposits of money of natural and legal persons and placing of the noted money on its own behalf, on own terms and at an own risk, opening and keeping of bank accounts of natural and legal persons”.

As of 01.07.2012, there were 176 banks in the State Register of banks. The number of banks with a foreign capital, which had a license to conduct bank transactions as of 01.07.2012 constituted 55 banks, including 23 banks with 100 % foreign capital.

During the first half of 2012, licenses to conduct all bank transactions of 2 banks were revoked. During this period, there were 5 cases of suspension or termination of the license to conduct certain banking transactions.

On the regional level the most of banks are in Kiev and Kiev region -115 banks. Among other regions leaders were Dnepropetrovsk region (14 banks), Donetsk region (10 banks), and Kharkov and Odessa regions (8 banks each).

As of 01.07.2012, 23 banks were in the stage of liquidation.

Banks assets as of 01.07.2012 constitute 1 104.5 billion UAH.

Capital of banks is 162.0 billion UAH. This was mainly achieved by increasing the amount of paid-in registered capital. The share of foreign capital in the statutory capital of banks constitutes 41.2%.

Financial Companies

As of 01.09.2012 State Register of financial institutions of the State Commission for the Financial Services Markets Regulation (SCFSMR) included:

- Insurance companies – 447,
- Credit institutions – 798, including:
 - o credit unions – 614,
 - o other credit institutions – 84,
- Pawnshops – 463;
- Financial companies – 277;
- Non state pension funds – 97;
- Non state pension funds’ administrators – 39;
- Other financial institutions – 2.

The most significant segment of nonbank financial services sector is insurance. Total assets of pension and investment funds constitute an insignificant share.

As of first half a year of 2012 volume of total assets of insurers is 4 697, 7 million UAH.

As of 30.06.2012 total volume of assets of credit unions constituted UAH 2 550, 8 million.

Securities Market

Number and types of non-bank financial institutions regulated by State Securities and Stock Market Commission (as of 01.08.2012) are shown in the table

Type of financial institution	Number
Securities traders	285
Traders-Custodians	226
Traders-Custodians- Registrars	14
Registrars	141
Asset Management Companies	354

Trade organizers	10
Clearing Houses/ Depositories	2

Money laundering risks and threats

In Ukraine criminals and organized criminal groups use almost all known ways for laundering criminal proceeds, and the identified money laundering schemes are complex enough.

Illegal profits are gained mainly in a result of the following crimes:

- economic crimes (illegal manufacturing, storing and sale of excise commodities and violation of business and bank activity procedures);
- corruption;
- tax evasion and fraud (including VAT fraud);
- smuggling;
- drugs trafficking.

To launder money criminals mainly use bank institutions, real estate traders and insurance companies. The followings instruments are used: structuring or splitting of transactions, fictitious legal entities, lost/stolen and false passports and other documents, identity theft, offshore companies.

Ukraine scrutinized a significant number of typologies detailed in typologies reports. Methods identified included:

- use of fictitious companies;
- transactions with junk securities;
- use of offshore companies;
- VAT carousel fraud;
- reinsurance transactions.

On April 13, 2012 the Verkhovna Rada of Ukraine adopted new Criminal Procedural Code of Ukraine (the Law of Ukraine No 4651-VI), which will come into force on 19.11.2012, except certain provisions which are enacted since the adoption of certain legal acts.

Resolution of the Cabinet of Ministers of Ukraine a of March 9, 2011 No 190-r approved the Strategy of combating legalization (laundering) of proceeds from crime and financing of terrorism till 2015, which aims to identify legislative, organizational and institutional measures directed on ensuring stable and efficient operation of the national AML/CTF system.

Money laundering risks and threats

To implement provisions of Recommendation 1 of the FATF Recommendations (International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation), adopted on the FATF (Financial Action Task Force)Plenary meeting, which was held on February 15-17, 2012and pursuant to paragraph 4 of the AML/CTF Action Plan for 2012, approved by the Cabinet of Ministers of Ukraine and the National Bank of Ukraine as of December 28, 2011 No 1379, a draft Methodology onconducting national AML/CTF risk assessment.

Combating financing of terrorism

Ukraine is not a “risk area” for terrorism origin and there are no objective grounds for its spread within the state. At the same time certain grounds and factors exist which increase the threat of extremist appearance including representatives of the international terrorist groups.

Ukraine fulfills its international commitments, is a party of all conventions and protocols regulating different aspects of combating terrorism.

Ukraine established the National Counter Terrorist System with the backbone made by the Antiterrorist Centre of Security Service and Anti-Crisis Centre.

In order to protect citizens, state and society from terrorism, to detect and eliminate grounds and factors facilitating its occurrence, Ukraine adopted the Law On Combating Terrorism which provides the wide range of powers to the special and law-enforcement agencies which undertake measures in the sphere of combating terrorism. FIU of Ukraine is closely cooperating with such agencies on the

issues of detection and prevention of the possible facts of financing organizations which supports terrorist activity.

It should be noted that Ukraine did not appear to suffer from international terrorism incidents, although law enforcement authorities sometimes labeled certain domestic criminal activities as terrorist acts.

FIU of Ukraine analyzed the STRs from financial intermediaries and submitted to the Security Service of Ukraine 36 case referrals and additional materials related to terrorism, including:

- 26 – case referrals;
- 10 – additional materials.

Under consideration of such case referrals the Security Service of Ukraine has not detected even a single fact of the financing of terrorism.

Combating corruption

FIU of Ukraine participates in the combating corruption in Ukraine.

Considering FIU' case referrals the law-enforcement agencies detect and investigate crimes including cases related to corruption activity. According to information received from law-enforcement agencies 177 case referrals filed in 2010 – first hal of 2012 are used in investigation of criminal cases related to corruption. FIU of Ukraine provides the realization of GRECO recommendation on coordination of trainings on detection corruption for the reporting entities. Thus, the special AML/CFT Training Course includes the line of anticorruption issues.

On 07.04.2011 the Parliament of Ukraine adopted the Law of Ukraine “On Principles of Preventing and Counteracting Corruption” No 3206-VI, that sets key bases of prevention and counteraction to corruption in public and private spheres of social relations, reimbursement of the damage and losses incurred in the result of corruptive offences, renewal of violated rights, freedoms and interests of the individuals, rights and interests of legal entities and interests of the state and the Law of Ukraine “On Amending Certain Legislative Acts of Ukraine Pertaining to Liability for Corruptive Offences” (No 3207-VI) that came into force as of 01.01.2012.

By the Decree of the President of Ukraine as of 21.10.2011 No 1001/2011 the national Anti-corruption atrategy for 2011-2015 was approved.

By the Resolution of the Cabinet of Ministers of Ukraine as of 28.11.2012 the National programme for prevention and counteraction to corruption for 2011-2015 was approved.

New developments since the adoption of the second progress report (6/12/2012)

In 2013, on the facts of corruption offenses on materials of Security Service of Ukraine 1143 pretrial investigations, including 422 - on the grounds of crime under Art. 368 of the Criminal Code of Ukraine (acceptance of the offer, promise or receipt of improper benefits by officer) were started.

In 2014, on the facts of corruption offenses on materials of Security Service of Ukraine 928 criminal proceedings, including 451 on the ground of crime under Art. 368 of the Criminal Code of Ukraine were initiated.

For 5 months of 2015 the facts of corruption offenses on materials of Security Service of Ukraine 491 criminal proceedings, including 277 on the ground of crime under Art. were initiated.

New legislative initiatives

October 14, 2014 the Verkhovna Rada of Ukraine adopted the Law of Ukraine "On prevention and counteraction to legalization (laundering) of proceeds from crime or terrorism financing and the financing of proliferation of weapons of mass destruction" (hereinafter - Law 2015).

The Law 2015 came into force on February 6, 2015.

The Law 2015 comprehensively improved national legislation in the sphere of combating legalization (laundering) of proceeds from crime, terrorism financing and the financing of proliferation of weapons of mass destruction, in particular:

established a national risk assessment of financial monitoring and improved risk-oriented approach;
defined measures to combat the financing of proliferation of weapons of mass destruction

tax crimes included among the predicate;

established compulsory financial monitoring of financial transactions of national public officials and officials from other countries and international organizations;

withdraw thresholds for the Financial Monitoring of realtors and notaries;

excluded persons carrying out transactions with cash in amount of 150 000 UAH., from the number of reporting entities through the introduction of mandatory monitoring of such operations by banking institutions;

improved procedure of suspending financial transactions;

amendments were made to the Code of Criminal Procedure of Ukraine:

1) jurisdiction of crimes under Articles 209 (legalization (laundering) of proceeds of crime) and 2091 (Deliberate violation of legislation on prevention of legalization (laundering) of proceeds from crime or financing of terrorism) of the Criminal Code of Ukraine;

2) The pre-trial investigation in the proceedings of legalization (laundering) of proceeds from crime, without prior or simultaneous holding a person criminally responsible for the commission of a socially dangerous illegal act that preceded the legalization (laundering) of proceeds of crime in criminal proceedings Article 209 of the Criminal Code of Ukraine in case when, in particular:

socially dangerous illegal act that preceded the legalization (laundering) of proceeds from crime committed outside Ukraine, and legalization (laundering) of proceeds from crime - the territory of Ukraine;

the fact of committing a socially dangerous illegal act that preceded the legalization (laundering) of proceeds from crime, the court established the relevant procedural decisions.

Along with this, SFMS and the state regulators are actively taking steps to bring the national legislation to the requirements of The Law 2015 - the development and approval of normative legal acts on AML /CFT for further adoption, entering into force and direction for its execution.

In order to implement the provisions of the Law 2015 as of 05/19/2015:

On 14.05.2015 the Government of Ukraine adopted resolution № 299 "Some issues of Unified Information system on prevention and counteraction to legalization (laundering) of proceeds from crime, terrorist financing and the financing proliferation of weapons of mass destruction";

7 orders of the state regulators were adopted.

Besides, on October 14, 2014 the Verkhovna Rada of Ukraine adopted the Act of Ukraine "On Amendments to Certain Legislative Acts of Ukraine regarding determination of the final beneficiaries of legal entities and public figures» № 1701-VII.

This Law 2015 (amended by the New Basic Law) provides:

the duty of companies to establish their final beneficial owner (Controller), regularly update and maintain their information and provide it to the state registers that carries out state registration of legal entities;

establishing administrative liability for failure to state register entity of ultimate beneficial owner (controller) of legal entity.

Also, on February 12, 2015 the Verkhovna Rada adopted the Law of Ukraine "On amendments to some legislative acts of Ukraine concerning support of the National Anti-Corruption Bureau of Ukraine and the National Agency for Prevention of Corruption» № 198-VIII, which expanded the concept of "national public figures."

Ukrainian financial sector

BANKS

The structure of ukrainian banking system is made of two levels, consisting of the National Bank of Ukraine and commercial banks, including 5 state banks.

In 1991, in Ukraine there were 76 banks, whose number as of 01.07.2010 reached to 196 banks with 922 operating branches. The amendments were made to the Law of Ukraine of April 30, 2009 "On Joint Stock Companies" (12) joint-stock banks were converted into public company. Banks are under the Law "On Banks and Banking" (11) and are defined as "legal entities who have the exclusive right to the license of the National Bank of Ukraine to make together the following operations: attracting deposits of funds of individuals and legal entities, placing such funds on its behalf, on its own terms and at their own risk, opening and maintaining bank accounts of individuals and legal entities

As of 01.07.2012 the State Register of Banks there were registered 176 banks. The network consisted of 304 banks operating branches. At the end of June, banks in Ukraine had 106 subsidiaries and 16 abroad.

License for banking operations have 175 banks and bank- 1 license sanation bank as of 01.07.2012. 55 banks with foreign capital have a license for banking operations, including 23 banks - with 100 percent foreign capital as of 01.07.2012.

During the 1st half of 2012, licenses were revoked for all banking transactions in two banks. During this period, there have been 5 cases of suspension or termination of license for certain banking operations

In regions the highest amount of banks submitted reports to the National Bank of Ukraine, as previously were recorded in the Kyiv and Kyiv region - 115 banks. Other regional leaders were Dnipropetrovsk region (14 banks), Donetsk (banks) and Kharkiv and Odessa region (8 banks)

In liquidation were 23 banks as of 01.07.2012.

Assets of banks is 1 104.5 billion. UAH as of 01.07.2012

The capital of banks amounted to 162.0 billion. UAH. Basically this was achieved by increasing the amount of the registered paid capital. The share of foreign capital in the authorized capital of banks was amounted to 41.2%.

Law of Ukraine "On Amendments to Some Laws of Ukraine on regulation of banks' from 15.02.2011 № 3024-VI, which entered into force on 17.06.2011, amended the Law of Ukraine" On Banks and Banking ", in particular, Article 2 in the definition of the bank, namely the banks identified as "legal persons under the banking license have the exclusive right to provide banking services, details of which are included in the State register of Banks"

Law of Ukraine "On Amendments to Some Laws of Ukraine on regulation of banks' from 15.02.2011 № 3024-VI, which entered into force on 17.06.2011, amended the Law of Ukraine" On Banks and Banking ", in particular, Article 2 in the definition of the bank, namely the banks identified as "legal persons under the banking license have the exclusive right to provide banking services, details of which are included in the State register of Banks".

Indicator	01.01. 2011	01.01. 2012	01.01. 2013	01.01. 2014	01.01. 2015¹	01.04. 2015¹
Registered banks	194	198	176	182	182	181
Current branch	793	451	242	177	133	132
Banks with the banking license, including	176	176	175	179	162	147
Banks with foreign capital	55	53	53	49	51	46
Including with 100%	20	22	22	19	19	19

foreign capital						
Banks that have sanitation license, including	-	-	1	1	1	1
Assets of banks, mln. UAH.	942 088	1 054 280	1 127 192	1 278 095	1 316 852	1 440 482
Capital, mln. UAH.	137 725	155 487	169 320	192 599	148 023	86 102
The number of banks in the liquidation	18	21	-	2	19	33

1 - excluding banks that have not submitted reports due to the unstable situation in the area where banks were registered

Indicator	2011	2012	2013	2014	I quarter 2015
During the year, the banking license for banking operations was revoked	4	3	2	19	14
During the year, banks, which turned bank licensed to conduct banking operations in connection with their reorganization	-	-	2	-	1

Financial institutions

As of 01.09.2012, the State Register of financial institutions by the National Commission for State Regulation of Financial Services Markets include:

- Insurance companies - 447;
- credit institutions - 698, including:
- Credit unions - 614,
- other credit institutions - 84,
- Pawnshops - 463,
- Financial companies - 277,
- pension funds - 97,
- Administrators NPF - 39,
- other financial institutions - 2.

Insurance is the most significant segment of the sector of providing non bank financial services. Total assets of the pension and investment funds are not a significant amount.

As of the first half of 2012, the total assets of insurance companies amounted to 4 697.7 million. UAH. As of the first half of 2012, the total assets of insurance companies amounted to 4 697.7 million. UAH.

As of 30.06.2012, the total assets of credit unions amounted to 2 550.8 million. UAH

Financial institutions

As of 01.01.2015, the State Register of financial institutions by the National Commission for State Regulation of Financial Services includes:

- Insurance companies - 382,
- Credit institutions - 711, including:
- Credit unions - 589,
- Other credit institutions - 92,
- Legal entities of public law - 30
- Pawnshops - 477,
- Financial companies - 415,
- Pension funds - 76,
- Administrators NPF - 24
- Trust companies – 2

The most significant segment of the sector for the provision of non-bank financial services is insurance. Total assets of the pension and investment funds are not a significant amount.

As of 01.01.2015, the total assets of insurance companies amounted to 70 261.2 million. UAH.

As of 01.01.2015, the total assets of credit unions amounted to 2 338.7 million. UAH.

Securities market

The number and types of non bank financial institutions that are regulated by the State Commission on Securities and Stock Market (as of 01.08.2012 years) are given in the table

Type of financial institution	Quantity
Securities traders	285
Merchants custodian	226
Merchants custodian-registrars	14
Registrars	141
Asset Management Company	354
Asset Management Company	10
Clearing depository	2

Securities market

The number and types of non-banking financial institutions that are regulated by the National Commission on Securities and Stock Market (as at 01.04.2015) are given in the table.

Types of financial institution	Quantity
Securities traders	166
Securities traders - depository institutions	162
Depository institutions	37
Asset Management Company	345
Stock markets	10

Risks and threats of money laundering

In Ukraine criminals and organized crime groups use almost all known avenues for money laundering but still identified money laundering schemes are very complex.

Laundering primarily obtained by following violations:

- economic crimes (illegal production, storage and sale of excise goods and violations of procedures and banking business);
- corruption;
- tax evasion and fraud (including VAT fraud);

- smuggling and crimes against property;
- Drugs trade.

For money laundering criminals mainly use banks, real estate dealers and insurance companies. The following tools: structuring or splitting operations, fictitious entities lost / stolen, false passports and other false documentation, identity theft, offshore companies.

Ukraine has investigated a significant number of typologies that were described in the reports on the typology. Identified methods include:

- execution of fictitious companies;
- operation consumable securities;
- the use of offshore companies;
- Rotary-trade schemes involving illegal VAT compensation from budget
- reinsurance.

The Verkhovna Rada of Ukraine on April 13, 2012 adopted a new Criminal Procedural Code of Ukraine (2) (the Law of Ukraine № 4651-VI), which takes effect 19/11/2012, except for certain provisions that are enacted after a series of laws and regulations.

On March 9, 2011 the Cabinet of Ministers of Ukraine approved the Strategy of development of prevention and counteraction to legalization (laundering) of proceeds from crime or terrorist financing till 2015 № 190-p, the purpose of which is the definition of legislative, organizational and institutional levels to ensure stable and efficient operation of the national system of prevention and counteraction to legalization (laundering) of proceeds from crime or terrorist financing.

In 2014SFMS, special attention was paid to the particular financial investigations following directions:

- investigation of financial transactions carried out with the participation of former senior official and his associates;
- investigate the facts of illegal activities of "converting" centers and enterprises of fictitious nature involved in the legalization (laundering) of proceeds from crime;
- investigation of cases related to misappropriation of funds of economic entities and individuals in particular by interference in the computer;
- investigation of financial transactions related to financing of terrorism and separatism;
- investigation of financial transactions related to securities and debt obligations;
- investigation of financial transactions related to theft / misappropriation of budgetary funds and other government assets;
- investigation of financial transactions related to the sale purchase of precious metals;
- investigation of financial transactions related to fraud in insurance;
- investigation of financial transactions related to the illegal export of money abroad;
- investigation of financial transactions in the investment sphere.

Thus, the SFMS for the period from 01/01/2015 to 06/01/2015 sent 245case referrals and additional referrals (119 of which are case referrals and 126 additional referrals) that are sent to:

- Prosecutor General Office of Ukraine – 12 case referrals and 71 additional case referrals;
- Ministry of Internal Affairs of Ukraine - 40 case referrals and 22 additional case referrals;
- State Fiscal Service of Ukraine - 25 case referrals and 12 additional case

referrals;

- Security Service of Ukraine - 42 referrals and 21 additional referrals.

In these materials the amount of financial transactions that may be related to:

- The legalization of funds is 30, 1 billion. UAH.
- The commission of another crime specified Criminal Code of Ukraine is 6.6 billion. UAH.

During this period, the SFMS of Ukraine prepared and sent to the police 60 materials (5 additional case referrals and 55 case referrals) of financial transactions conducted with the participation of a former senior official and his associates.

The total amount of financial transactions that may be related to legalization of proceeds from crime in these materials is 12.6 billion. UAH. And the amount of financial transactions that may be related to the commission of other crimes, is 2, 9 billion. UAH.

The State Financial Monitoring Service of Ukraine continues active work regarding investigation into money laundering, proceeds of corruption, theft and misappropriation of public funds and property of a former senior official and his associates as well as persons involved in the organization of premeditated mass murder of people in Ukraine.

Thus, in March 2014 - May 2015 SFMS revealed accounts 95 550 individuals and 82 entities rahunka³² (including 21 non-resident company) associated with the aforementioned individuals and blocked funds equivalent to 1.52 billion dollars USA, including:

- bank accounts of 95 individuals:
- Cash in the amount of 330.9 million. UAH. 29.3 mln. USD. 5.0 million. Euro and 21.7 million. rubles;
- Precious metals (gold and silver) total value 3.0 mln. UAH.
- Securities with a total value of 1.1 billion. UAH.
- bank accounts 32 legal entities (including 21 non-resident company) associated with the aforementioned individuals:
- Cash in the amount of 1.4 billion. USD. 200.6 million. Dollars. US 13.1 million. Euro;
- Securities \$ 1.5 billion. UAH

Special attention is paid to search the aforementioned assets abroad.

Thus, SFMS sent requests to FIUs of 136 countries in the world to establish and further blocking of bank accounts, corporate rights, securities and other legal requirements, moving, real estate and other assets abroad.

FIUs of other countries took measures to search aforementioned assets and freeze it.

According to the information provided by FIUs of other countries the total amount of frozen assets of former officials and related to them persons for 107.0 mln. USD. 15.9 million. Euros and 121.9 million. CHF, particularly in the following countries: Austria, Great Britain, Latvia, Cyprus, Italy, Liechtenstein, Switzerland and the Netherlands.

For example, SFMS conducted financial investigation in which 44 non-resident companies, related to a former senior official and his associates, were involved.

It is determined that the companies over the years of 2010-2013 through accounts opened in Latvian banks, opened the so-called "investments" in Ukraine in the amount equivalent to 1.37 billion. Dollars. USA.

Further, in order to legalization of these funds (equivalent to 1.15 billion. Dollars. USA) used for the purchase of highly liquid government bonds (government bonds), issued in US dollars, the remaining funds (equivalent to 220 million. Dollars. USA) available deposits in domestic banks.

SFMS blocked these assets (bonds and funds on deposit are considering accrued interest) of non-residents in total sum 1, 4 billion. Dollars. USA. Materials about conduction of financial investigations SFMS referred to the Prosecutor General of Ukraine.

Upon recommendation of the Prosecutor General of Ukraine, taking into account SFMS, the decision of the Lechers District Court in Kyiv these assets were seized.

In addition, at the request of the SFMS the FIU of Latvia blocked accounts of 23 non-resident companies open overseas on the total amount of 49.51 million. Dollars. USA.

Risks and threats of money laundering

For the purpose of implementation of recommendations 1 International standards for combating money laundering and financing of terrorism and proliferation of weapons of mass destruction, adopted at the plenary session of the Group for the development of financial measures to combat money laundering and terrorist financing (FATF), held on 15-17 February 2012, and pursuant to paragraph 4 of the Action Plan for 2012 on prevention and counteraction to legalization (laundering) of proceeds from crime or terrorist financing, approved by the Cabinet of Ministers of Ukraine and the National Bank of Ukraine of December 28, 2011 № 1379 (77), draft Methods of this assessment legalization (laundering) of proceeds from crime or terrorist financing.

According to the Article 21 of the Law 2015 SFMS, and other state authorities with the assistance of other subjects (if necessary) are involved in carrying out National Risk Assessment.

The National Risk Assessment is carried out systematically, but at least once every three years. SFMS is responsible for carrying out NRA.

Collection, processing and analysis of information on the performance of the reporting entities, government bodies involved in the system on prevention and counteraction to legalization (laundering) of proceeds from crime, terrorist financing and financing of proliferation of weapons of mass destruction and other information related to the functioning of the system, carried out in the manner determined by the Cabinet of Ministers of Ukraine.

Conducting, publishing of the results of NRA and activities on its results determined in accordance with the procedure established by the Cabinet of Ministers of Ukraine jointly with the National Bank of Ukraine.

Taking into account abovementioned the SFMS for meeting the requirements of part 3 and 4 Article 21 of Law 2015 drafted Resolution of the Cabinet of Ministers of Ukraine and the National Bank of Ukraine on "Issues of organization of the national risk assessment legalization (laundering) of proceeds from crime and terrorist financing."

The draft Resolution proposes to approve procedure of the conducting of National Risk Assessment legalization (laundering) of proceeds from crime and terrorist financing and the publication of its results.

The aim of the National Risk Assessment legalization (laundering) of proceeds from crime and terrorist financing is determination (identification) of risks (threats) legalization (laundering) of proceeds from crime and terrorist financing, analysis, evaluation and development of measures to prevent and / or mitigate adverse impacts.

Combating terrorist financing

In 2013 the Main Investigation Department of the Security Service of Ukraine initiated 4 criminal proceedings on the facts of the Financing of Terrorism (Art. 258-5 of the Criminal Code of Ukraine).

Also in 2014 work aimed at eliminating terrorist financing channels was conducted, as the the results of such work, the MID of Security Service of Ukraine started 77 criminal proceedings.

Within the framework of combating terrorist financing in 5 months of 2015 Security Service of Ukraine started 90 pre-trial investigations.

FIU of Ukraine on the analysis of financial reports received from financial intermediaries prepared 36 case referrals and additional materials associated with terrorism, which referred to the Security Service of Ukraine, including:

- 26 - case referrals;
- 10 - additional materials.

Security Service of Ukraine after reviewing case referrals any facts of terrorist financing did not determine.

FIU of Ukraine on the analysis of financial reports received from financial intermediaries from 2003 to position the date of the later-progress report (27 September 2010) prepared 36 case referrals and additional materials associated with terrorism, which referred to the Security Service of Ukraine, including including:

- 26 - case referrals;
- 10 - additional materials.

SFMS according to the analysis of financial reports received from financial intermediaries on the period 2011-2014 years and the first quarter of 2015 prepared 24 case referrals associated with terrorism, which referred to the Security Service of Ukraine.

After reviewing case referrals Security Service of Ukraine any fact of terrorist financing did not find.

According to The Law 2015 the State Financial Monitoring Service of Ukraine jointly with the Security Service of Ukraine is directly involved in the prevention and combating financing of terrorism (separatism).

Thus, one of the priorities of SFMS is an activity that is aimed at identifying individuals and their financial transactions that may be related to terrorist financing (separatism).

On the results of the measures in March 2014 - May 2015, prepared and submitted 92 materials (including 72 referrals and 20 additional referrals) on financial transactions which may be related to terrorist financing (separatism) to the Security Service of Ukraine for consideration and action under the Criminal Code of Ukraine.

SFMS was adopted 530 decisions on suspending financial transactions with a view to blocking of funds of persons suspected of financing terrorism and separatism.

As a result of these measures SFMS has blocked funds equivalent to 2.17 billion. UAH.

As an example, in order to reduce the risks of Ukraine's banking system for financial transactions related to financing of terrorism and separatism, SFMS sent to all banking institutions in Ukraine a list of officials and suspected of financing terrorism and separatism and recommendations on the disclosure of financial transactions carried out by such persons and their blocking (suspension) in so-called "LNR" and so-called "DNR».

In May 2015 as a result of measures taken jointly with the Security Service of Ukraine in the accounts of thirteen persons detected and blocked funds totaling the equivalent of 28.54 million. UAH., Including:

- the accounts of seven so-called officials of "DNR" - 39, 2 thousand. UAH.
- 15.2 dollars of USA and 10, 6 euro;
- the accounts of the six so-called officials of "FSC" - 2.63 million.

UAH. and

- 1.07 million. Dollars. USA.

At the same time the State Financial Monitoring Service of Ukraine in close cooperation with the US financial intelligence unit (FinCEN) implemented measures to identify international payments that can be used to finance terrorist activities (separatism) in Ukraine.

Combating corruption

On October 14, 2014 the Verkhovna Rada of Ukraine adopted a whole series of Laws aimed at reforming the national system of prevention and combating corruption.

In particular, the laws of Ukraine "On principles of state anti-corruption policy in Ukraine (Anti-corruption Strategy) for 2014 - 2017" [11] (came into force on October 26, 2014), "The National Anti-Corruption Bureau of Ukraine" [12] (entered into force January 25, 2015) and "prevention of Corruption" [13] (enacted April 26, 2015).

The Law of Ukraine "On principles of state anti-corruption policy in Ukraine (Anti-corruption Strategy) for 2014 - 2017" [11] defines system problems and interventions to reduce corruption and aims to achieve the following results:

the creation in Ukraine decisions-making system on anti-corruption policy based on analysis of reliable data on corruption, monitoring the implementation of these decisions and their impact on the state of corruption specially authorized independent anti-corruption policy in partnership with civil society, as well as the formation of public support to overcome corruption;

creation in Ukraine a clear legal framework for the functioning of independent specially authorized body on anti-corruption policy;

creating a system of professional integrity and public service in compliance with international standards and international best practices;

the introduction of effective anti-corruption programs in public administrations, to ensure transparency of their activities to the public;

implementation of legal principles of lobbying;

elimination corruption risks and introduce a transparent system of public procurement;

combating corruption in the judicial system and the criminal justice system;

eliminating corruption preconditions business formation favorable for the rejection of corrupt practices business climate and business intolerant attitude towards corruption ;

provision of informational transparency;

create a system of tools that would allow detect and investigate effectively corruption offenses, confiscate property that was the subject of criminal activity or received it as a result, attract the persons involved in the commission of corruption offenses and so on.

Cabinet of Ministers of Ukraine on April 29, 2015 № 265 [45] approved the State Program on implementation of state anti-corruption policy in Ukraine (Anti-Corruption Strategy) for 2015 - 2017, which provides on measures to implement the objectives set out in the anti-corruption strategy, with specific objectives, clear deadlines and performance indicators, as well as information on the sources of funding of the proposed objectives.

Law of Ukraine "On the National Anti-Corruption Bureau of Ukraine" [12] defines legal principles of organization and activities of the specialized law enforcement anti-corruption body - the National Anti-Corruption Bureau of Ukraine (hereinafter - the National Bureau).

According to the Law the main functions of the National Bureau [12] classified pretrial investigation of corruption and corruption-related crimes committed by senior officials authorized to perform state functions or local government, or are of special danger to society. In this case the National Bureau of competence does not extend to the private sector and this body will not interfere in the business.

According to the Law the jurisdiction of the National Bureau assigned pre-investigation of corruption and corruption-related crimes the presence of at least one of the following conditions:

crime commitment by official of high level; or

if the size of the object of the crime or offense caused damage exceeding a certain limit (five hundred or more minimum wage established for the relevant year); or

committing active forms of undue advantage on official foreign state or international organization or against an official high-level corruption crimes investigation which referred to the jurisdiction of the National Bureau.

Also one of the important functions of the National Bureau is to identify and return to Ukraine of assets derived by corrupt officials.

Decree of the President of Ukraine on April 16, 2015 № 218 appointed director of the National Bureau.

Appointment of the Director of the National Bureau held on the results of the competition conducted according to the Act of Ukraine "On National Anti-Corruption Bureau of Ukraine" [12] competition commission with the election of candidates for the post of Director of the National Bureau, consisting of 9 persons in equal number determined by the President of Ukraine, Cabinet Ministers of Ukraine and the Verkhovna Rada of Ukraine.

Today is a contest for vacancies in the National Bureau.

With a view to practical implementation of the new anti-corruption legislation, the Ministry of Justice prepared a draft Law "On amendments to some legislative acts of Ukraine in connection with the adoption of the Law of Ukraine" On the National Anti-Corruption Bureau of Ukraine ", which the Government introduced to the Verkhovna Rada of Ukraine (Reg. № 2492 from March 31, 2015 [153]).

In turn, **the Law of Ukraine "On Prevention of Corruption"** [13] aimed at a comprehensive reform of the system of preventing corruption in accordance with international standards and good practices of foreign countries which provides, in particular,

- definition of the organizational component of the formation and implementation of the state anti-corruption policy, including the introduction of departmental anti-corruption programs in government that will be based on an analysis of existing relevant state bodies and corruption risks that supposed to be liquidate ;
- creation a separate independent preventive anti-corruption body - the National Agency for the Prevention of Corruption (central executive body with special status), which rely on the task of coordinating the development and implementation of state organs of departmental anti-corruption programs, ensure compliance with public servants legislation on prevention and settlement of conflicts of interest, rules of ethical conduct, implementing measures concerning financial control, etc;
- the establishment of preventive anti-corruption restrictions for public officials - for abuse of office, receiving gifts, combining public service with other activities, collaboration in terms of direct subordination with close related people, as well as persons who have ceased activities associated with the functioning of the state or local government;
- precise regulation mechanisms on prevention and settlement of conflicts of interest:
 - establish rules to prevent public servants potential or real conflict of interest, clearly defined sequence of actions of employees and their managers to address situations regarding conflict of interest, allowing for maximum objectivity in the performance of the individuals of their duties;
 - mechanisms of conflict of interests - remove the person from the engagement, actions, decisions or participate in its decision; use of external control over the implementation of an appropriate tasks committing certain acts or her/his decision-making; limit a person's access to certain information; View the amount of authority the person; transfer the person to another position; release party; the refusal of private interest;
 - definition of rules of ethical behavior of persons authorized to perform state functions or local government, based on the model of code of behavior for civil servants under Recommendation of the Council of Europe R (2000) 10 as of 11 May 2000;
 - to protect informatory who report about corruption, including involvement of

the National Agency for prevention of corruption as a third party in civil cases on appeal adverse effects applied to a supervisor or employer accuser;

- establishment the liability for responsible persons for corruption, it is expected of criminal, administrative, disciplinary and civil liability;
- eliminate the effects of corruption offenses and is issued as a result of the abolition of violations of normative acts, reimbursement of corruption offenses losses of anti-corruption Law;
- measures to minimize corruption in legal entities of public law;
- development and implementation of anti-corruption programs;
- provides availability in legal entities authorized persons responsible for the implementation of anti-corruption programs.

Special attention was devoted to the issue in the law of the objective of the system of financial control over property status of public servants.

Thus, in order to implement an independent validation and disclosure of property declarations of civil servants and elected officials, the Act provides:

filing in the declarations in electronic form;

inspection declarations by the National Agency on the Prevention of Corruption;

publication of the declarations in a special single register;

expanding of the list of information that will be indication in the declaration;

criminal liability for submitting the declaration knowingly false information and for willful failure to return,

monitoring by the National Agency on the Prevention of Corruption of public officials regarding the their way of life in order to verify compliance with the standard of living declared assets and income;

development of the duty of public servants to inform the National Agency for the Prevention of Corruption on substantial changes in their economic status and the opening of accounts in foreign banks.

The Ministry of Justice in cooperation with the public, in particular initiatives resuscitation experts reform package in preparation for development of draft acts of the Cabinet of Ministers of Ukraine, necessary for the launching of the National Agency, which have been already adopted by the Government.

In particular the Cabinet of Ministers of Ukraine "On establishment of the National Agency for Prevention of Corruption" [43], adopted March 18, 2015 which established the National Agency as a central executive body with a special status and is directed by the Cabinet of Ministers of Ukraine.

The Resolution of the Cabinet of Ministers of Ukraine "**On establishment of the National Agency on Prevention of the Corruption**" [43], adopted on March 18, 2015 which established the National Agency as a central executive body with a special status and is reported to the Cabinet of Ministers of Ukraine.

Also, a number of legal acts were adopted on the Governmental session, held on 25 March 2015. In particular approved the Regulations **on the competition for the selection of candidates for members of the National Agency on Corruption Prevention and Regulations of the relevant tender committee** [54].

Today started forming the tender committee for the selection of candidates for members of the National Agency: the results of meetings of initiative groups of citizens defined by four members of the public for inclusion in the tender committee; as defined by the representative of the Cabinet of Ministers of Ukraine.

In 2013, on the facts of corruption offenses on materials of Security Service of Ukraine 1143 pre-trial investigations, including 422 - on the grounds of crime under Art. 368 of the Criminal Code of Ukraine (acceptance of the offer, promise or receipt of improper benefits by officer) were started.

In 2014, on the facts of corruption offenses on materials of Security Service of Ukraine 928 criminal proceedings, including 451 on the ground of crime under Art. 368 of the Criminal Code of Ukraine were initiated.

For 5 months of 2015 the facts of corruption offenses on materials of Security Service of Ukraine 491 criminal proceedings, including 277 on the ground of crime under Art. were initiated.

Legislative changes

October 14, 2014 the Verkhovna Rada of Ukraine adopted the Law of Ukraine "On prevention and counteraction to legalization (laundering) of proceeds from crime or financing of terrorism and financing of proliferation of weapons of mass destruction", [1] which came into force on 6 February 2015.

Pursuant to the Law 2015 [1] in 2015 adopted the following legal acts:

- Resolution of the Cabinet of Ministers of Ukraine as of 14.05.2015 № 299 "Some issues concerning the single state information system on prevention and counteraction to legalization (laundering) of proceeds from crime, terrorist financing and financing of proliferation of weapons of mass destruction" [44];
- Orders the Ministry of Finance of Ukraine:
 - № 306 as of 10.03.2015 "On Approval Guidelines study submitted by entities of information on financial transactions subject to financial monitoring and analysis criteria such operations" [78];
 - № 361 as of 26.03.2015 "On approval of the exchange of information between the State Financial Monitoring Service of Ukraine and the Ministry of Finance of Ukraine to improve the supervision of compliance reporting entities requirements of the legislation on prevention and counteraction to legalization (laundering) of proceeds from crime by, terrorist financing and financing of proliferation of weapons of mass destruction "[79];
 - № 366 as of 27.03.2015 "Some issues of sanctions by the State Financial Monitoring Service of Ukraine" [80];
 - № 436 as of 14.04.2015 "On approval of the inspections of reporting entities by the State Financial Monitoring Service of Ukraine» registered by the Ministry of Justice of Ukraine on 05.05.2015 № 492/26937 [81].
 - The joint Order of the Ministry of Finance of Ukraine as of 07.04.2015 № 402 [98] and the decision of the National Commission on Securities and Stock Market dated 07.04.2015 № 465 "On approval of the exchange of information between the State Financial Monitoring Service of Ukraine and the National Securities Commission and the stock market to improve supervision of compliance reporting entities requirements of the legislation on prevention and counteraction to legalization (laundering) of proceeds from crime, terrorist financing and financing of proliferation of weapons of mass destruction " .
 - Joint Order of the Ministry of Finance of Ukraine as of 09.04.2015 № 407 [99] and orders of the National Commission for State Regulation of Financial Services Markets as of 09.04.2015 № 688 "On approval of the exchange of information between the State Financial Monitoring Service of Ukraine and the National Commission for State Regulation of Financial Services Markets to improve supervision of compliance reporting entities requirements of the legislation on prevention and counteraction to legalization (laundering) of proceeds from crime, terrorist financing and financing of proliferation of weapons of mass destruction " .
 - Joint Order of the Ministry of Finance of Ukraine and the Ministry of Justice of Ukraine "On approval of the exchange of information between the State Financial Monitoring Service of Ukraine and the Ministry of Justice of Ukraine to improve the supervision of compliance reporting entities requirements of the legislation on prevention and counteraction to legalization (laundering) of proceeds from crime, terrorist financing and the financing of proliferation of weapons of mass destruction "[100].

As of 20.05.2015 SFMS and state regulators are actively taking steps to bring the national legislation to the requirements of the Law 2015 [1] - Development and approval of normative legal acts in AML/CFT for further adoption, entry into force and direction for execution.

At the same time, after approval of the second progress report (06.12.2012), the following acts in the area of prevention and counteraction to legalization (laundering) of proceeds from crime, terrorist financing or financing of proliferation of weapons of mass destruction:

The Cabinet of Ministers of Ukraine as of 09.17.2014, № 455 "On approval of the State Financial Monitoring Service of Ukraine" [59], the developer of which was SFMS.

Orders the Ministry of Finance of Ukraine:

in 2012 the order as of 04.12.2012 № 1272 "On approval of making available to the entities list of persons related to terrorist activity or for which international sanctions are applied" was adopted [89];

in 2013 adopted 7 orders:

- № 436 as of 01.04.2013 "On approval of electronic interaction between entities and the State Service for Financial Monitoring of Ukraine";

- № 496 as of 26.04.2013 "On approval of forms for registration and submission of information related to financial monitoring, and instructions for filling them out" [90];

- № 560 as of 28.05.2013 "On approval of the formation of an identifier of initial financial monitoring and notification of its assignment" [91];

- № 561 as of 28.05.2013 "On Approval of the financial monitoring by reporting entities, state regulation and supervision of exercising by the State Financial Monitoring Service of Ukraine" [92];

- № 641 as of 12.07.2013 "On approval of the consent with the State Financial Monitoring Service of Ukraine deadlines requested information of reporting entities " [93];

- № 695 as of 26.07.2013 "On approval of posts subject of initial financial monitoring of the fact that early pre-trial investigation (or of the fact that closure of criminal proceedings during pre-trial investigation) and informing subjects of financial monitoring of decisions taken by the courts" [94];

- № 1118 as of 24.12.2013 "On approval of requirements for the qualification of an employee subject of initial financial monitoring, responsible for financial monitoring" registered with the Ministry of Justice of Ukraine on 20.01.2014 № 108/24885 [95]

Orders of the Ministry of Infrastructure of Ukraine:

in 2012 adopted two orders:

- № 707 as of 26.11.2012 "On Approval of the preventive measures to countries which do not fulfill or improperly fulfill recommendations of international intergovernmental organizations involved in combating the legalization (laundering) of proceeds from crime or terrorist financing" (registered with the Ministry of Justice of Ukraine on 12.11.2012 № 2059/22371) [134];

- № 708 as of 26.11.2012, "On approval of the Ministry of Infrastructure of Ukraine Commission on the application of sanctions for violations of the Law of Ukraine" On prevention of legalization (laundering) of proceeds from crime or terrorist financing "and / or regulations acts regulating activities in the area of prevention and counteraction to legalization (laundering) of proceeds from crime "[135] (registered with the Ministry of Justice of Ukraine on 12.13.2012 № 2069/22381);

In 2013 the Decree as of 01.04.2013 № 199 "On Approval of the Financial Monitoring reporting entities, state regulation and supervision of exercising Ministry of Infrastructure of Ukraine" was adopted [136].

Orders of the Ministry of Justice of Ukraine:

in 2013 adopted two orders:

- № 210/5 as of 01.02.2013 «On approval of the Ministry of Justice of Ukraine Commission on the application of sanctions for violations of the Law of Ukraine" On prevention of legalization (laundering) of proceeds from crime or terrorist

financing "and / or regulations acts regulating activities in the area of prevention and counteraction to legalization (laundering) of proceeds from crime "[142];

- № 612/13 as of 01.11.2013 «On approval of the Commission of the Main Department of Justice and the Ministry of Justice of Ukraine in the Autonomous Republic of Crimea for sanctions for violations of the Law of Ukraine" On prevention and counteraction to legalization (laundering) of proceeds from crime or terrorist financing "and / or legal acts regulating activities in the field of combating legalization (laundering) of proceeds from crime" [143];

Orders the Ministry of Economic Development and Trade of Ukraine:

in 2013 adopted two orders:

- № 787 as of 15.07.2013 "On Approval of the financial monitoring of reporting entities, the state regulation and supervision of which will be made by Ministry of Economic Development and Trade of Ukraine";

- № 1320 as of 08.11.2013 "On approval of the Commission of the Ministry of Economic Development and Trade of Ukraine of sanctions for violations of the Law of Ukraine" On prevention and counteraction to legalization (laundering) of proceeds from crime or terrorist financing "and / or regulatory and legal acts regulating activities in the area of prevention and counteraction to legalization (laundering) of proceeds from crime "[105];.

The decision of the National Commission on Securities and Stock Market:

in 2012, adopted two decisions:

- № 1766 as of 11.12.2012 "On approval of the Rules of cases of violation of legislation on prevention and counteraction to legalization (laundering) of proceeds from crime or terrorist financing and sanctions" [110];

- № 1851 as of 25.12.2012 "On definition of criteria for assessing the risk of initial financial monitoring - professional participant of the securities to be used for laundering the proceeds of crime or terrorist financing" [124].

Resolution of the National Commission for State Regulation of Financial Services Markets as of 20.11.2012 № 2319 "On approval of the application by the National Commission for State Regulation of Financial Services Markets, measures for violation of legislation on financial services, and recognition of such invalid some orders the State Commission for Regulation of Financial Services Markets of Ukraine "(registered in the Ministry of Justice of Ukraine on 18.12.2012 № 2112/22424) [129].

In addition, in 2013 a joint orders were adopted:

-№1026 / 1184/739/484 as of 02.12.2013 Order of the Ministry of Finance of Ukraine, Ministry of Internal Affairs, Ministry of Revenues and Duties of Ukraine and Security Service of Ukraine "On approval of the provision and consideration of case referrals" [101];

-№ 487/413 as of 19.04.2013 Order of the Ministry of Finance of Ukraine and the Ministry of Economic Development and Trade of Ukraine "On approval of the exchange of information between the State Financial Monitoring Service of Ukraine and the Ministry of Economic Development and Trade of Ukraine to improve the supervision of compliance reporting entities monitoring requirements of the legislation on prevention and counteraction to legalization (laundering) of proceeds from crime or terrorist financing "[102].

Order of the Ministry of Finance of Ukraine and the Ministry of Infrastructure of Ukraine as of 23.04.2015 № 458/148 «On approval of the exchange of information between the State Financial Monitoring Service of Ukraine and the Ministry of Infrastructure of Ukraine to improve the supervision of compliance reporting entities legislative requirements on prevention legalization (laundering) of proceeds from crime, terrorist financing and the financing of proliferation of weapons of mass destruction "[171]

1.2 Core Recommendations

Please indicate improvements which have been made in respect of the FATF Core Recommendations (Recommendations 1, 5, 10, 13; Special Recommendations II and IV) and the Recommended Action Plan (Appendix 1).

Recommendation 1 (Money Laundering offence)	
Rating: Partially compliant	
Recommendation of the MONEYVAL Report	<i>Amend article 209 of the CC to include explicitly the actions of conversion or transfer of property in the physical elements of the ML offence</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	<p>The AML/CFT Law covers the actions related to conversion or transfer of property fully. Definition of the financial transaction contained in AML/CFT Law covers any actions relating to the assets conducted with a help of a reporting entity. The assets include money, property, property and non property rights (Article 1 part 1 (4, 17) of AML/CFT Law).</p> <p>The physical elements of the ML offence (Article 209 of the CC) are characterized by the active actions: conducting a financial transaction or other deal with involving money or other property.</p> <p>Article 209. Legalization (laundering) of the proceeds from crime</p> <p>1. Conduct of a financial transaction or other deal involving money or other property obtained as the result of a socially dangerous illicit act that preceded the legalization (laundering) of proceeds, or other actions for the purpose of concealing or disguising the illegal origin of such money or other property, or their possession, or titles to such money or property, or sources of their origin, location or movement, as well as acquisition, possession or use of money or other property obtained as the result of a socially dangerous illicit act that preceded the legalization (laundering) of proceeds, –</p> <p>shall be punishable by imprisonment for a term of three to six years, with the deprivation of the right to occupy certain positions or engage in certain activities for a term up to two years, and the confiscation of the money or property obtained illegally, and the confiscation of property.</p> <p>2. Any actions as provided for by paragraph 1 of this Article, if repeated, or committed by a group of persons upon prior conspiracy, or with regard to large amounts, –</p> <p>shall be punishable by imprisonment for a term of seven to twelve years with the deprivation of the right to occupy certain positions or engage in certain activities for a term up to three years, and the confiscation of the money or property obtained illegally, and the confiscation of property.</p> <p>3. Any actions as provided for by paragraphs 1 or 2 of this Article, if committed by an organized group of persons or with regard to especially large amounts, –</p> <p>shall be punishable by imprisonment for a term of eight to fifteen years with the deprivation of the right to occupy certain positions or engage in certain activities for a term up to three years, and the confiscation of the money or property obtained illegally, and the confiscation of property.</p> <p>Note: 1. Socially dangerous illicit act that precedes the legalization (laundering) of proceeds from crime – shall mean the activity (except for the activity provided for by Articles 207, 212 and 212-1 of the Criminal Code of Ukraine) for which the Criminal Code of Ukraine provides the punishment in a form of imprisonment or activity conducted outside Ukraine if it is recognized as a crime by a Criminal Law</p>

	<p>of country where it was committed, and is a crime under Criminal Code of Ukraine and resulted in illegal proceeds;</p> <p>2. The legalization (laundering) of the proceeds from crime is considered committed with regard to large amounts, if it involves money or other property amounting to more than 600 untaxed minimum incomes of citizen.</p> <p>3. The legalization (laundering) of proceeds from crime is considered committed with regard to especially large amounts, if it involves money or other property amounting to more than 1800 minimum untaxed minimum incomes of citizen.”</p> <p>4. The property subject to confiscation includes the proceeds from crime or other property of the similar cost if it is impossible to confiscate the subject of crime</p>
<p>Measures taken to implement the recommendations since the adoption of the second progress report</p>	<p>Subsection 2 of paragraph 3 of Section X "Final provisions" of the Law 2015 [1] amended the article 209 of the Criminal Code of Ukraine [3] and is included to the objective side of crime "Legalization (laundering) of proceeds from crime" action to move, changing forms and converting money or other property derived from the commission of a socially dangerous illegal act that preceded the legalization (laundering).</p> <p>Article 209 as of 06.02.2015 of the Criminal Code of Ukraine [3] operates as follows:</p> <p>"Article 209. Legalization (laundering) of proceeds from crime</p> <p>1. Making a financial transaction or a transaction with funds or other property obtained as a result of committing a socially dangerous illegal act that preceded the legalization (laundering) as well as actions aimed at concealing or disguising the illicit origin of such funds or other property to, rights to such property or funds, their sources, location, movement, change their shape (conversion), as well as the acquisition, possession or use of money or other property derived from the commission of a socially dangerous illegal act that preceded the legalization (laundering) -</p> <p>punishable by imprisonment for a term of three to six years, with disqualification to hold certain positions or engage in certain activities for up to two years with confiscation of funds or other assets from crime and forfeiture of property.</p> <p>2. Actions envisaged the first part of this article committed repeatedly or by prior agreement by a group of persons or a large scale -</p> <p>punishable by imprisonment for a term of seven to twelve years with disqualification to hold certain positions or engage in certain activities for up to three years with confiscation of funds or other assets from crime and forfeiture of property.</p> <p>3. Actions envisaged by parts one or two of this article committed by an organized group or a large scale -</p> <p>punishable by imprisonment for a term of eight to fifteen years with disqualification to hold certain positions or engage in certain activities for up to three years with confiscation of funds or other assets from crime and forfeiture of property.</p>
<p>Recommendation of the MONEYVAL Report</p>	<p><i>Ensure that the scope of property encompasses assets of every kind, including intangible assets and legal documents or instruments evidencing title to, or interest in such assets</i></p>
<p>Measures reported as of 27 September 2010 to implement the Recommendation of the report</p>	<p>According to the Article 4 of the AML/CFT Law <i>legalization (laundering) of proceeds</i> shall mean any acts taken to conceal or disguise the illegal origins of money or any other property, or possession thereof, titles to such money and property, their sources, location or movement, and shall also mean the acquiring, possession or use of money or any other property provided a person realizes that they were the proceeds.</p>

	<p>According to the Article 190 of the Civil Code of Ukraine the <i>property</i> as a special object includes a separate thing, totality of things as well as property rights and obligations.</p> <p>The Article 139 of the Economic Code of Ukraine determines <i>property</i> as the totality of things and other values (including non-material assets) which have valuable estimation, are produced or used in the business entity's activity and are represented in the balance and accounted in other forms, prescribed by laws, of record keeping of such entities.</p> <p>Thus, the Ukrainian legislation directly determines that the <i>property</i> covers non-material assets and legal documents or documents confirming the right on assets, or part in such assets.</p> <p>According to the AML/CFT Law <i>assets</i> constitute money, property, property and non-property rights (Article 1 part 1 (17)).</p>
<p>Measures taken to implement the recommendations since the adoption of the second progress report</p>	<p>According to paragraph 1 of Article 1 of the Law 2015 [1] to include the funds assets, property, and property and non-property rights.</p> <p>According to Article 190 of the Civil Code of Ukraine [6] property as a special subject considered a separate thing, a set of things and property rights and obligations.</p> <p>Based on Article 179 the thing is the subject of the material world, for which there may be civil rights and obligations, including documents evidencing title to assets or stake in these assets.</p> <p>In view of the abovementioned, the legislation of Ukraine covers ownership of all types of assets including intangible assets and documents evidencing title to such assets or a share in such assets.</p>
<p>Recommendation of the MONEYVAL Report</p>	<p><i>Criminalize market manipulation and insider trading and ensure that the range of offences set out in the CC which are predicate offences to ML include all required categories of offences in all the relevant forms</i></p>
<p>Measures reported as of 27 September 2010 to implement the Recommendation of the report</p>	<p><u>Insider trading</u></p> <p>In December 2008 the Parliament adopted the Law introducing amendments to the certain legal acts of Ukraine concerning the responsibility for violations on the securities market (Law as of December 25, 2008 № 801-VI).</p> <p>The mentioned Law changed certain articles of the CC including illicit use of insider information, in particular the Article 232-1 was provided in new wording:</p> <p>«The Article 232-1. Illicit Use of Insider Information</p> <p>1. Illicit use of insider information by the person possessing it, if it caused the substantial damage, - shall be punishable by the fine of the amount from 750 up to 2000 of tax-free minimum incomes or by the imprisonment for the period up to three years with deprivation of the right to occupy certain positions or perform certain types of activities for the period up to three years or without deprivation.</p> <p>2. The same action, executed repeatedly or if it caused the severe consequences, - shall be punished by the fine on the amount from 2000 up to 3000 of tax-free minimum incomes or by the imprisonment for the period from two up to five years with deprivation of the right to occupy certain positions or perform certain types of activities for the period up to three years or without deprivation.</p> <p>Note: 1. The substantial damage in this Article, if it caused material losses, is the damage which exceeds 500 times the tax-free minimum incomes.</p> <p>2. The severe consequences in this Article, if they caused material losses, are considered hard if they exceed 1000 or more times the tax-free minimum incomes».</p> <p><u>Market manipulation</u></p> <p>The stated Law also amended the Administrative Code of Ukraine with new article</p>

	<p>on manipulating the prices while performing transactions with securities (Article 163-8).</p> <p>The Law of Ukraine on State Securities Market Regulation in Ukraine defines manipulating the prices while performing transactions with securities as an illicit influence of the official participant of the stock exchange to the market value of the securities at organizationally formed stock exchange in the interests of such participant or third parties, as a result of which purchase or sale of these securities is performed under other prices than those which would exist in the event of absence of such illicit influence (Article 1).</p> <p>Besides, the decision of the State Commission for Securities and Stock Market No. 21 on 14.01.2003 On Approval of the Concept for preventing manipulating with securities market, dishonest trade practice and violation of professional activity ethics at stock exchange, defines manipulating as intentional or willful deeds aimed at deception and trust abuse (fraud) with regard to the participants of the securities market through imposing control over prices or exerting artificial influence to the securities value.</p> <p>Ukraine authorities are drafting amendments to the Criminal Code in order to include insider trading and market manipulation as predicate offences.</p>
<p>Measures reported as of 6 December 2012 to implement the Recommendations of the report</p>	<p><u>Insider trading</u></p> <p>The Law of Ukraine On amending some legislative acts of Ukraine on insider information was adopted with the aim of comprehensive enhancement of the provisions of the legislation in order to prevent misuse of inside information on the stock market of Ukraine.</p> <p>This Law amended the Code of Ukraine on Administrative Offences, the Criminal Code of Ukraine, the Law of Ukraine of the State Regulation of the Securities Market in Ukraine, the Law of Ukraine on the Securities and Stock Market.</p> <p>Thus, according to the Article 232-1 of the Criminal Code of Ukraine intentional illicit disclosure, dissemination or providing access to inside information, as well as providing recommendations with the use of such information on acquisition or disposal of securities or derivative financial instruments, provided the person that committed such actions or third persons gained ungrounded significant profits or stock exchange professional or third persons avoided significant losses, or if this incurred a great damage to the rights, freedoms and interests of individual citizens or state or public interests, or interests of the legal entities protected by the law shall be punished by the fine from seven hundred fifty to two thousand tax-free minimum of citizens' income or by the restriction of freedom for the term to three years, with deprivation of the right to occupy certain positions or to undertake certain activity for the term up to three years or without it.</p> <p><u>Market manipulation</u></p> <p>The Law of Ukraine On amendments to the Law of Ukraine “On Prevention and Counteraction to Legalization (Laundering) of the Proceeds of Crime or Terrorist Financing (on market manipulation)” as of April 21, 2011 No 3267-VI laid down in a new edition the Article 163-8 of the Code on Administrative Offences and supplemented the Criminal Code of Ukraine with a new Article 222-1 (market manipulation).</p> <p>Accordingly, the Article 112 of the Criminal Procedure Code (jurisdiction) is also amended, under which market manipulation shall be investigated by the agencies of internal affairs, and in separate cases shall be investigated by the tax police.</p> <p>The above mentioned law also amended the Law of Ukraine On the State Regulation of Securities Market in Ukraine in order to bring thereof in line with the provisions of the Criminal Code of Ukraine and the Code on Administrative Offences.</p>

	<p>The National Securities and Stock Market Commission adopted Resolution No 716 as of 14.06.11 On Approval of Procedure for Prevention of Prices Manipulation while Carrying Out Securities Transactions on Stock Exchanges which is registered by the Ministry of Justice of Ukraine 05.09.11 under No1045/19783.</p> <p>The specified procedure establishes the mechanism and determines actions of stock exchange trading and stock exchange participants, aimed at preventing price manipulation while dealing with securities on stock exchanges.</p> <p>This procedure applies to the stock exchange, stock exchange trading participants, their clients and issuers whose securities are admitted to the stock exchanges trading except state authorities, which under the law are parties to exchange trading.</p> <p>In addition, since the Procedure came into force the National Securities and Stock Market Commission initiated 2 cases for administrative violation of legislation in the area of securities market manipulating. Under results of these cases penalties in total amount 140 000 UAH were applied.</p>
<p>Measures taken to implement the recommendations since the adoption of the second progress report.</p>	<p>Article 2221 of the Criminal Code of Ukraine [3] provides liability for the actions of an official participant of the stock market, with signs of manipulation on the stock exchange established in accordance with the Law of Ukraine on state regulation of securities market.</p> <p>For intentional unlawful disclosure, transfer or providing the access to insider information, as well as to provide such information using the recommendations regarding the acquisition or disposal of securities or derivatives (derivatives) Article 2321 of the Criminal Code of Ukraine provides liability.</p> <p>Under Article 1638 of the Code of Ukraine on Administrative Offences [4] provides liability official party Stock Market deliberate acts with signs of manipulation on the stock exchange established in accordance with the law on state regulation of securities market.</p> <p>In addition, during 2013 NSSMC actively monitored the actions of bidders and evaluated them for signs of manipulation of financial instruments. Out of 11 corporations in respect of which such work was carried out against four traders in securities was filed about violations on the securities of a premeditated action, with signs of manipulation in the stock market.</p> <p>NSSMC workers in 2013 participated in 227 meetings courts of different jurisdictions. The most high-profile cases related to the manipulation of the stock market, the courts of different jurisdictions overwhelming number of decisions rendered in favor of NSSMC.</p> <p>The main objectives of NSSMC for 2014 was updating the license conditions, due to the reduced regulatory NSSMC in compliance with applicable laws and changes that took place in it.</p> <p>Thus, in order to improve certain rules that regulate the conditions of suspension and revocation of licenses and the settlement of certain matters relating to this procedure NSSMC decision as of 23.09.2014 №1246 «On Amendments to the Procedure for the suspension and revocation of licenses for certain professional activities on the stock market (stock market), "registered in the Ministry of Justice of Ukraine on 20.10.2014 №1297 / 26074 [112]. The most important amendments adopted by the regulator began clarify the grounds and reasons for NSSMC may suspend the license of a professional stock market participant. This can happen if the inspection for signs of manipulation on the stock exchange, unlawful dissemination of insider information and using it for their own private gain or the private gain of others.</p> <p>During 2014, continued conducted active work to prevent manipulation of the situation on the stock market. So, for this purpose regulator was decided NSSMC as</p>

	<p>of 22.01.2014 №46 «On Amendments to the Procedure prevent price manipulation when dealing with securities on the stock exchange", registered with the Ministry of Justice of Ukraine from 02.06.2014 for №239 / 25016 [111].</p> <p>Also to review the position on the situation of price volatility and therefore the introduction of new concepts, such as: introduction of the concept of security liquidity criteria that will rank securities according to their degree of liquidity and will enable investors to manage the risks associated with nomination securities on stock exchanges, and make appropriate management decisions on profit regulator decided NSSMC as of 04.11.2014 №1492 «On Amendments to the Regulation on the functioning of stock exchanges", registered with the Ministry of Justice of Ukraine on 20.11.2014 №1478 / 26255 [113].</p> <p>It is worth to mention that during 2014 NSSMC employees participated in 116 meetings courts of different jurisdictions. The most high-profile cases related to the manipulation of the stock market, the courts of different jurisdictions overwhelming number of decisions rendered in favor NSSMC.</p> <p>In 2014 NSSMC analysis was carried out to determine whether the actions of individuals - participants of securities market signs of price manipulation in the stock market. In particular, action analyzes 34 participants of the securities market with shares of 19 issuers. The analysis raised five cases of violations in the securities market manipulation on the securities market, according to the review which issued 2 penalties by 170 thousand. UAH. each.</p>
Recommendation of the MONEYVAL Report	<i>Review the current threshold for predicate offences to bring it in line with the requirements under FATF Recommendation 1</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	<p>The AML/CFT Law provides that social dangerous illicit act which precedes to legalization (laundering) of the proceeds is an act for which the Criminal Code of Ukraine foresees punishment <i>by imprisonment</i> (except acts, foreseen by the Articles 207, 212 and 212¹ of Criminal Code of Ukraine) or an act committed outside Ukraine if it's recognized as socially dangerous illegal activity preceding the legalization (laundering) of the proceeds under criminal law of the country where it was committed, and under the Criminal Code of Ukraine.</p> <p>The Articles 63, 64 of the CC of Ukraine provide that imprisonment can be of the term from 1 to 15 years or a life imprisonment.</p> <p>Thus the effective threshold for predicate offences is one year.</p>
Measures reported as of 6 December 2012 to implement the Recommendations of the report	<p>The AML/CFT Law and asterisk to the Article 209 of the Criminal Code of Ukraine provides that social dangerous illicit act which precedes to legalization (laundering) of the proceeds is an act for which the Criminal Code of Ukraine foresees punishment by imprisonment or the fine to the amount exceeding 3 000 tax-free minimums of citizen's income (except acts, foreseen by the Articles 212 and 212¹ of Criminal Code of Ukraine) or an act committed outside Ukraine if it's recognized as socially dangerous illegal activity preceding the legalization (laundering) of the proceeds under criminal law of the country where it has been committed, and under the Criminal Code of Ukraine.</p> <p>The Articles 63, 64 of the CC of Ukraine provide that imprisonment may be of the term range from 1 to 15 years or a life imprisonment.</p> <p>Thus the effective threshold for predicate offences is one year or the fine to the amount exceeding 3 000 tax-free minimums of citizen's income.</p>
Measures taken to implement the recommendations	<p>Act 2015 [1] defines the socially dangerous act that precedes the legalization (laundering) of proceeds from crime, an act for which the Criminal Code of Ukraine [3] provides major penalty of imprisonment or a fine of three thousand non-taxable</p>

<p>since the adoption of the second progress report</p>	<p>minimum incomes of citizens or act committed outside Ukraine, if it is recognized socially dangerous illegal act that preceded the legalization (laundering) of the criminal law of the country where it was committed, and is an offense under the Criminal Code of Ukraine [3], due to commission of illegally obtained income.</p> <p>Thus, according to the Law 2015 [1], without exception socially dangerous acts relating to such prior ML, only depending on punishment.</p> <p>However, Articles 63, 64 of the Criminal Code of Ukraine [3] provide that imprisonment may be imposed for a period of 1 to 15 years or life imprisonment.</p> <p>Thus, the effective threshold for predicate offenses is 1 year or a fine of three thousand non-taxable minimum incomes of citizens.</p>
<p>Recommendation of the MONEYVAL Report</p>	<p><i>Place additional focus on autonomous investigation and prosecution of money laundering offences, which should entail the ability to issue a ML conviction without prior or simultaneous conviction for a predicate offence proving that the property is the proceeds of crime. In this context, authorities should address the issue of the evidence required to establish the predicate criminality in autonomous money laundering cases by testing the extent to which inferences of underlying predicate criminality can be made by courts from objective facts, with a view to obtaining authoritative court rulings</i></p>
<p>Measures reported as of 27 September 2010 to implement the Recommendation of the report</p>	<p>There is no necessity to bring person to the criminal liability for predicate offence in order to prove that proceeds or property were received from crime. There is no such a requirement in the CC.</p> <p>With the purpose of correct and identical implementation of legislation on liability for money laundering by courts, the Plenum of the Supreme Court of Ukraine adopted the Resolution № 5 “On Practice of application of legislation on criminal responsibility for the legalization (laundering) of the proceeds from crime by courts” to be used by the courts and law enforcement agencies.</p> <p>According to paragraph 11 of the Plenum of the Supreme Court of Ukraine № 5(19), bringing a person to criminal liability under the Article 209 of the CC is possible on condition that the fact of receiving money or other property in the result of committing a predicate offence has been clarified by the court in appropriate procedural documents (conviction of resolutions, decisions on acquittal, on closing the case under non rehabilitating bases etc) as well as when he/she has not been held criminally liable for a predicate offence. In the latter instance a person is simultaneously brought to criminal liability for a predicate offence and for legalization (laundering) of the money or other property obtained in the result of its commitment, therefore under totality of crimes as he/she is aware that commits money laundering offence.</p> <p>An autonomous investigation and prosecution of money laundering offences do exist in Ukraine. Therefore, if the court of the country brings in any sentence it creates a precedent. There are sentences in Ukraine under which the persons have been convicted without prosecution for a predicate offence.</p> <p>An autonomous investigation and prosecution of money laundering offences do exist in Ukraine – and confirmed by the conviction of Ivano-Frankovsk court on June 4, 2008 №1-67/2008 (see also the <i>Appendix III</i>).</p> <p>On 22 Oct 2009 the Kharkov court in the case 1-11/09 convicted a person for money laundering to the 5 years of imprisonment. Conviction is based on the knowledge of illegal origin of money; no predicate offence has been established (see also <i>Appendix III</i>).</p> <p>IMF launched the AML/CFT technical assistance project for Ukraine in 2010 that has a component for training on ML investigations. The first training for law</p>

	enforcement took place in Lviv on May 28 th Training included the session on autonomous investigation and prosecution of ML offence.
Measures reported as of 6 December 2012 to implement the Recommendations of the report	<p>Law enforcement agencies are investigating the activities of the so-called conversion centers. This group of companies established by criminals is used for professional laundering of the proceeds obtained from “the customers”. The organizers of such centers are usually brought to justice without conviction on predicate offenses.</p> <p>During November-December 2010 tax militia units revealed 20 conversion centers that used the accounts and details of 121 fictitious business entities, and there were instituted 44 criminal proceedings.</p> <p>In 2011 the tax police uncovered 118 conversion centers that used the accounts and details of fictitious 590 businesses, there were instituted 383 criminal proceedings.</p> <p>During the 2012 tax militia units revealed 70 conversion centers that used the accounts and details of fictitious 421 business entities; there were instituted 280 criminal proceedings.</p> <p>From the practice of criminal cases on money laundering crimes it may be ascertained that separate (autonomous) prosecution/investigation and accusation of money laundering (specified criterion is applied at any stage of the process, including the time of making decision to start prosecution/investigation), as evidenced by existing precedents of investigation of money laundering crimes without a predicate offense do exist in Ukraine.</p> <p>This position is supported by the current legislation of Ukraine.</p> <p>The Law of Ukraine On Prevention and Counteraction to Legalization(Laundering) of the Proceeds from Crime and Terrorist Financing (Article 1) and the Note toArticle209 of the Criminal Code of Ukraine provide that socially dangerous illicit act that precedes the legalization (laundering) of proceeds of crime – shall mean the activity (except for the activity provided for by Articles 207, 212 and 212-1 of the Criminal Code of Ukraine) for which the Criminal Code of Ukraine provides the main punishment in a form of imprisonment or a fine over three thousand untaxed minimum incomes of citizen or any act conducted outside Ukraine if it is recognized as a socially dangerous illicit act that preceded the legalization (laundering) of proceeds of crime by a Criminal Law of country where it was committed, and is a crime under Criminal Code of Ukraine and resulted to illegal receipt of proceeds.</p> <p>In order to correct and uniform application of the law courts of the responsibility for the legalization (laundering) of proceeds from crime, the Supreme Court of Ukraine for use by the courts and law enforcement agencies adopted Resolution from 15.04.2005 №5.</p> <p>In order of correct and uniform application by courts of legislation on criminal responsibility for legalization (laundering) of proceeds from crime the Plenary Supreme Court of Ukraine adopted the Resolution as of April 15, 2005 No 5 for the use by courts and law enforcement authorities.</p> <p>In paragraphs 11 and 12 of this Resolution the Supreme Court of Ukraine determined that bringing of a person to the criminal responsibility under Art. 209 of the CC is possible both: if the fact of obtaining by a person of money or any other property from predicate offence is adjudged by the relevant procedural documents (court judgment or resolution, determination on statutory indemnity of a person, closing the case on non-exculpatory grounds etc.), and if he/she has not been brought to the criminal responsibility for predicate offence.</p> <p>Thus, to solve the issue on availability of corpus delicate, provided for by Article 209 of the CC of Ukraine, it is necessary to ascertain that the person committed one of acts specified in part one of this Article, with money or other property obtained as a result of predicate offence in order to legitimate possession, disposal, use, acquiring</p>

or concealing or disguising the illegal origin of such money or other property, or their possession, or titles to such money or property, or sources of their origin, location, movement or conducted financial transaction as regards them or concluded an agreement.

When deciding the issue on availability the signs of the corpus delict in the acts of a person who had not committed the predicate act, the courts shall determine whether the case is evidence to prove that a person who committed one of the acts specified in part one of Article 209 of the CC of Ukraine was aware that the money or property obtained by other persons from crime, including in cases where predicate offenses committed in other countries, that enables to file charge for money laundering without prior or concurrent charge of predicate offenses in criminal cases initiated under Article 209 of the CC of Ukraine, in particular:

- the predicate offense was committed outside Ukraine, the legalization (laundering) of the proceeds from crime was committed by another person on the territory of Ukraine;
- the fact of commitment the predicate act is established by the court in the relevant procedural documents (sentence or regulations, decrees on exemption of criminal charge, closing the case on non-exculpatory grounds);
- the fact of the commitment the predicate act was proven within pretrial investigation/inquiry, namely established a crime (time, place, manner and other circumstances), the nature and extent of the damage (the person who committed the predicate offense is not ascertained or is ascertained and circulated, and the legalization of the proceeds from crime was committed by another person).

Simultaneously, it shall be mentioned that the Criminal Procedure Code of Ukraine (hereinafter – the CPC of Ukraine 2012) that enters into force on November 20, 2012 contains provisions that enable to carry out prosecution for commitment of money laundering (without ascertaining of predicate offence) at the moment of taking decision to start investigation.

Thus, according to Article 214 of the CPC2012 (Initiation of pretrial investigation) the investigator, prosecutor immediately, but not later than 24hours after application, report on criminal offenses committed (crime or misdemeanor) must introduce this information to the Unified Register of pretrial investigations and initiate an investigation.

According to paragraph 27 of Article 1 of the Law of Ukraine On Prevention and Counteraction to Legalization (Laundering) of the Proceeds of Crime or Terrorist Financing case referrals of the SFMS of Ukraine containing suspicions of legalization (laundering) of the proceeds of crime is the report on crime and contains the basis for law-enforcement agencies` decision-making according to the Criminal Procedure Code of Ukraine.

Thus, if the investigator, prosecutor received report on crime - money laundering, including case referrals of the SFMS of Ukraine, within 24 hours, introduces information that may testify money laundering indicating the Article 209 of the CC of Ukraine, to the Unified Register of pretrial investigation and initiates pretrial investigation through investigative (detective) actions aimed at receiving (collecting) evidences or verifying of already received evidences in specific criminal proceedings, including:

collection of evidentiary materials (evidentiary materials shall be material objects that were instrumentalities of criminal offenses, including items that were object of criminal illegal actions, money, valuables and other items acquired from crime. Money, valuables, and other property acquired through the commission of a criminal

offense, the proceeds from which are transferred to the state income (Articles 97, 98 and 100 of the CPC 2012);

temporary seizure of property (temporarily seized property may be property in the form of items, documents, money, etc., as regards which there are reasonable grounds to believe that they were acquired through the commission of a criminal offense, the proceeds from them, or which subject to criminal offense (Article 167 of the CPC 2012);

seizure of property (arrest may be imposed on movables and immovable, intellectual property rights, money in any currency in cash or in non-cash, securities, corporate rights which are owned by the suspect, accused or persons who pursuant to law bring civil liability for damage caused by acts of the suspect, accused or distracted person who committed socially dangerous act, and owned by him or by other natural, or legal persons to provide possible seizure of property or civil suit (Article 170 of the CPC 2012).

NEW CASES

Case No 1

In November 2011, the Melitopol city district court of Zaporizhia region sentenced persons A and B for money laundering to 5 years imprisonment in the case № 1-38.

It has been proven that the director of private entity V person A and person B, intending to launder money acquired documents and seal of private entity C. On behalf of the specified companies the above mentioned persons had conducted operations without goods in the result of which they obtained to the account of the joint stock company I USD 2 362 842, from which USD 2 248 639 was transferred in cash, using the checks of the entity C. Then these people acquired for cash undocumented fuel materials. In order to legalize these materials, director of private entity V person A issued on behalf of a private entity V the documents giving official status to property.

No sources of criminal proceeds have been identified, and there was no conviction for committing the predicate offense.

Case No 2

In April 2011 the Court of Appeal of Odessa region sentenced persons M and F for money laundering to 5 and 7 years of imprisonment with confiscation of property in case № 1-6/11.

It has been proven that citizen F, intending to launder money, founded and acquired 15 fictitious companies: private entity C, limited liability company S, limited liability company W, limited liability company E, limited liability company A, limited liability company V, limited liability company UV, limited liability company AG, limited liability company SL, limited liability company SM, limited liability company UB, limited liability company UP, limited liability company AR, limited liability company U, limited liability company AL. As directors of these firms citizen F invited citizens M, T, I, who have given their consent for reward to found and acquire the mentioned companies, with no intention to undertake financial and economic activity.

In the period from January 2006 to February 2009 the citizens F and M were engaged in illegal conversion of non-cash funds into cash from accounts of limited liability companies W and SL. As a result citizen F received illegal income as interest in the amount of USD 2 276 780 and citizen M received USD 286,074. Citizen F bought a car and a house, and citizen M bought a car and paid for housing rent by means of these proceeds of crime.

No sources of criminal proceeds have been identified, and there was no conviction for committing the predicate offense

<p>Measures taken to implement the recommendations since the adoption of the second progress report.</p>	<p>Act 2015 [1] Article 216 CPC Ukraine [2] supplemented by provisions under which pre-trial investigation in the proceedings of legalization (laundering) of proceeds from crime or preliminary made without simultaneous holding a person criminally responsible for the committing of a socially dangerous illicit act that preceded the legalization (laundering) of proceeds of crime in criminal proceedings under Article 209 of the Criminal Code of Ukraine [3] in the case when, in particular:</p> <p>Socially dangerous illegal act that preceded the legalization (laundering) of proceeds from crime committed outside Ukraine, and legalization (laundering) of proceeds from crime on the territory of Ukraine;</p> <p>- The fact of committing a socially dangerous illegal act that preceded the legalization (laundering) of proceeds from crime, established by court proceedings in the relevant cases.</p> <p>During 2013 eliminated 59 "conversion centers", the total amount of conversion is 5.9 bn. UAH.</p> <p>During 2014 eliminated 48 "conversion centers", the total amount of conversion is 22.5 billion. USD.</p> <p>For 2015 as of 05/01/2015 eliminated 22 "Conversion Center", the total amount of conversion 6.3 billion. UAH</p> <p>Example:</p> <p>On May 18, 2015 Appeal Court of Zhytomyr district upheld the verdict of Korostenskyi district court of October 31, 2014, under which the former MP of Directors "C":</p> <p>Citizen "G" convicted of legalization of proceeds from crime on a large scale (part 3 of article 209 of the Criminal Code of Ukraine [3]) and sentenced to imprisonment for a term of 8 years with disqualification to hold positions related 'Knitted with accounting and financial reporting for 1 year, with confiscation of ½ of the property, which is her personal property.</p> <p>Citizen "K" held guilty of legalization of proceeds from crime in large amounts (part 2 of article 209 of the Criminal Code of Ukraine [3]), and criminal proceedings against him closed at the death of the accused.</p> <p>As established during the pre-trial investigation and citizens "G" and "K" because of municipal property acquisition in the use of foreign companies have committed fraud on a large scale, that is an offense under part 4 of article 190 of the Criminal Code of Ukraine [3] for which convicted and sentenced in 2012.</p> <p>However, illegally obtained properties, totaling 6.6 million. UAH. In the future, citizens used "G" and "K" at the conclusion of credit agreements with banking institutions as collateral, that is committing transactions (transactions) with property derived from illegal acts.</p> <p>National Academy of Internal Affairs of Ukraine developed guidelines for the detection and investigation of legalization (laundering) of proceeds from crime in the new Code of Ukraine [2], submitted to SFMS (ref. № 46/7553 of 12.14.2012).</p> <p>Main Investigation Department of MIA of Ukraine conducted the study criminal proceedings on crimes related to the legalization (laundering) of proceeds from crime and fictitious business. In proceedings provided written instructions in accordance with Art. 39 CPC of Ukraine [2], including the measures regarding the establishment of authorized funds and property acquired through crime.</p> <p>To increase the efficiency of pre-trial investigation of crimes, including under Article 209 of the Criminal Code of Ukraine [3] Main Investigation Department of</p>
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	MIA of Ukraine drafted algorithm of actions of police officers in criminal proceedings Ukraine to search the property of a suspect (accused) imposition of a detention and ensure its preservation.
Recommendation of the MONEYVAL Report	<i>The examiners advise that, as in some other jurisdictions, it may be helpful to put beyond doubt in legislation that a conviction for money laundering can be achieved in the absence of a judicial finding of guilt for the underlying predicate criminality. Further guidance and perhaps consideration of further legislative provision to clarify some of these issues will be necessary.</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	See the previous item
Measures reported as of 6 December 2012 to implement the Recommendations of the report	N/A
Measures taken to implement the recommendations since the adoption of the second progress report.	<p>Transitional Provisions Act 2015 [1] amended the article 216 of the Criminal Procedure Code of Ukraine [2].</p> <p>Today article 216 of the Criminal Procedure Code of Ukraine [2] expressly provides that pretrial investigation in the proceedings of legalization (laundering) of proceeds from crime, carried out without prior or simultaneous holding a person criminally responsible for the commission of a socially dangerous illegal act that preceded legalization (laundering) of proceeds of crime in criminal proceedings under Article 209 of the Criminal Code of Ukraine [3] in the case when, in particular:</p> <ul style="list-style-type: none"> - Socially dangerous illegal act that preceded the legalization (laundering) of proceeds from crime committed outside Ukraine, and legalization (laundering) of proceeds from crime on the territory of Ukraine; - The fact of committing a socially dangerous illegal act that preceded the legalization (laundering) of proceeds from crime, the court established the relevant procedural decisions.
Recommendation of the MONEYVAL Report	<i>Improve and implement adequate training programs in order to enhance the capacity of prosecutors to investigate and prosecute ML cases and of judges to effectively apply article 209, in particular on the types and levels of evidence which the courts might consider acceptable to prove the physical and mental elements of the offence.</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	Training Centre of the State Committee for Financial Monitoring of Ukraine, National Academy of the General Prosecutor's Office of Ukraine, Academy of judges improved and established training programs to reinforce capacity of investigators of the law enforcement agencies of Ukraine to investigate criminal cases opened under indicia of crime provided for by the Articles 209 and 306 of the Criminal Code of Ukraine. These programs direct prosecutors to support state accusation in criminal cases of the aforesaid category and judges to apply effectively Articles 209 and 306, particularly, with regard to types and levels of evidence which

	<p>the courts might consider acceptable to prove the physical and mental elements of the offence.</p> <p>SFMSU Training Centre provided training for 602 participants in 2009, in particular have been trained 58 representatives of reporting entities, 284 entities of state financial monitoring, 230 law enforcement agencies and 230 judges. In the first half of 2010 there was provided training for 391 participants, in particular have been trained 88 representatives of reporting entities, 99 entities of state financial monitoring, 94 law enforcement agencies and 110 judges.</p> <p>Thus, the Program of the National Academy of the General Prosecutor’s Office of Ukraine provides holding of training programs during all the year for listeners of different categories “The Methodic for Detecting, Disclosing and Investigating Criminal Cases on Crimes Related to Legalization (Laundering) of the Proceeds from Crime and Insuring Indemnification of Losses Inflicted by the Crimes and Support of State Accusation in Criminal Cases of This Category”.</p> <p>Moreover, Kyiv National University of the Ministry of Interior with support of the European Commission/Council of Europe MOLI-UA-2 Project published guidance “Fight against Money Laundering. Legal and organizational bases of the law enforcement activities” in 2009. This guidance contains an appropriate part that considers practical aspects of organization of certain investigative actions and typical investigative situations.</p>
<p>Measures reported as of 6 December 2012 to implement the Recommendations of the report</p>	<p>Under Decision of the joint session of the Board of the General Prosecutor’s Office and the Board of the National Bank of Ukraine as of 16.05.2005 representatives of the National bank of Ukraine on regular basis conduct training in the National Academy of Prosecutors of Ukraine on “Cooperation of the National Bank of Ukraine with prosecuting agencies concerning prevention and counteraction to money laundering” (23.05.2011; 15.12.2011; 18.01.2012 in Kyiv).</p> <p>To improve the quality of prosecutors’ participation in the trial of cases under the article 209 of the CC of Ukraine in December 2011 the regional Prosecutors’ Offices were submitted with extract from the generalized analysis concerning the state of public prosecutor’s support in cases concerning money laundering and legalization of other property, conducted by the General Department of the Public Prosecutor’s Support in the courts jointly with the National Academy of Prosecutors of Ukraine.</p> <p>In May 2012 subordinated prosecutors were submitted with guidelines concerning the state of public prosecutor’s support in cases concerning money laundering which was as well drafted by the General Department and the National Academy of Prosecutors of Ukraine. These documents were scrutinized during the training seminars.</p> <p>Typical plans of the National School of Judges of Ukraine and judges of local general courts and courts of appeal provide for topic for studying Features of criminal cases related to money laundering or terrorist financing.</p>
<p>Measures taken to implement the recommendations since the adoption of the second progress report.</p>	<p>State educational establishment «Training center of retraining and professional development of financial monitoring in the sphere of combating legalization (laundering) of proceeds from crime and terrorist financing” (hereinafter - the Center) was established under the Cabinet of Ministers of Ukraine 13.12.2004 Order № 899-p "On establishment of the Training Center of retraining and professional development of financial monitoring in the sphere of combating legalization (laundering) of proceeds from crime and terrorist financing" [60] (hereinafter - the Order).</p> <p>Under paragraph 2 of the Order the main objective of the Centre is retraining and professional development of financial monitoring in the sphere of combating legalization (laundering) of proceeds from crime and terrorist financing, to ensure a</p>

unified approach to retraining and advanced training of state financial monitoring , law enforcement agencies and judicial authorities, representatives of entities responsible for its implementation, as well as representatives of foreign states and international organizations.

The center was created by the management of the State Financial Monitoring Service of Ukraine, as a state institution, for the implementation of SFMS of its powers.

The Center conducts training of law enforcement professionals, the judiciary and the entities of state financial monitoring of financial monitoring under the state order for the state budget to the curriculum "Combating legalization (laundering) of proceeds from crime and terrorist financing", which coordinated by the Ministry of Education and Science of Ukraine.

The program includes normative and optional parts. Normative part is taught for all students. Optional part consists of two modules:

- module for public officials - for specialists of state financial monitoring and other bodies involved in the national system on prevention and counteraction to legalization (laundering) of proceeds from crime or terrorist financing,
- module for law enforcement agencies and judicial authorities.

Normative part

Section I. Introduction

Theme 1. Goals, objectives and principles of the course "Combating legalization (laundering) of proceeds from crime or terrorist financing".

Theme 2. The historical aspect of the problem of combating legalization (laundering) of proceeds from crime or financing of terrorism at the international and national levels.

Section II. Legal framework of counteraction to legalization (laundering) of proceeds from crime or financing of terrorism

Topic 1. International standards in the field of prevention and counteraction to legalization (laundering) of proceeds from crime or terrorist financing.

2. Subject Law of Ukraine "On prevention and counteraction to legalization (laundering) of proceeds from crime or terrorist financing".

Theme 3. Legal framework of subjects of financial monitoring in the sphere of counteraction to legalization (laundering) of proceeds from crime or terrorist financing.

Theme 4. Responsibility (criminal, administrative and civil) for violation of legislation on counteraction to legalization (laundering) of proceeds from crime or terrorist financing.

5. Subject Areas and legal support legalization (laundering) of proceeds from crime or terrorist financing

Section III. The system of financial monitoring in Ukraine

Topic1. System and subjects of financial monitoring.

Topic 2. The legal status of reporting entities, its tasks and responsibilities.

Topic 3. Legal status of entities of state financial monitoring, their responsibilities and powers.

Topic 4. Legal status of the State Financial Monitoring Service of Ukraine as specifically authorized executive agency for financial monitoring.

Section IV. Interaction of entities of financial monitoring and state bodies in the sphere of combating legalization (laundering) of proceeds from crime or financing of terrorism

Topic 1. The interaction of reporting entities with the State Financial Monitoring

Service of Ukraine, the state financial monitoring entities and other public bodies.
 Topic 2. Cooperation between the State Financial Monitoring Service of Ukraine, state financial monitoring entities and other public bodies.

Chapter V. International Cooperation.
 Topic 1. International cooperation in combating legalization (laundering) of proceeds from crime or terrorist financing.

Section VI. Social and humanitarian block.
 Topic 1. Culture of Ukrainian business speech. Oral business communication.
 Topic 2. Integration of Ukraine into the European Union.

Optional part
 Module 1 - for representatives of state financial monitoring and other government bodies.
 Topic 1. Organization of financial monitoring (legal support).
 Topic 2. Organization of financial monitoring (practical aspects).
 Topic 3. Procedure of identification of persons executing financial transactions and examination of financial activities.
 Theme 4. Procedure of identifying information on financial transactions subjected to financial monitoring.
 Topic 5. Registration and transmission of information on financial transactions subjected to financial monitoring.
 Topic 6. State supervision of reporting entities.
 Topic 7. Features of verification of compliance with reporting entities of legislation in the sphere of counteraction to legalization (laundering) of proceeds from crime or terrorist financing. Normative legal acts. The use of sanctions.
 Topic 8. Improvement of supervision and regulation in the sphere of combating legalization (laundering) of proceeds from crime or terrorist financing.
 Topic 9. Administrative practice (Articles 1669 and 18834 of the Administrative Code "Violation of legislation on prevention and counteraction to legalization (laundering) of proceeds from crime or terrorist financing").
 Topic 10. Typologies of legalization of funds and property crime: global and national trends.
 Topic 11. Concept and origin of offshore jurisdictions. The concept and principles of offshore companies, banks, trusts and insurance.

Module 2 - for law enforcement agencies and judicial authorities
 Topic 1. Organization of financial monitoring. (Legal support).
 Topic 2. Organization of financial monitoring. (Practical aspects).
 Topic 3. Legal bases of law enforcement agencies (Ministry of Internal Affairs, the GPO, the Security Service of Ukraine and tax police) on combating legalization (laundering) of proceeds from crime or terrorist financing.
 Topic 4. Main directions, forms and methods of activity, competence and powers of law enforcement agencies, as well as a system of measures on prevention and counteraction to legalization (laundering) of proceeds from crime or terrorist financing.
 Topic 5. Organized crime (corruption, fraud, bribery, theft, drug trafficking, smuggling, etc.), signs, relationship to the legalization (laundering) of proceeds from crime or terrorist financing.
 Topic 6. International and national standards determining characteristics and

	<p>measures to counter terrorism.</p> <p>Topic 7. Procedure for transfer of case referrals to law enforcement agencies.</p> <p>Topic 8. Typologies of legalization of funds and property crime: global and national trends.</p> <p>Topic 9. Features pretrial check of case referrals for indicators of legalization (laundering) of proceeds from crime or terrorist financing and decision.</p> <p>Topic 10. The organizational and practical measures to improve the performance and interaction of law enforcement agencies to combat the legalization (laundering) of proceeds from crime or terrorist financing.</p> <p>Topic 11. Features of investigation of criminal cases brought on the grounds of crimes under Articles 209, 209-1, 258-4, 258-5, 306 of the Criminal Code of Ukraine [3].</p> <p>Topic 12. The practice of usage by courts of Ukraine law on criminal liability for the legalization (laundering) of proceeds from crime or terrorist financing.</p> <p>Topic 13. Administrative practice (articles 1669 and 18,834 Administrative Code [4] "Violation of legislation on prevention and counteraction to legalization (laundering) of proceeds from crime or terrorist financing").</p> <p>Topic 14. Concept and origin of offshore jurisdictions. The concept and principles of offshore companies, banks, trusts and insurance companies.</p> <p>Information on the number of specialists of state bodies who have been trained at the Centre for the period 2013-2014. And the first quarter of 2015:</p> <p>2013 - 600 listeners including 172 specialists of state financial monitoring entities, 428 representatives of law enforcement agencies and the judiciary entities;</p> <p>2014 - 474 listeners, including 98 specialists of state financial monitoring, 376 representatives of law enforcement agencies and the judiciary entities;</p> <p>For 5 months of 2015 - 242 listener, including 35 specialists of state financial monitoring, 207 representatives of law enforcement agencies and judicial authorities.</p> <p>Information on the number of prosecutors who have been training for the period 2013-2014 and 5 months of 2015:</p> <p>2013 - 22 listeners;</p> <p>2014 - 5 students;</p> <p>For 5 months of 2015 - 4 listeners.</p> <p>Information on the number of court employees who have been training for the period 2013-2014 and 5 months of 2015:</p> <p>2013 - 301 listeners;</p> <p>2014 - 184 listeners;</p> <p>For 5 months of 2015 - 34 listeners</p>
<p>(Other) changes since the second progress report (e.g. draft laws, draft regulations or draft “other enforceable means” and other relevant initiatives</p>	

Recommendation 5 (Customer due diligence)

I. Regarding financial institutions	
Rating: Partially compliant	
Recommendation according to the MONEYVAL Report	<i>All types of financial institutions as defined in the FATF Glossary are covered by AML/CFT obligations through a combination of the Basic Law, the Law on Financial Services and State Regulation of Financial Markets and the Law of Ukraine on Securities and Stock Market. However, Ukraine would benefit from setting out clearly the definitions in the Basic Law to ensure there is a consistency in terminology.</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	<p>Terminology on the types of financial institutions is provided in the Article 5 of AML/CFT Law, and it is brought in line with the terminology of the Law of Ukraine On Financial Services and State Regulation of Financial Markets and the Law of Ukraine On Securities and Stock Exchange.</p> <p>Law of Ukraine Markets does not specify types of financial institutions, but specifies the list of financial services that can be conducted by financial institutions.</p> <p>Terminology regarding types of financial institutions depending on the types of activities undertaken is specified in special laws regulating services in appropriate spheres.</p> <p>For example, the Law of Ukraine On Securities and Stock Exchange uses the term “professional participants of the stock exchange”, as well as in AML/CFT Law the reporting entities are defined as “professional participants of the securities market”.</p>
Measures reported as of 6 December 2012 to implement the Recommendations of the report	N/A
Measures taken to implement the recommendations since the adoption of the second progress report.	<p>Terminology concerning types of financial institutions is defined in the Law 2015 [1], and is consistent with the terminology of the Law of Ukraine "On Financial Services and State Regulation of Financial Services" [16]</p> <p>According to the Law of Ukraine of 12.07.2001 № 2664-III «On Financial Services and State Regulation of Financial Services" [16] The financial institution is a legal entity that according to the law provides one or more financial services, and other services (operations) relating to the provision of financial services in cases expressly determined by law, and entered into the relevant register as prescribed by law.</p> <p>Thus, the Law «On Financial Services and State Regulation of Financial Services" established a legal entity belonging to financial institutions, depending on the type of services that the person provides. The list of financial services that can make financial institutions defined by the Law «On Financial Services and State Regulation of Financial Services".</p>
Recommendation of the MONEYVAL Report	<i>Ukraine has a number of legislative and regulatory requirements setting out AML/CFT obligations, many of which duplicate each other and can lead to some inconsistencies in the requirements on financial institutions. Some of the financial institutions interviewed by the evaluation team felt that it would be helpful if the authorities consolidated the requirements into fewer documents which would help simplify things for them.</i>
Measures reported as of 27 September 2010 to implement the Recommendation	<p>The inconsistency and duplication is removed by the new AML/CFT Law. New Law defines the basic obligations for reporting entities, supervisors can issue only regulations that define details specific for different sectors.</p> <p>E.g. basic requirements for the clients’ identification are defined in the Article 9 of AML/CFT Law, Article 9 part 6 provides that a specific of identification is regulated</p>

of the report	by respective supervisory agencies.
Measures reported as of 6 December 2012 to implement the Recommendations of the report	N/A
Measures taken to implement the recommendations since the adoption of the second progress report.	<p>The Law 2015 [1] requires the basic obligations of reporting entities to conduct financial monitoring.</p> <p>Reporting entities of state financial monitoring its subordinate regulatory acts merely clarify and specify general statutory [1] allowing for the requirements of the supervised entities.</p>
Recommendation of the MONEYVAL Report	<i>Given that many of the FATF standards are intended to apply equally to all institutions, Ukraine is encouraged to rationalize its legislative and “other enforceable means” requirements to remove the duplication. In particular, Ukraine should consider bringing the asterisk FATF criteria within the Basic Law.</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	New AML/CFT Law implements FATF Recommendations into Ukrainian legislation especially asterisk FATF criteria. The structure of AML/CFT Law excludes any doubling regarding application of its provisions to all reporting entities.
Measures reported as of 6 December 2012 to implement the Recommendations of the report	N/A
Measures taken to implement the recommendations since the adoption of the second progress report.	Act 2015 [1] Ukraine introduced legislation all the recommendations FATF, particularly made reference to the criteria of FATF. Thus, the structure of the Law 2015 [1] eliminates any duplication on the application of its provisions to all reporting entities.
Recommendation of the MONEYVAL Report	<i>In relation to Recommendation 5, Ukraine should ensure that the following requirements are clearly covered by law or regulation:</i> <ul style="list-style-type: none"> - <i>Banks should be required to undertake CDD when carrying out occasional transactions above the applicable designated threshold (i.e. should not be limited to cash transactions only)</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	According to the Article 6 of AML/CFT Law, reporting entity is obliged to conduct client identification and verification in cases provided by the law. Moreover, under the Article 9 part 3 of the new AML/CFT Law, identification and verification of financial activity shall be conducted in case of executing of single financial transaction without establishing business relations with clients on amount which equals or exceeds the amount provided in the Article 15 part 1 of new Law.
Measures reported as of 6 December 2012 to implement the	N/A

Recommendations of the report	
Measures taken to implement the recommendations since the adoption of the second progress report.	<p>According to Article 9 of Law 2015. [1] reporting entities required under the legislation on the basis of submitted client (Client) official documents or duly certified copies of them (unless otherwise provided in this Act [1]) to identification and verification of customer (customer representative).</p> <p>Reporting entities should ensure that all transfers an amount that equals or exceeds UAH 15,000 or an amount equivalent to the amount indicated, including in foreign currency, precious metals and other assets, accompanied by:</p> <p>1) information transfer originator (payer):</p> <p>a) the individual (natural person - entrepreneur) - name and (if applicable) patronymic; account number from which the funds are debited or, in the absence of an account, a unique account number of a financial transaction which enables to carry out monitoring operations; place of residence (or place of residence of natural person - resident or place of stay of the individual - non-resident in Ukraine) or the registration number of the taxpayer's registration card or identification number from the State Register of natural persons - payers of taxes and other obligatory payments, number (and if - series) Passport Ukraine, which bear the mark of rejection of obtaining an identification number or passport number of the record of refusal to accept the registration number of the taxpayer registration card Ukraine contactless electronic media) or the date and place of birth;</p> <p>b) legal entity - name, address, identification code from the Unified State Register of Enterprises and Organizations of Ukraine, the number of account from which funds are debited, or, in the absence of an account, a unique account number of financial transactions;</p> <p>2) information about the recipient (receiver):</p> <p>a) an individual - name and (if applicable) surname, account number to which the funds are credited in the absence of the account - a unique account number of financial transactions;</p> <p>b) legal entity - full name, account number to which the funds are credited in the absence of the account - a unique identification number transaction.</p>
Recommendation of the MONEYVAL Report	- <i>Identify customers carrying out occasional transactions that are wire transfers</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	<p>The identification and verification of financial activity shall be conducted, in particular, in case of executing of single financial transactions without establishing business relations with clients on amount which equals or exceeds the amount provided in part one of the Article 15 of the current Law (part 3 of the Article 9 of the new AML/CFT Law).</p> <p>As well, customer due diligence of clients conducting single transactions in form of wire transfer is foreseen by the Article 64 of the Law of Ukraine On Banks and Banking and On Approving Regulation on Functioning of Domestic and International Payment Systems in Ukraine as of September 25, 2007 No. 348.</p> <p>Regulation on Functioning of Domestic and International Payment Systems in Ukraine approved by Resolution of the Board of Directors of the National Bank of Ukraine as of September 25, 2007 No348 (hereinafter – Resolution of the NBU № 348) ensure activity on agreement of the rules of money transfer systems elaborated by resident banks. Particularly, these rules shall specify the procedure for ensuring in money transfer system compliance with FATF Special Recommendation VII on fight against</p>

	<p>terrorist financing, namely:</p> <ul style="list-style-type: none"> - identification of the customer initiating a transfer to the amount, which is equal to or which exceeds UAH 5,000, or which is equal to an amount in a foreign currency equivalent to or exceeding UAH 5,000 (pursuant to NBU currency exchange on the moment of conducting transaction), which includes entering into the transfer document of name, patronymic name (if any) and surname of the customer, unique transaction registration number, name and code of the bank of the initiator, place of the initiator's registration (instead of the address, a customer's taxpayer identification number or date and place of his birth can be indicated) and filling all customer's data to money transfer document; - accompanying the money transfer with information on the initiator at all stages of the money transfer. <p>According to the Article 64 of the new Law on Banks and Banking banks shall be obliged to identify according to the legislation of Ukraine:</p> <ul style="list-style-type: none"> - customers who open accounts in bank; - customers performing the transactions subject to financial monitoring; - customers performing cash transactions without opening an account in the amounts equivalent or exceeding of UAH 150,000 or equivalent amount in foreign currency; - persons authorized to act on behalf of the above customers.
<p>Measures reported as of 6 December 2012 to implement the Recommendations of the report</p>	<p>According to the provisions of Section V of the Resolution of the National Bank No 189 (in edition of the Resolution of the NBU dated 31.01.2011 No 22) a bank, under the legislation of Ukraine, is binding to identify and to examine the financial activity of the customers.</p> <p>Paragraph 5.6 of Section V the Resolution No 189 provides for that a bank that is payment organization and/or member of payment system, in the course of conducting by the customer that initiates money transfer in favor of third parties to an amount equal or exceeding the amount equivalent to UAH 8000 in foreign currency, is binding to enter the following information on:</p> <ul style="list-style-type: none"> - surname, name, patronymic name (if available) of the customer; - place of residence and place of temporary stay (the above mentioned data may be replaced by identification (registration) number of the customer and date and place of his/her/ birthday); - number of the customer's account (if the account is unavailable, a unique registration number of the financial transaction shall be entered); - name and code of the bank by means whereof money transfer is performed by the customer. <p>A bank shall support the money transfer with the above mentioned information on the money transfer's initiator on all stages of the money transfer.</p>
<p>Measures taken to implement the recommendations since the adoption of the second progress report.</p>	<p>According to Article 64 of the Law of Ukraine "On banks and banking" [10] The bank must identify and verified in accordance with the laws of Ukraine, in particular, customers who conduct transfers without opening an account in an amount that equals or exceeds UAH 15,000, or the equivalent amount specified, including foreign currency, precious metals and other assets, units of value, but less than UAH 150,000 or the equivalent amount specified, including foreign currency, precious metals and other assets , units of value.</p> <p>In accordance with the provisions of Section II of the order of payment systems, payment systems participants and operators services payment infrastructure, approved by the National Bank of Ukraine as of 04.02.2014 № 43 [72] (hereinafter - Regulation number 43) payment organization of payment system resident obligations' commitments for Harmonization of the system to submit to the National Bank of the payment system rules that have, in particular, include:</p>

a) order the requirements of legislation of Ukraine on prevention and counteraction to legalization (laundering) of proceeds from crime or terrorist financing, which will apply to the user of the payment system;

b) in order to ensure payment system implementing the recommendations of the Financial Action Task Force on Money Laundering (FATF) on transfers, which should include:

for transfers carried out the amount that equals or exceeds UAH 10,000 or the amount in foreign currency equivalent equals or exceeds 10,000 UAH, the requirements for inclusion in the document to support the transfer of information and transfer information transfer initiator comprising including name and patronymic (if any) / full name, information on place of residence or temporary residence / location (place of residence or temporary residence / location may indicate the registration number of the taxpayer's registration card / ID code for the Unified State Register Enterprises and Organizations of Ukraine (hereinafter - code) or the date and place of birth / date of state registration) and account number (if no account a unique account number indicated surgery); recipient, which includes including surname, name and patronymic (if any) / full name and account number (if not stated unique account number account transactions);

transfers carried out for an amount not exceeding UAH 10,000 or the amount in foreign currency equivalent of not exceeding UAH 10,000, the requirements for inclusion in the document to support the transfer of information and transfer of information on the initiator and recipient, which involves including name and patronymic (if any) / full name and account number (if not stated unique account number account transactions);

obligation to keep all information about the initiative / recipient at least five years after the transfer;

order to verify the information on the initiator / recipient in case of suspicion that the transaction is carried out to legalization of funds received crime or terrorist financing;

order on suspending financial transactions for which there is reasonable suspicion that it is related to the legalization (laundering) of proceeds from crime or terrorist financing, or for which international sanctions applied, including financial transactions, participants or beneficiaries of which are included in the list of persons related to terrorist activity or for which international sanctions are applied;

the risk management processes of legalization (laundering) of proceeds from crime or terrorist financing;

order on suspension or denial of transfer, which does not contain relevant information about the initiator or the payee, and subsequent actions of the financial institution;

the obligation to verify the person international money transfer recipient exercised an amount that equals or exceeds UAH 10,000 or the amount in foreign currency equivalent equals or exceeds 10,000 UAH, based on official documents or duly certified copies of them and keep copies relevant documents at least five years after the transfer.

In accordance with the provisions of Section IV number 43 [72] payment organization of international payment system for non-resident harmonization of conditions and procedures of Ukraine in the international payment system is obliged to submit to the National Bank, in particular, copies of documents (excerpts from documents) international payment system specifying:

requirements in the area of prevention and counteraction to legalization (laundering) of proceeds from crime or terrorist financing, which will apply to

participants of the international payment system and order fulfillment of these requirements;

in order to ensure international payment system implementation of the recommendations of the Financial Action Task Force on Money Laundering (FATF) on money transfers.

In accordance with the provisions of section V of number 43 [72] Bank, the national mail operator, non-bank financial institution for registration of the contract on participation in international payment system is obliged / required to submit to the National Bank of Ukraine, in particular, copies of internal documents, on the procedure of financial monitoring during operations carried out by means of international payment system

Regulation of the National Bank of Ukraine of 26.02.2013 № 57 [73] (hereinafter - Regulation number 57) on the Procedure of issuance licenses to non-banking financial institutions to transfer money in national currency without opening accounts, established that the internal rules on the transfer of funds of non-banking financial institutions with submitted to the National Bank of Ukraine to obtain a license to transfer money in the national currency without opening accounts should include, in particular, provisions on the identification of persons who are initiators or recipients of funds transferring and order of ensuring implementation of the recommendations of the Financial Action Task Money Laundering (FATF) concerning money transfers.

Currently, prepared a draft amendments to the Regulation number 43 [72] and the Regulation number 57 [73] concerning bring them into conformity with The Law 2015 [1].

Order of the Ministry of Infrastructure from 01.04.2013 № 199 [136] "On approval the Regulation on implementation of financial monitoring № by subjects of primary financial monitoring, state regulation and supervision of which activities performs the Ministry of infrastructure of Ukraine", registered in the Ministry of Justice of Ukraine on 04.19.2013 № 650/23182, defines the organization and financial monitoring in prevention and counteraction to legalization (laundering) of proceeds from crime or terrorist financing by subjects of primary financial monitoring, state regulation and supervision of which activities performs the Ministry of infrastructure of Ukraine – by postal operators communication, conducting financial transactions with money transfer and their subdivisions.

Section IV above Regulation sets requirements for providing identification of clients, who conduct financial transactions, and study their financial activities, particularly in paragraph 4.1. of this chapter determined that identification and study of the financial activities of clients who conduct financial transactions carried out in the following cases:

- establishing business relationships with clients;

- suspicious that a financial transaction can be related to legalization (laundering) of proceeds from crime or terrorist financing;

- conducting of financial transaction, which is a subject of financial monitoring;

Conducting a single financial transaction without establishing business relations with the clients for the amount specified by the first paragraph of Article 15 of The Law 2015.

Also, in accordance with paragraph 4.2. Chapter IV provisions of clients' identification and study of its financial activities include:

- provide the primary identification;

- carry out the measures concerning of check and clarify information regarding clients' identification when there are doubts about the reliability or completeness of the information given by him/her;

carry out the measures concerning of check and clarify information regarding clients' identification in case of change of information or expiration of the documents on which it was held;

provide measures aimed at studying activities of the client and its financial situation, correspondence between the financial transactions and specifics of clients' activities;

Monitoring of clients' transactions, such activity can indicates a high (increased) risk that financial transactions could be related to the legalization (laundering) of proceeds from crime or terrorist financing.

Paragraphs 4.4. and 4.5. Of the abovementioned Regulation stipulates that the identification of clients, who conduct financial transactions, carrying out on the basis of the submitted official documents or duly, certified copies of them. Documents for which identifies individuals that are members of financial transactions must be valid at the date of submission and include all necessary information to carry identification. If the documents on which the identification was carried out, have been changed or expired term of their action, during the next financial transaction of the client conducted re-identification. In case of doubts about the reliability or completeness of the information provided by the client, reporting entities should take steps to verify and clarify information regarding the identification of the client. Reporting entity has the right to demand from the client and from other sources, if such information is a public (open) additional information, which is necessary for identification of the client and to determine the content of its activities and financial position of client. Information regarding clients which is necessary to verify and clarify identification can be requested by reporting entity from public authorities under the Regulation for granting state authorities at the request of reporting entity to information concerning identification of the client which approved by the Cabinet of Ministers of Ukraine dated August 25, 2010 № 746 [46].

Under paragraph 4.6. Section IV of abovementioned Regulation determines that reporting entity pending the primary identification of the client to/or during installation business relationship with him, but before the transaction.

Paragraphs 4.7. - 4.9. Section IV of the aforementioned Regulation determine obligation of reporting entity during the initial identification of the clients (who are residents) must identify the following:

for natural person – surname, name, patronymic date of birth, series and number of passport (or other document of identity), date of issue and body that issued it. During the identification must be ascertain place of residence or the place of stay of the natural person, number of taxpayer's registration card or passport series and number (for individuals who through their religious beliefs refuse to accept the number of taxpayer's registration card and reported it officially the appropriate authority state tax service and have a mark in the passport);

for individual - entrepreneur - surname, name, date of birth, series and number of passport (or other document of identity), date of issue and body that issued it. During the identification must be ascertain place of residence or the place of stay of the individual - entrepreneur, details of the bank where the account and account number (if available);

for legal entity - full name, location; information about controls of a corporate body and their composition; data that identify persons who have the right to manage accounts and property; information about the owners of substantial participation in a legal entity; information about controllers entity; identification code in accordance with the Unified State Register of Enterprises and Organizations of Ukraine; details of the bank where the account and bank account number.

During the initial identification of the clients (who are non-residents) reporting entity must identify the following:

for individuals - surname, name and patronymic (if any), date of birth, series and number of passport (or other document of identity), date of issue and body that issued it, citizenship. During the identification must be ascertain place of residence or the place of stay of the natural person in Ukraine;

for legal entity - full name, address and details of the bank which the the bank account opened, bank account number, information about controls of a corporate body and their composition; data that identify persons who have the right to manage accounts and property; information about the owners of substantial participation in a legal entity; information about controllers entity. The subject is also provided a copy of legalized extract from trade, bank or court register or registration certificate notarized by the authorized body of a foreign state registration of the legal entity.

If the client (person) which acts as a representative of another person or for the benefit of another person or if reporting entity has doubts concerning the person acting in his own name or a beneficiary is another person, entity is obliged under the current legislation also to identify the person by or on behalf of who or for the benefit of which financial transaction is conducted or the beneficiary of such transaction.

If the person acts as the representative of another person, reporting entities should also check the availability of such person allowed by the relevant authority.

Paragraphs 4.11. Section IV of abovementioned Regulation provides that reporting entity (unit subject) at the stage of establishing business relations with a client must provide the classification of the client and establish its risk level. Reporting entities apply relevant precautionary measures to the clients for which were established high (elevated) risk level.

According to paragraph 4.12. Section IV abovementioned Regulation which established obligation of employee of the reporting entity (entity division), during the identification or examination financial activity (person acting on its behalf), detect that client is related or associated with politically exposed persons (PEP's) or charity or non-profit organization must notify the compliance officer of the reporting entity (entity division). In such case compliance officer must:

get the permission of the head of the reporting entity (entity division) for establishing business relationships with such clients;

to take measures to ascertain the source of funds of the client;

conduct monitoring of client's transactions in the manner prescribed for the clients with high (elevated) level of risk.

Paragraph 4.13. Section IV of abovementioned Regulation provides that during the identification and examination financial activity of the client reporting entity can make questionnaire. Questionnaire is an internal document of the reporting entity that is filled and signed by the authorized employee to perform identification.

Also, in accordance with Article 6 of the Law 2015. [1] Reporting entities obliged to identify and examination financial activity of the in cases which prescribed by law.

Identification and verification of the client is carried out in case of:

business relations are established (except for the business relations established on the basis of insurance contracts by types of insurance other than life insurance, under which the client is an individual, and the total insurance payment does not exceed UAH 5,000, or its amount is equivalent to the specified amount, including in foreign currency; the business relations which arise on the basis of the agreements on participating in lotteries provided the size of the bet of the player does not exceed UAH 5,000; the payment organization, participant or member of the payment system,

bank, branch of a foreign bank conducting financial operations without opening an account in the amount which is less than UAH 150,000 or in the amount which is equivalent to the specified amount, including in foreign currency, precious metals, other assets, and units of value);

suspicion;

the financial transaction subject to financial monitoring;

money transfers (including international ones) made by an individual, individual entrepreneur without opening an account in the amount which equals or exceeds UAH 15,000, or the amount which is equivalent to the specified amount, including in foreign currency, precious metals, other assets, units of value, but is less than the amount provided by Part 1 Article 15 of The Law 2015 [1];

a one-time financial transaction conducted without establishing any business relations with clients in the amount which equals or exceeds UAH 150,000, or the amount which is equivalent to the specified amount, including in foreign currency, precious metals, and other assets.

Depending on the level of risk of the financial transaction, the identification and verification of the client are also performed if the amount of the financial transaction equals the amount provided in Part 1 Article 15 of The Law 2015 [1], regardless of whether such financial operation is one-time, or multiple financial transactions may be related to such person.

As of today the Ministry of Infrastructure taking measures to adopt new version of the Order On approval the Regulation on implementation of financial monitoring by subjects of primary financial monitoring, state regulation and supervision of which activities performs the Ministry of infrastructure of Ukraine/

With regard to the activities of the national mail operator - UDPPZ "Ukrposhta", according to its internal documents concerning financial monitoring, determines that reporting entity pending the identification of the client to/or during installation business relationship with him, but before the transaction.

In order to identify residents object postal worker must determ the following:

for natural person – surname, name, patronymic date of birth, series and number of passport (or other document of identity), date of issue and body that issued it. During the identification must be ascertain place of residence or the place of stay of the natural person, number of taxpayer's registration card or passport series and number (for individuals who through their religious beliefs refuse to accept the number of taxpayer's registration card and reported it officially the appropriate authority state tax service and have a mark in the passport);

for individual - entrepreneur - surname, name, date of birth, series and number of passport (or other document of identity), date of issue and body that issued it. During the identification must be ascertain place of residence or the place of stay of the individual - entrepreneur, details of the bank where the account and account number (if available);

for legal entity - full name, location; information about controls of a corporate body and their composition; data that identify persons who have the right to manage accounts and property; information about the owners of substantial participation in a legal entity; information about controllers entity; identification code in accordance with the Unified State Register of Enterprises and Organizations of Ukraine; details of the bank where the account and bank account number.

During the initial identification of the clients (who are non-residents) postal worker must determ the following:

for individuals - surname, name and patronymic (if any), date of birth, series and number of passport (or other document of identity), date of issue and body that issued

it, citizenship. During the identification must be ascertain place of residence or the place of stay of the natural person in Ukraine;

for legal entity - full name, address and details of the bank which the the bank account opened, bank account number, information about controls of a corporate body and their composition; data that identify persons who have the right to manage accounts and property; information about the owners of substantial participation in a legal entity; information about controllers entity. The subject is also provided a copy of legalized extract from trade, bank or court register or registration certificate notarized by the authorized body of a foreign state registration of the legal entity.

Regarding trusts additionally must be determed identity principals and trustees.

The document certifying residence or temporary stay of non-residents in Ukraine to identify it can be: a permanent or temporary residence, immigration card or passport. Since the certificate of registration of residence or place of stay confirming the registration of non-resident during customer identification object postal employee can request it.

Where there is doubt as to whether the client acts on its own behalf or beneficiary is another person, postal worker object shall also identify the person by or on behalf of or for the benefit of who financial transaction is carried or which beneficiary. If the client acts as the representative of another person object postal worker should also check the availability of the person in the relevant authority (the presence of attorney).

During examination of constituent documents of legal entity (client) and documents confirming its state registration, special attention must be focuses on:

rightness of the execution correctness of their processesing (including all registered changes);

the founders of the legal entity and its related parties;

management structure of legal entities and their powers;

size of the registered and paid authorized capital.

Information concerning client's identification accompanies postal order at all stages of its delivery.

Acceptance and payment of money orders in UDPPZ "Ukrposhta" is carried out using of the "Wire Transfer", all information transmitted using the secure communication channels by the corporate network. Software "Wire Transfer" provides for data checking against the criteria of internal and mandatory monitoring both on the stage of acceptance and on the stage of the discharge of the transfer.

The control over the information is conducted in the automatic mode concerning transfers in a part of work with:

list of persons related to terrorist activity or for which applied international sanctions;

the list of countries (territories) that do not participate in international cooperation in the field of prevention and counteraction to legalization (laundering) of proceeds from crime and terrorist financing;

list of offshore zones.

Futher more, in Ukrainian legislation particularly in the Article 166-9 of the Code of Ukraine on Administrative Offences [4] is provided that the administrative responsibility for violation of requirements concerning identification, verification of the client (client representative), examination of the client and specification information about the client shell constitute from one hundred to two hundred untaxed minimum incomes for officials of reporting entities and individuals - entrepreneurs, members of the liquidation committee, liquidators or authorized person Deposit Guarantee Fund.

<p>Recommendation of the MONEYVAL Report</p>	<p>– <i>Banks should be required to undertake due diligence when there is suspicion of money laundering or terrorist financing, regardless of any thresholds</i></p>
<p>Measures reported as of 27 September 2010 to implement the Recommendation of the report</p>	<p>Under the Article 6 of AML/CFT Law banks shall be obliged to take CDD measures in any case of conducting financial transactions, including transactions suspected in money laundering or terrorism financing, regardless threshold. Under the part 3 of the Article 9 of AML/CFT Law identification and verification of financial activity shall be conducted in case of suspicion that financial transaction might be related to ML or TF.</p>
<p>Measures reported as of 6 December 2012 to implement the Recommendations of the report</p>	<p>According to the provisions of Section V of the Resolution of the National Bank No 189 a bank shall identify and study the financial activities of the customers conducting financial transactions subject to financial monitoring. The bank shall identify as well the persons acting on behalf of the persons mentioned and the persons on behalf or under the instructions or for the benefit of whom the financial transaction is performed. The bank shall assure itself of validity of the documents submitted by the customer (trustee) and their compliance with the requirements of the laws of Ukraine before establishing the business relations with the customer (opening an account, performance of a financial transaction, etc.).</p>
<p>Measures taken to implement the recommendations since the adoption of the second progress report.</p>	<p>According to Article 64 of the Law of Ukraine On banks and banking [10] The bank has the obligation to identify and verify, as required by laws of Ukraine clients (persons) in the event their financial operation(s) is (are) suspected to be associated with terrorist financing or the financing of the proliferation of weapons of mass destruction. The bank may request, and the customer (person, customer's representative) has the obligation to provide, documents and details required for the identification and/or verification (including the establishment of identification details of ultimate beneficial owners (controllers), analysis and uncovering of financial operations that are subject to financial monitoring, and other legally required documents and details that the bank may request to comply with requirements of laws governing relationships in the area of prevention of and counteraction to the legalization (laundering) of proceeds of crime, terrorist financing and the financing of the proliferation of weapons of mass destruction. Under paragraph 4 of section II of the Resolution of the management of the National Bank of Ukraine of 04.02.2014 № 43 On approval of the Regulation of payment systems, payment systems participants and operators services payment infrastructure [72] The rules of the payment system should include, in particular, the order must ensure implementation of the FATF recommendations concerning transfers, which should include: for transfers made on the amount that equals or exceeds UAH 10,000 or the amount in foreign currency equivalent equals or exceeds 10,000 hryvnia, the requirements for inclusion to the document to support the transfer of information and transfer information transfer initiator comprising including surname, name and patronymic (if any)/full name, information on place of residence or temporary residence/location (place of residence or temporary residence/location may indicate the registration number of the taxpayer's registration card/ID code for the Unified State Register Enterprises and Organizations of Ukraine (hereinafter – code USREOU) or the date and place of birth/date of state registration) and account number (if no account a unique account number indicated surgery); recipient, which includes including surname, name and patronymic (if any)/full name and account number (if not stated</p>

	<p>unique account number account transactions);</p> <p>transfers carried out for an amount not exceeding UAH 10,000 or the amount in foreign currency equivalent of not exceeding UAH 10,000, the requirements for inclusion in the document to support the transfer of information and transfer of information on the initiator and recipient, which involves including surname, name and patronymic (if any) / full name and account number (if not stated unique account number account transactions).</p>
<p>Recommendation of the MONEYVAL Report</p>	<p><i>- Undertake CDD when there are doubts about the veracity or adequacy of previously obtained customer identification data. In particular the current requirements could be strengthened by making the requirement more explicit, ensure it refers to undertaking CDD and covers the full scope of CDD</i></p>
<p>Measures reported as of 27 September 2010 to implement the Recommendation of the report</p>	<p>Part 5 of the Article 9 of AML/CFT Law stipulates that in case of suspicions in authenticity or comprehensiveness of the information provided by the customer, reporting entity shall be obliged to take measures to verify and clarify customer's identity (paragraph 23-26 of the part 2 of the Article 6, part 3 of the Article 6, part 5-8 or the Article 9, part 2 of the Article 16).</p>
<p>Measures reported as of 6 December 2012 to implement the Recommendations of the report</p>	<p>According to the provisions of Section V of the Resolution of the National Bank No 189 of the following persons:</p> <p>a) the customers establishing the business relations with the bank (opening accounts, concluding agreements);</p> <p>b) the customers performing the financial transactions subject to the financial monitoring;</p> <p>c) the customers performing cash transactions without establishing an account for an amount equal to or exceeding UAH 150,000.00 or an amount equivalent thereto in a foreign currency.</p> <p>The bank shall identify as well the persons acting on behalf of the persons mentioned and the persons on behalf or under the instructions or for the benefit of whom the financial transaction is performed.</p> <p>The bank shall assure itself of validity of the documents submitted by the customer (trustee) and their compliance with the requirements of the laws of Ukraine before establishing the business relations with the customer (opening an account, performance of a financial transaction, etc.).</p> <p>Paragraph 6.3 of the Resolution No 189 provides for the following. Where the bank detects a customer's financial transaction subject to the financial monitoring, it shall ensure taking the measures stipulated by laws of Ukraine and determined in the internal documents of the bank regarding the financial monitoring, aimed at clarification of the nature and purpose of the financial transaction, including by means of requesting additional documents and data concerning the transaction in question and with the purpose of due meeting the requirements of the laws on prevention of the criminal proceeds legalization/terrorism financing.</p> <p>Paragraph c), part 1 of Section IV of the Regulation on conducting financial monitoring by the professional actors of the stock market approved by the Decision of the National Securities and Stock Market Commission dated 27.07.12 No 1155 laid down in edition of the Regulation No 995 dated 19.07.12 that entered into force 30.08.12 (hereinafter referred to as the Regulation No 1155) provides for that identification and clients examination by the reporting entity includes performance of actions aimed at examination of the clients identification information (identification of</p>

	<p>its controller, beneficiary owner), including cases if there is doubt in its reliability and completeness.</p> <p>Besides, paragraph 4 of Section IV of the Regulation No 1155 provides for that in case of revelation of high risk clients, the reporting entity performs additional actions directed to the client examination within identification of such clients, such as:</p> <ul style="list-style-type: none"> a) examination of identification data; b) requirement of rendering additional documents, particularly on the financial state; c) examination of propriety of formed statutory documents (including all registered changes); d) determination of founders of legal entity; e) comparison of the amount of registered and formed statutory capital; f) examination of correspondence of the financial transaction to the regular activity of a client; g) establishment of correspondence of the financial transaction to the financial state of a client; h) establishment of the purpose of transactions performance; i) estimation of the amount and sources of existing and perspective incomes; g) identification of the source of origin and ways of money transfer used in transactions; k) establishment of related persons. <p>The list of actions and additional actions for high risk client examination shall be established by the reporting entity by itself considering the type of the professional activity on the securities market under the license.</p> <p>Customer due diligence measures are provided in the Regulation on conducting financial monitoring by the financial institutions, approved by the Directive of the National Financial Services Market Regulation Commission dated 05.08.2003 No 25 laid down in the edition of the Directive No 102 dated 24.02.2011. This Regulation envisages risk management. Depending on the risk level the reporting entity shall provide for appropriate measures in the Program and Rules for conducting financial monitoring.</p>
<p>Measures taken to implement the recommendations since the adoption of the second progress report.</p>	<p>According to part 4 Article 9 of the Law 2015 [1] if there is reason to doubt the authenticity or completeness of the information provided on the client, the reporting entity is obliged to conduct in-depth verification of the client.</p> <p>Detail client verification – reporting entity taking measures to obtain (in particular from governmental authorities, civil registrars, official or public sources) the information on the client (the client's representative) to confirm or refute the information which the client submits and which seems questionable</p> <p>Also, the reporting entity while servicing the client clarifies the information on the client in the manner prescribed by the state financial monitoring entity which according to this Law [1] performs the functions of state regulation and supervision over the primary financial monitoring entity (p.2 part 2 Article 9 of The Law 2015 [1]).</p> <p>Clarifying information on the client - updating the data on the client, including identification data by obtaining documentary confirmation of changes (if any) in them.</p> <p>According to Article 64 of the Law of Ukraine on On Banks and Banking determs that Banks shall be prohibited</p> <ul style="list-style-type: none"> open and maintain anonymous (numbered) accounts; establish correspondence relationships with shell banks, banks and other non-resident financial institutions that maintain correspondence relationships with shell banks;

	<p>enter into contractual relationships (execute foreign exchange financial operations, financial operations in banking metals, cash (cash funds) with corporate or individual customers:</p> <ul style="list-style-type: none"> if there is doubt that the person may be acting other than on its own behalf; included in the list of designated persons involved in terrorist activity or subject to international sanctions; otherwise as may be required by law. <p>Due diligence regarding the client provided in Section V Regulation on the implementation of financial monitoring by financial institutions approved by the State Commission for Regulation of Financial Services Markets of Ukraine dated 05.08.2003 № 25 [131] (registered with the Ministry of Justice of Ukraine on 15.08.2003 № 715/8036) [131]. Thus, paragraph 5.2 of the Statute provides that the identification and study institution clients includes, among other things, of measures to check information on customer identification, including if there are doubts about its accuracy and completeness and of measures to clarify information on identification in case of change of information or the expiry of the documents on which it was carried out.</p> <p>However, to determine the measures to be taken during the identification, establishment classifies risk, taking into account risk criteria (paragraph 5.4 of the Regulation).</p> <p>In accordance with the provisions of paragraph 5.5 of abovementioned Regulation, if clients who are characterized as a high risk client, the institution must during the identification of client apply additional measures to examine the client, including:</p> <ul style="list-style-type: none"> - verification of identity; - request additional information regarding the content and financial position; - The establishment of the founders of a legal entity; - Ascertain the beneficial owners; - Verification of compliance of financial transaction usual customer activity; - Determination of the founders of the legal entity; - Setting the goal of transactions; - Establishing the sources of and ways of funds used in transaction; - Determination of related parties. <p>The list of measures and additional measures for the examination of the clients, which characterized like high risk clients are established singly by the reporting entity taking into account type of professional activity.</p>
<p>Recommendation of the MONEYVAL Report</p>	<p>– <i>The definition of beneficial ownership should cover all elements of the FATF Glossary i.e. natural persons requiring financial institutions to determine who are the natural persons that ultimately own or control the customer</i></p>
<p>Measures reported as of 27 September 2010 to implement the Recommendation of the report</p>	<p>AML/CFT Law provides definition of the terms “control over legal person”, “control over natural person”, “controller”, “essential share”, “beneficiary” and stipulates appropriate requirements to customer identification (paragraphs 20-24 of the part 1 of the Article 1, paragraph 25 of the part 2 of the Article 6, paragraph 3 of the part 11 of the Article 9, paragraph 2 of part 12 of the Article 9, part 14-15 of the Article 9, part 3 of the Article 11 of AML/CFT Law). Thus, AML/CFT Law stipulates provisions requiring financial institutions to identify the person who owns or exerts control over the customer.</p>
<p>Measures reported as of 6 December 2012 to implement the</p>	<p>N/A</p>

Recommendations of the report	
Measures taken to implement the recommendations since the adoption of the second progress report.	<p>In the Law 2015 [1] provided the definition of terms "beneficiary", "essential part", "ultimate beneficial owner (controller)", "verification of the client", "identification data" and Article 9 of 2015. [1] provides the appropriate requirements for the identification, verification and study of the customer.</p> <p>The Law 2015 [1] provides for require from financial institutions to identify an individual who has the ability to commit decisive influence on the management or business activities of the client, or which has the ability to exercise influence through share ownership of the customer of 25 or more percent of the share capital or voting rights in entity.</p>
Recommendation of the MONEYVAL Report	<p align="center">– <i>conduct ongoing due diligence on the business relationship applicable to all financial institutions</i></p>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	<p>The Article 6 part 2 (25-27) of AML/CFT Law provides that reporting entity shall be obliged, in particular:</p> <p>according to legislation and internal procedures permanently update information on nature of client’s activity and financial condition;</p> <p>conduct analysis of correspondence of client’s financial transactions to existent information on nature of its activity and financial condition;</p> <p>take relevant measures to restrict risk of misuse of services provided with use of new technologies especially ensuring conduction of non-face to face transaction.</p> <p>Moreover, under the Article 11 part 1 of AML/CFT Law reporting entity shall be obliged to manage ML/TF risks considering of the results of customer identification, services provided to customer, analysis of conducted customer’s transactions and their correspondence to financial condition and nature of the client’s activity.</p>
Measures reported as of 6 December 2012 to implement the Recommendations of the report	<p>According to the provisions of Section V of the Resolution of the National Bank No 189 a bank shall identify and study the financial activities of the customers conducting financial transactions subject to financial monitoring.</p> <p>The bank shall identify as well the persons acting on behalf of the persons mentioned and the persons on behalf or under the instructions or for the benefit of whom the financial transaction is performed.</p> <p>The bank shall assure itself of validity of the documents submitted by the customer (trustee) and their compliance with the requirements of the laws of Ukraine before establishing the business relations with the customer (opening an account, performance of a financial transaction, etc.).</p> <p>While establishing the business relations with the customer or performing the cash transactions without establishing an account for an amount equal to or exceeding UAH 150,000.00 or an amount equivalent thereto in a foreign currency the bank shall:</p> <p>clarify the purpose and nature of the future business relations, determine the customer’s activity essence;</p> <p>assess the customer’s financial condition;</p> <p>ascertain the data on natural persons with qualifying holdings within the legal entity that is a bank customer, as well as on the customer’s controllers (for the customer being a natural person, if they exist);</p> <p>determine the customer’s risk level.</p> <p>The bank shall, when examining the constituent instruments of the legal entity, the documents confirming the state registration thereof and other documents submitted by the customer, pay special attention to:</p> <p>a) execution of the constituent instruments (including all registered modifications) and</p>

	<p>documents confirming the state registration;</p> <p>b) types of business and the financial operations the customer is going to perform;</p> <p>c) panel of the legal entity owners (except the state-owned and municipal enterprises) and its controllers;</p> <p>d) structure and panel of the legal entity governance bodies;</p> <p>e) size of registered and paid-in authorized capital;</p> <p>f) number of the employees.</p> <p>The bank shall ascertain the information concerning the identification and study of the customer:</p> <p>not less than once a year, if the risk of conducting by the customer the financial transactions on criminal proceeds legalization/terrorism financing is evaluated by the bank as high;</p> <p>not less than once every two years, if the risk of conducting by the customer the financial transactions on criminal proceeds legalization/terrorism financing is evaluated by the bank as middle.</p> <p>For the other customers the information ascertainment period shall not be longer than three years.</p> <p>The bank shall carry out obligatory ascertainment of the information concerning the identification and study of the customer in the cases of:</p> <p>a) change of the qualifying share holder;</p> <p>b) changes of the place of performance (residence or/and stay) of the account owner;</p> <p>c) amendments to the constituent instruments;</p> <p>d) expiry (suspension) of validity, loss of effect or invalidation of the documents submitted.</p> <p>The bank shall have taken measures on the obligatory ascertainment of the information in two months from the date of receipt of the information in question/event occurrence. The bank shall confirm with documents all its measures taken with regard to the obligatory information ascertainment.</p> <p>The Section IV of the Regulation No 1155 and acting Regulation No 995 regulate these issues. Thus, the above mentioned Section covers the following issues:</p> <ul style="list-style-type: none"> - obligations of clients identification and examination; - the list of data needed to be identified by the reporting entity within the identification procedure; - the obligation to set up the criteria of classification of the clients under the risks of conducting the transactions that may be related to money laundering or terrorist financing and the ways to apply them.
<p>Measures taken to implement the recommendations since the adoption of the second progress report.</p>	<p>In accordance to p.22, 23 part 2 and part 6 Article 6 of the Law 2015 [1] reporting entity is obliged to:</p> <ul style="list-style-type: none"> analyze if the financial transactions carried out by the client are in line with the existing information on its activities and financial status to detect the financial transactions which are subject to financial monitoring; manage the risks associated with the introduction and use of new and existing information products, business practices or technologies, including the ones which ensure that financial operations are carried out without direct contact with the client; is obliged to the non-profit organizations, including charities, to take measures to limit the risk of their use to legalize (launder) illegally derived income or finance terrorism or finance proliferation of weapons of mass destruction, in particular on the basis of the recommendations of the respective state financial monitoring entity which according to the Law 2015 performs the functions of state regulation and supervision over the primary financial monitoring entity.

Also, in accordance to part 1 Article 11 of The Law 2015 [1] reporting entity is obliged to manage risks taking into account the results of identification, verification and examination of the client, the services provided to the client, the analysis of the operations carried out by it, and determine if they agree with the financial status and activity of the client.

Reporting entity, while managing risks, takes into account the recommendations determined or provided by the respective state financial monitoring entities which according to this Law perform the functions of state regulation and supervision over such primary financial monitoring entities.

According to Article 64 of the Law of Ukraine On banks and banking [10] The bank carries out the identification, verification of the customer (person, customer's representative) and takes action required by laws governing relationships in the area of prevention of the legalization (laundering) of proceeds of crime, terrorist financing and the financing of the proliferation of weapons of mass destruction before opening an account for the customer, entering into agreements or executing financial operations.

In the event the customer (person, customer's representative) does not provide documents required for the identification and/or verification (including the establishment of identification details of ultimate beneficial owners (controllers), analysis and uncovering of financial operations that are subject to financial monitoring, the account is not opened, agreements (financial operations) referred to in part two of this Article are not entered into (executed).

The bank may refuse to establish (maintain) contractual relationships (including through termination of contractual relationships) or execute a financial operation in the event the customer is assigned an unacceptably high risk as a result of risk assessment or reassessment.

According to paragraph 5.1 of the Regulation on the implementation of financial monitoring by financial institutions approved by the State Commission for Regulation of Financial Services Markets of Ukraine dated 05.08.2003 № 25 [131] (registered with the Ministry of Justice of Ukraine on 15.08.2003 № 715/8036) [131] employee of the reporting entity (separated unit) on the basis of the submitted official documents or duly certified copies of them identifies clients who conduct financial transactions, including clients, with whom were previously established, but was not conducted identification. Additional information for the study of the client can also be obtained from the client and from other sources if that information is a public (open).

These documents must be valid at the time of their submission and include all the necessary data for identification. If the documents on which the identification was carried out, have been changed or expired term of their validity, in a case of providing or trying of providing financial transaction reporting entity (separated subdivision) is obliged to carry identification in accordance with the law.

Identification and examination of the clients includes:

initial identification;

measures to clarify information on identification in case of change of information or the expiry of the documents on which it was carried out;

measures to check information about customer identification, including if there are doubts about its accuracy and completeness;

permanent measures to examine the client - monitoring (review) transactions carried out during business relationships, compliance of their client.

The conditions under which the identification of customers and those who are parties to financial transactions, timing for identification and identity established by law should be determined in the Rules.

During the initial identification of the client institution should find out the following:

	<p>the purpose of the business relationship with the institution; the nature of the business relationship with the institution (the list of services that the customer wants, one-time operation, permanent relationship, etc.).</p> <p>To determine the measures to be taken during the identification, establishment classifies risk, given the risk criteria defined SFMS of Ukraine.</p> <p>According to paragraph 3 of section IV Regulation № 995 [165] for determining measures taken during the identification, reporting entities developing criteria for the classification of customers about the risks of their operations, which can be related to the legalization (laundering) from crime or terrorist financing, taking into account the criteria set SFMS and SSMNC.</p> <p>According to paragraph 10 of section IV Regulation № 995 [165], if the risk of customer financial transactions for legalization (laundering) of proceeds from crime or which may be linked, relate or intended for terrorist financing entity of initial estimated financial monitoring:</p> <p>as high reporting entities updated information received on the results of the study and identification of the client, its content and financial position at least once a year;</p> <p>as middle, the term updating information received by the results of the study and identification of the client, its content and financial position shall not exceed two years;</p> <p>as low, the period of updating information received by the results of the study and identification of the client, its content and financial position should not exceed three years.</p> <p>For customers with who signed contracts for service but not addressed the subject for more than three years of service, identification or upgrade of information on identification made in case of application of the client to the entity of initial financial monitoring or performing the transaction.</p>
Recommendation of the MONEYVAL Report	<p><i>In addition, the following should be set out in law, regulation or other enforceable means:</i></p> <ul style="list-style-type: none"> - <i>Securities institutions should be required to identify the beneficial owner and understand the ownership and control structure of the customer in all situations and not just high risk situations</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	General positions of AML/CFT Law apply to the securities institutions as well. Thus, AML/CFT Law provides definition of the terms “control over legal person”, “control over natural person”, “controller”, “essential share”, “beneficiary” and stipulates appropriate requirements to customer identification (Article 1 part 1 (20-24), Article 6 part 2 (26), Article 9 part 11 (3), Article 9 the part 12 (2), Article 9 part 14-15, Article 11 part 3 of the new AML/CFT Law).
Measures reported as of 6 December 2012 to implement the Recommendations of the report	This issue is regulated by paragraph 2 of the Section IV of the Regulation No 1155 and acting Regulation No 995 where it is stipulated that the provisions under which identification is performed, the identification terms and identification data list are defined by the Article 9 and Article 18 of the Law of Ukraine On Financial Services and State Financial Services Market Regulation and by the Rules.
Measures taken to implement the recommendations since the adoption of the second progress report.	<p>The Law 2015 [1] determines the professional stock market (stock market), including the stock exchange as the reporting entities.</p> <p>Article 9 of Law 2015 [1] establish that during the identification and verification of customers reporting entities establish in particular for legal persons, residents and non-residents, data, information concerning beneficial owners (controllers).</p> <p>In addition, Law 2015 [1] defines the information that allow to establish the final beneficial owners (controllers), namely - is information about an individual, including</p>

	<p>name and patronymic (if any) of person (natural persons), the country of its (their) residence and date of birth.</p> <p>According to part 7 Article 9 of the Law 2015 [1] in order to establish the ultimate beneficiary owner (controller) the primary financial monitoring entity demands the information and/or documents confirming that such client has the ownership structure from the client which is a legal entity.</p>
Recommendation of the MONEYVAL Report	- <i>Securities institutions should be required to obtain information on the purpose and nature of the business relationship in all situations</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	Article 6 part 2 (24) of the new AML/CFT Law stipulates that a reporting entity shall be obliged to verify purpose and nature of future business relations with clients. This applies to all reporting entities including securities institutions.
Measures reported as of 6 December 2012 to implement the Recommendations of the report	<p>This issue is regulated by paragraph 2 (2) of the Section IV of the Regulation No 1155 and acting Regulation No 995 where it is stipulated that in the course of the client identification procedure the reporting entity shall clarify the following:</p> <p>a) the aim of business relations with the reporting entity (profit earning for securities investments, pension savings, services or goods obtaining for loan bonds, purchase of control stock, purchase of shares by their issuer, etc);</p> <p>b) character of business relations with reporting entity (list of services to be obtained by a client, occasional transaction, regular relations, etc).</p> <p>Information on the aim is obtained by the written interview of a client (authorized representative in case if a client is a legal entity).</p>
Measures taken to implement the recommendations since the adoption of the second progress report.	<p>This question regulated by paragraph 2 of paragraph 2 of Section IV of Regulation SSMNC № 995 [165], which determined that during the customer identification reporting entities, clarifies:</p> <p>a) the purpose of business relationships with reporting entities (profit through investment in securities, retirement savings, for services or goods for the housing bonds, the purchase of shares that allows you to participate in the control entity, issuer repurchase own shares etc.);</p> <p>b) the nature of business relationships with reporting entities (the list of services that the customer wishing to obtain, a one-time operation, permanent relationship, etc.).</p> <p>For information regarding the purpose and nature of business relationships obtained by written client survey (representative, in case the client is a legal entity) in the manner prescribed by Rule</p>
Recommendation of the MONEYVAL Report	- <i>For non-bank financial institutions there should be a requirement that ongoing due diligence should include scrutiny of transactions undertaken throughout the course of that relationship to ensure that the transactions being conducted are consistent with the institution's knowledge of the customer, their business and risk profile, and where necessary, the source of funds</i>
Measures reported as of 27 September 2010 to implement the	Under the Article 11 part 1 of the new AML/CFT Law reporting entity is obliged to manage ML/TF risks considering of the results of customer identification, services provided to customer, analysis of conducted customer's transactions and their correspondence to financial condition and nature of the client's activity.

Recommendation of the report	<p>Amendments to Statute On execution of Financial Monitoring by Participants of the Securities Market (<i>adopted by the Resolution of Securities and Stock Market State Commission as of July 27, 2010 №1155 Annex III</i>) provide that reporting entity shall on regular basis carry out identification of the customer – monitoring (scrutiny) of transactions conducted during establishing business relations and their compliance with business and risk profile of the client (paragraph 4.1).</p>
Measures reported as of 6 December 2012 to implement the Recommendations of the report	<p>The same measures are listed in acting Regulation No 995 that provide for that the reporting entity shall carry out identification of the customer on a regular basis, in particular carry out monitoring (study) of the transactions conducted in the course of establishment business relations and the correspondence thereof to the business profile and the risk profile of the customer (paragraph 4.1).</p> <p>2. The Regulation on conducting financial monitoring by the financial institutions, approved by the Directive of the National Financial Services Market Regulation Commission dated 05.08.2003 No 25 contains the list of measures and additional measures to be taken to study high risk customers. Furthermore, it envisages that the financial institutions may set up their own measures to identify and verify the customer taking into account the nature of its/his/her business activity.</p>
Measures taken to implement the recommendations since the adoption of the second progress report.	<p>According to point 22 part 2 Article 6 of the Law 2015 [1] reporting entity is obligate to analyze if the financial transactions carried out by the client are in line with the existing information on its activities and financial status to detect the financial transactions which are subject to financial monitoring;</p> <p>Also, part 1 Article 11 of the Law [1] establish that reporting entity obliged to manage risks taking into account the results of identification, verification and examination of the client, the services provided to the client, the analysis of the operations carried out by it, and determine if they agree with the financial status and activity of the client.</p> <p>Regulation of the Financial Monitoring financial institutions approved by the State Commission for Regulation of Financial Services Markets of Ukraine dated 05.08.2003 № 25 (registered with the Ministry of Justice of Ukraine on 15.08.2003 № 715/8036) [131] provided for the implementation of mandatory financial institution customer due diligence, depending on the degree of risk.</p> <p>According to paragraph 6.2 of Regulation defined that risk is the institution of the results of the identification and review of the financial activities of the client taking into account the range of services provided to the client, analyzing operations conducted by him, and their compliance with the *financial condition and the content of the client.</p> <p>Own risk criteria of financial institutions should be developed on the basis of risk criteria defined SFMS of Ukraine.</p> <p>Risk assessment performed, including by type of customer, geographical location of the country of registration of the client or agency through which it transmits (receiving) of the assets, and type of goods and services (item 6.3 of the Regulations).</p> <p>To assess the risk of legalization (laundering) of proceeds from crime or terrorist financing institution can be studied further transactions of people - members of the operation, estimated (in case of implementation involving institutions).</p> <p>The classification of clients based risk criteria carried out by the institution in establishing business relations and further refined over time customer service, service delivery or of customer financial transactions.</p> <p>If the risk of individual transactions for legalization (laundering) of proceeds from crime or terrorist financing estimated institution (separate subdivision) as high, operations such person is given increased attention (paragraph 6.4 of the Regulation).</p>

	<p>To reduce the risks identified institution (separated unit) should take measures in particular include: in-depth implementation of customer identification and verification of identity of the customer during the period including its owners; additional requirements for installing client relationship with him; increasing the frequency of inspections of the client, including its owners; gathering information to form an idea of the activity of the client, the nature and level of transactions carried out by him; increased monitoring of transactions conducted by the client (paragraph 6.5 Regulations).</p> <p>The institution shall take measures in order to control risk management, including specification provides risk criteria, taking into account risk criteria defined SFMS of Ukraine, as well as the results of generalization own practice combating legalization (laundering) of proceeds from crime or financing of terrorism (paragraph 6.6 Regulations).</p> <p>According to paragraph 12 of section IV Regulation number 995 [165] entities continuously analyzes compliance of financial transactions carried out customer information available about the contents of its operations and financial condition.</p>
<p>Recommendation of the MONEYVAL Report</p>	<p><i>Requirement to perform enhanced due diligence for higher risk categories of customers, business relationships or transactions</i></p>
<p>Measures reported as of 27 September 2010 to implement the Recommendation of the report</p>	<p>According to the Article 11 part 3 of the new AML/CFT Law to reduce detected risks the reporting entity shall take measures including enhanced identification of the customer and customer verification during certain period, including its owners; additional requirements to the customer when opening the account or establishing relations with this customer; increasing the frequency of customer verification, including its owners; collection of information to understand the customer’s activity, nature and level of the transactions conducted; enhanced monitoring of customer transactions.</p> <p>As well, part 5 of the Article 6 of AML/CFT Law stipulates taking measures, envisaged by AML/CFT legislation, including divisions located in states, where FATF Recommendations are not applied or are applied insufficiently, in the range that do not contradict the legislation of this state. If the application of such measures is prohibited by legislation of such state, the reporting entities are obliged to inform the Specially Authorized Agency and the relevant entity of state financial monitoring on impossibility of such measures application.</p> <p>Simultaneously, reporting entity shall take relevant preventive measures directed on: enhancement of the customer identification prior to establishing business relations with persons or companies from such countries; systematical notification on financial transactions with customers from relevant countries; notification of the non-financial sector that transactions with natural or legal persons in the relevant countries could bear money laundering or terrorist financing risk.</p> <p>For banking sector following requirements shall be applied. According to the paragraph 3.12 of the Regulation on Implementing Financial Monitoring by Banks approved by the Resolution of the Board of the National Bank of Ukraine #189 as of May 14, 2003 (hereinafter – Resolution of NBU #189) banks shall to update information regarding identification and research of a client at least once a year, if the risk of performing transactions by the client to legalize (launder) the proceeds from crime is estimated by the bank as high. Mandatory update of the information on identification and study of a client is made in case of:</p> <ul style="list-style-type: none"> a) change of the essential shareholders; b) change of location (place of residence) of the account holder;

	<p>c) amending the statutory documents; d) expiration of validity of the documents provided earlier.</p> <p>If the risk of performing transactions by the client to legalize (launder) the proceeds from crime is estimated by the bank as high, transactions by such clients shall be paid special attention to.</p> <p>For non-banking sector additionally following requirements shall be applied: Amendments to Statute on execution of financial monitoring by participants of the securities market (adopted by the Resolution of Securities and Stock Market State Commission as of July 27, 2010 №1155 Annex III) foresee that in case of identification of high-risk clients reporting entity shall apply additional client identification measures: verify identification data; requirement to provide additional documents, in particular on financial profile; verify correct processing of statute documents; verify list of cofounder; verify actual owners; verify correspondence of financial transaction to financial profile of client; clarify purpose of transaction; assessment of amount and source of existing and expected incomes etc. (paragraph 4.4.)</p>
<p>Measures reported as of 6 December 2012 to implement the Recommendations of the report</p>	<p>The provisions of the Section V (9,12) of the Resolution of the National Bank No 189 provides for the following.</p> <ul style="list-style-type: none"> - carry out the enhanced identification and obtain the additional data for study of the customers when opening an account or establishing relations with the customer; - perform verification of the information submitted by the customer important for the identification and study of the customer (including the customer's owners); - carry out clarification of the information within the periods prescribed in the second indent of Item 5.11 of this section; - execute the enhanced monitoring of the financial transactions conducted by such customers; - take other measures in accordance with the Program of identification and study of the bank customers and Risk Assessment Program. <p>The bank shall carry out obligatory clarification of the information concerning the identification and study of the customer in the cases of:</p> <ul style="list-style-type: none"> a) change of the qualifying share holder; b) changes of the place of (residence or/and stay) of the account owner; c) amendments to the statutory documents; d) expiry (termination) of validity, loss of effect or invalidation of the documents submitted. <p>The bank shall take measures on the obligatory clarification of the information within two months from the date of receipt of the information in question/event occurrence.</p> <p>The bank shall confirm with documents all its measures taken with regard to the obligatory information clarification.</p> <p>While establishing the business relations with the customer or performing the cash transactions without establishing an account for an amount equal to or exceeding UAH 150,000.00 or an amount equivalent thereto in a foreign currency the bank shall:</p> <ul style="list-style-type: none"> clarify the purpose and nature of the future business relations, determine the customer's activity essence; assess the customer's financial condition; ascertain the data on qualifying holders - individuals within the legal entity that is a bank customer, as well as on the customer's controllers (for the customer being an individual if they exist); determine the customer's risk level. <p>The provisions of the Section V (2.11) of the Resolution of the National Bank No 189 also provide for that the bank, operating in a certain field of the bank activities in the process of servicing the customers shall carry out an enhanced monitoring of financial</p>

	<p>transactions of high risk customers. Such measures shall provide for the actions aimed at analysis of all financial transactions conducted by the customer.</p> <p>Paragraph 5.3. of the Regulation on conducting financial monitoring by the financial institutions, approved by the Directive of the National Financial Services Market Regulation Commission dated 05.08.2003 No 25 stipulates the obligation of the reporting entity to fill in the questionnaire while conducting financial transactions of high-risk customers under risk criteria set up by the financial institution and where the financial transaction subjected to compulsory or internal financial monitoring is conducted.</p> <p>Paragraph 7.3 of the above mentioned Regulation stipulates that in the case of revealing high risk transactions, the financial institution shall take the following measures:</p> <ul style="list-style-type: none"> - ensure ML/TF risks management under the Rules; - take decision to report to the SFMS of Ukraine. <p>These measures are also set up by the acting Regulation No 995 of the National Securities and Stock Market Commission that stipulates that in the case of revealing high risk customers, the reporting entity shall take the following additional measures to identify the customer: verification of identification data, the requirement to provide additional documents, in particular, on financial condition, verification of the statutory documents, verification of the list of founders, verification of real owners, verification of correspondence of the financial transactions to the financial profile of the customer, assessment of the volume and sources of existing and expected income etc (paragraph 4.4.).</p>
<p>Measures taken to implement the recommendations since the adoption of the second progress report.</p>	<p>According to parts 3-5 of Article 6 of 2015. [1] entities required to conduct a risk assessment of their clients on the basis of risk criteria established by the Ministry of Finance of Ukraine and the entities of state financial monitoring, carrying out state regulation and supervision of the relevant entities, in the exercise of their identification, as well as in other cases stipulated by law and internal documents on financial monitoring and taking preventive measures to clients for which is set at high risk.</p> <p>Entities shall establish a high risk, particularly in respect of customers:</p> <ul style="list-style-type: none"> customers, place of residence (residence registration) which is the state, which does not apply or insufficiently apply the recommendations of the FATF and other international organizations operating in the field of prevention and counteraction to legalization (laundering) of proceeds from crime and terrorist financing; foreign financial institutions (other than financial institutions which are registered in the states - members of the European Union states - members of the FATF, which established correspondent relationships; national, foreign public officials and officials performing political functions in international organizations or associated individuals fact of belonging to the Client or a person acting on their behalf established entities; customers included in the list of persons related to terrorist activity or for which international sanctions are applied. <p>Entities obliged to carry out high-risk customers such additional measures:</p> <ol style="list-style-type: none"> 1) in respect of foreign financial institutions, which are established correspondent relations in the manner specified by the respective subject of state financial monitoring pursuant to the Law 2015 [1] performs functions of state regulation and supervision of entities: <ol style="list-style-type: none"> a) ensure the collection of information about its reputation and whether the foreign financial institution has been the subject of enforcement (sanctions) by the authority which performs state regulation and supervision of its activities on prevention and counteraction to legalization (laundering) the proceeds from crime and terrorist

financing;

b) establish what activities are carried out in a foreign financial institution for the prevention and counteraction to legalization (laundering) of proceeds from crime, terrorist financing and the financing of proliferation of weapons of mass destruction;

c) to ascertain on the basis of information received adequacy and effectiveness of the measures implemented by foreign financial institutions to combat the legalization (laundering) of proceeds from crime, terrorist financing and the financing of proliferation of weapons of mass destruction;

d) open correspondent accounts of foreign financial institutions and foreign financial institutions with the permission of the subject of initial financial monitoring;

2) concerning national, foreign public officials and officials performing political functions in international organizations, their close persons or related persons (related persons are persons with whom the family members of national and foreign public figures and figures performing political functions in international organizations have business or personal relationships, as well as legal entities trailer ultimate shareholders (controllers) by such figures or their family members or persons with whom such figures are business or personal connection):

a) to exercise according to internal documents on financial monitoring fact of belonging Customer or a person acting on his behalf to the said categories of customers during the identification and verification in the course of their service, and whether they end ultimate shareholders (controllers) or managers of legal entities;

b) establish with permission of initial financial monitoring entity doing business with them;

a) before or during a business relationship take measures to ascertain the source of funds of persons on the basis of documents obtained from them and / or information from other sources, if such information is a public (open), confirming the sources of their assets, rights to such assets, etc;

g) to carry out the recommendations of the subject of state financial monitoring pursuant to The Law 2015 [1] performs functions of state regulation and supervision of reporting entities, the primary financial monitoring financial transactions participants or beneficiaries of which are the following persons in the manner prescribed for high-risk customers;

e) carry out at least once a year refinement of customer information.

The insurers (reinsurers), insurance (reinsurance) brokers carry out measures for determining whether such person is under the contract (policy) life insurance beneficiary (beneficiary). In case of the fact that such person is a beneficiary (beneficiary) to the insurance payments under such policy is informed by the head of the entity of initial financial monitoring and diligence conducted deep-holder of the insurance policy, which resulted in the decision on informing of the authorized body.

According to Article 64 of the Law of Ukraine "On Banks and Banking" [10] Bank has the right to refuse installation (maintenance) contractual relationship (including by way of cancellation of contractual relationships) or financial transaction in the case of the client unacceptably high risk of the results assessment or reassessment of risk.

The provisions of paragraph 5.8 of the Financial Monitoring financial institutions approved by the State Commission for Regulation of Financial Services Markets of Ukraine dated 05.08.2003 № 25 [131], (registered with the Ministry of Justice of Ukraine on 15.08.2003 № 715/8036) an obligation Sub the object of initial financial monitoring for the compilation of the questionnaire is mandatory in the case of financial transactions of clients who are at high risk, according to risk criteria established institution, and in the case of financial transactions subject to compulsory internal financial monitoring.

Paragraph 5.9 of abovementioned Regulation stipulates that if the risk of customer financial transactions for legalization (laundering) of proceeds from crime or which may be linked, relate or intended for terrorist financing institution is assessed as high, the institution updates the information received on the results initial identification and study of the client, its content and financial condition, at least once a year. For other customer information updating period shall not exceed three years.

However, in accordance with of Article 6 of 2015. [1] entities required to conduct a risk assessment of their clients on the basis of risk criteria established by the central executive body of the formation and implementation of state policy in the field of prevention and counteraction to legalization (laundering) of proceeds from crime or terrorist financing and entities of state financial monitoring, carrying out state regulation and supervision of the relevant entities, in the exercise of their identification, as well as in other cases provided by law and internal documents on financial monitoring and taking preventive measures to clients for which is set at high risk.

Paragraph 4 of section IV Regulation number 995 [165] determined that in the case of customers who are characterized by elevated (high) risk entities during the identification of customers apply additional measures to study the client, including:

- a) the verification of identity;
- b) requesting additional documents, including the financial condition;
- c) check the validity of the constituent documents (including all registered changes);
- d) establishment of the founders of a legal entity;
- e) comparison of the size of the registered and authorized capital;
- d) verification of compliance of financial transaction usual customer activity;
- e) establish whether a financial transaction financial situation of the client;
- g) setting objectives operations;
- i) assess the size and sources of existing and expected revenues;
- c) establish the source of origin and methods of transfer (making) money used in transactions;

- a) the establishment of related parties.

The list of measures and additional measures to study the customer, characterized by an increased risk established entities on their own, considering the type of professional activities in the securities market under license.

In addition, paragraph 2 of Section V Position number 995 [165] foresees measures to ascertain the classification of the operation as one that is subject to financial monitoring or which may be related concerns or intended for terrorist financing, defined rules (section on the order of actions to identify financial transactions subject to financial monitoring and could be related, related to, or intended for terrorist financing) and include:

- a) analysis of the transaction (identity of persons involved in the operation, to entities or persons related to terrorist activity or for which international sanctions are applied; belonging to persons at high risk, form and method of calculation, the subject of the contract etc.);
- b) clarify the nature and purpose of the transaction, including by additional documents, information and explanations relating to the transaction;
- c) obtain (if necessary) documents (copies), confirming the re-registration of ownership of securities and / or payment of securities.

In accordance to the Law of 2015 [1] reporting entities must take precautionary measures to clients for which is set at high risk.

According to Article 6 of 2015. [1] reporting entities, among others, is obliged to establish high risk, in particular, with respect to the following clients:

the clients residing (staying, being registered) in the state which does not use or does not adequately use the recommendations of the group for developing financial measures to combat money-laundering (FATF) and other international organizations which conduct activities in the field of preventing and counteracting the legalization (laundering) of illegally derived income and financing terrorism;

foreign financial institutions (except for the financial institutions which are registered in the Member States of the European Union, the Member States of the group for developing financial measures to combat money-laundering (FATF) with which correspondent relations are established;

national and foreign public figures and the figures who perform political functions in international organizations, or related entities to which the client or the person acting on its behalf is found to belong according to the decision of the primary financial monitoring entity;

the clients which are added to the list of the persons related to terrorist activity, or on which international sanctions are imposed.

Reporting entity is obliged to take the following additional measures to high-risk clients:

(1) with respect to a foreign financial institution with which correspondent relations are established in the manner prescribed by the respective state financial monitoring entity which according to this Law performs the functions of state regulation and supervision over the primary financial monitoring entity:

(a) ensure that the information on its reputation is collected, as well as determine if the foreign financial institution was subject to any measures (sanctions) taken by the body which carries out state regulation and supervision over its activities in the field of preventing and counteracting the legalization (laundering) of illegally derived income and financing terrorism;

(b) establish what measures the foreign financial institution takes to prevent and counteract the legalization (laundering) of illegally derived income, financing terrorism, and financing proliferation of weapons of mass destruction;

(c) determine on the basis of the received information the sufficiency and effectiveness of the measures which the foreign financial institution takes to combat the legalization (laundering) of illegally derived income and financing terrorism and financing proliferation of weapons of mass destruction;

(d) open correspondent accounts for the foreign financial institution and in foreign financial institutions upon permission of the head of the primary financial monitoring entity;

(2) with respect to national and foreign public figures and the figures which perform political functions in international organizations, their close or related persons (the related persons are the persons with whom the family members of the national and foreign public figures and the figures who perform political functions in international organizations have business or personal relations, as well as the legal entities whose ultimate beneficiaries are the owners (controllers) are such figures or their family members or the persons with whom such figures have business or personal relations):

(a) identify, according to internal documents on financial monitoring if the client or the person acting on its behalf belongs to the specified category of clients during their identification, verification and service, as well as if they are the ultimate beneficial owners (controllers) or heads of legal entities;

(b) establish upon permission of the head of the primary financial monitoring entity business relations with such persons;

(c) before or while business relations are established, take measures to determine the origin of the funds of such persons on the basis of the documents received from them

	<p>and/or the information from other sources provided such information is public (open) to confirm the origin of their assets, the rights to such assets, etc.;</p> <p>(d) conduct subject to the recommendations of the respective state financial monitoring entity which in accordance with this Law performs the functions of state regulation and supervision over the primary financial monitoring entity, primary financial monitoring of the financial transactions for which such persons are participants or beneficiaries in the manner determined for high risk clients;</p> <p>(e) at least every year update the information on the client.</p>
<p>Recommendation of the MONEYVAL Report</p>	<p>- <i>Requirement to apply CDD to existing customers which applies to non bank financial institutions</i></p>
<p>Measures reported as of 27 September 2010 to implement the Recommendation of the report</p>	<p>Amendments to Statute on execution of financial monitoring by participants of the securities market (adopted by the Resolution of Securities and Stock Market State Commission as of July 27, 2010 №1155 Annex III) foresee that for clients which do not carry out business relations with reporting entity for a long period, identification or update of identification information shall be carried out under address of such client to reporting entity or conducting transaction.</p>
<p>Measures reported as of 6 December 2012 to implement the Recommendations of the report</p>	<p>The requirements to apply customer due diligence measures to existing customers, in particular to non-bank financial institutions are provided for by the Regulation on conducting financial monitoring by the financial institutions, approved by the Directive of the National Financial Services Market Regulation Commission dated 05.08.2003 No 25.</p> <p>These measures are also provided for by the acting Regulation No 995 that stipulates that with regard to the customers that do not establish business relationships with the reporting entities during lasting period of time, identification and updating of the identification information shall be carried out when the customer addresses the reporting entity or while conducting the transaction.</p>
<p>Measures taken to implement the recommendations since the adoption of the second progress report.</p>	<p>Act 2015 [1] improved requirements for applying due diligence to existing customers that apply to non-bank financial institutions.</p> <p>Thus, according to the fifth part of Article 6 of the Law 2015 [1] reporting entity is obligated to take additional measures to high-risk clients with respect to national and foreign public figures and the figures which perform political functions in international organizations, their close or related persons (the related persons are the persons with whom the family members of the national and foreign public figures and the figures who perform political functions in international organizations have business or personal relations, as well as the legal entities whose ultimate beneficiaries are the owners (controllers) are such figures or their family members or the persons with whom such figures have business or personal relations):</p> <p>The Provisions of paragraph 4.8 of the State Financial Monitoring Service of Ukraine on financial institutions approved by the State Commission for Regulation of Financial Services Markets of Ukraine dated 05.08.2003 No. 25 [131], (registered in the Ministry of Justice of Ukraine on 15.08.2003 No. 715/8036) determined that the order of Action to identify and study the client and persons involved in operations; risk criteria and procedure for risk assessment of clients and for measures to reduce risks when establishing business relations and conduct financial transactions carried out without direct contact with the client agencies, is associated with advanced technology or other financial transactions with a high degree of risk financial transactions; Rules should be established financial monitoring entity of initial financial monitoring.</p> <p>Paragraph 5.5 establish, that in the case of customers who are characterized by an</p>

	<p>increased risk, the institution must during the identification of customers to apply additional measures to study the client, including:</p> <ul style="list-style-type: none"> - verification of identity; - request additional information regarding the content and financial position; - the establishment of the founders of a legal entity; - ascertain the beneficial owners; - verification of compliance of financial transaction usual customer activity; - establish whether a financial transaction financial situation of the client; - setting goals operations; - establishing the sources of and ways of transfer (making) of funds used in operations; - establishment of related parties. <p>The list of measures and additional measures to study the customer, characterized by increased risk shall be established independently by the institution considering professional activity.</p> <p>Paragraph 10 of Chapter IV Provisions SSMNC No. 995 [165] determined that for clients with signed contracts for maintenance, but not addressed the subject for more than three years of service, identification or upgrade of information on identification is carried out in the event of such an appeal client to the entity of initial financial monitoring or performing the transaction.</p> <p>According to Article 11 of the Law 2015 [1] entities shall also carry risks reassess clients with established business relationship and in other cases established by law, at least once a year to maintain it's to date and document results of the assessment or reassessment of risks.</p> <p>At the same entities in the implementation of risk management takes into account recommendations by or provided to the relevant supervisory authorities.</p>
<p>Recommendation of the MONEYVAL Report</p>	<p><i>Ukraine has some recognition of the risk-based approach within the various requirements. However, Ukraine should consider the explicit recognition of the risk-based approach within the law and other enforceable means. This would help Ukraine to make more use of the some of the requirements in the FATF standards which are not currently implemented in Ukraine including simplified and enhanced due diligence</i></p>
<p>Measures reported as of 27 September 2010 to implement the Recommendation of the report</p>	<p>There is the special Article 11 in the new AML/CFT Law regarding risks management. According to the Article 6 part 2 (4) of the new AML/CFT Law reporting entity shall ensure ML/FT risks management in its activity and develop risk criteria, take relevant measures to restrict risk of misuse of services provided with use of new technologies especially ensuring conduction of non-face to face transaction.</p> <p>As well, under the Article 6 part 3 of the new AML/CFT Law reporting entity shall be obliged individually execute classification of its clients considering risk criteria determined by the SFMSU and supervisory authorities, while executing financial transactions that might be related to ML/FT, and undertake preventive measures regarding clients which activity indicates high risk to carry out such transactions.</p> <p>Moreover, according to the Article 18 part 2 (21) of the AML/CFT Law SFMS of Ukraine according to its assignment determine and approve with the agreement of the entities of state financial monitoring the risk criteria and additional indicators of financial transactions subject to internal financial monitoring.</p> <p>So Ukraine established the explicit RBA in AML/CFT Law.</p>
<p>Measures reported as of 6 December 2012 to implement the</p>	<p>To ensure implementation of the risk-based approach and to enforce the requirements of the FATF Recommendations, including establishment of simplified and enhanced customer due diligence measures, the SFMS of Ukraine approved the Order dated 03.08.2010 No 126 On Approval of money laundering and terrorist financing risk</p>

<p>Recommendations of the report</p>	<p>criteria.</p> <p>The Order was drafted to ensure compliance by the reporting entities of the AML/CFT legislation and to make them classify the customers taking into account the risk criteria.</p> <p>Risk assessment is conducted on the base of appropriate criteria, particularly customer criterion, the country of the customer or the institution by means whereof the customer conducts the transfer (receipt) of assets, type of goods and services.</p> <p>The risk level is determined and entered into data base by the reporting entity in the course of establishing business relations with the customer. Where the customer meets at least one criterion, the risk level cannot be determined as low.</p> <p>The customer's risk level shall be revised by the reporting entity at least once a year.</p> <p>The reporting entities shall develop their own risk criteria taking into account the risk criteria set up by the above mentioned Order and in compliance with financial and other services being provided by the reporting entities.</p> <p>Chapter VI of the Regulation on conducting financial monitoring by the financial institutions, approved by the Directive of the National Financial Services Market Regulation Commission dated 05.08.2003 No 25 stipulates that the institution shall manage ML/FT risks.</p> <p>In order to manage ML/TF risks the institution shall make the determination of these risks and assessment thereof, implementation of measures aimed at their reduction, and provide oversight of risks and incorporate appropriate procedures to Policy and Programs.</p> <p>The risks shall be defined by the institution under the results of the identification and study of the financial activities of the customer, taking into account the services provided to the customer, analysis of operations conducted by him, and their compliance with the financial condition and type of business of the customer.</p> <p>The institution shall develop its own criteria based on risk criteria identified by the SFMS of Ukraine.</p> <p>Risk assessment is conducted on the base of appropriate criteria, particularly type of customer, and the country of the customer or the institution by means whereof the customer conducts the transfer (receipt) of assets, type of goods and services.</p> <p>To assess the ML/TF risk the institution may additionally examine the financial transactions of persons - participants of the transaction being estimated (if conducted by means of the institutions).</p> <p>Classification of customers based on the risk criteria shall be carried out by the institution in the course of establishing business relationships and further clarified during the whole time of the customer support, providing services, or conducting customer's transactions, particularly in the following cases:</p> <ul style="list-style-type: none"> - when specifying data of initial identification and study of the customer; - under the fact of conducting by the customer of the financial transactions that may be related to ML/TF; - Under the results of the analysis of customer's transactions in case of suspicion that the customer's transactions fail to correspond to the information available on the financial condition and business of the customer. <p>If the ML/TF risk is assessed by the institution (separated subdivision) as high, more attention should be paid to the transactions of such person.</p> <p>To reduce the risks identified the institution (separated subdivision) shall take, in particular, the following measures:</p> <p>implementation of enhanced customer due diligence measures and verification of the customer during certain period, including its owners; presenting additional requirements to the customer while establishing business relationship with him/her/it;</p>
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increasing the frequency of verification of customer's identity, including its owners; collecting information in order to form an idea about the customer's business, the nature and level of operations conducted by him; enhanced monitoring of the customer's transactions.

The institution shall take measures to control risk management, including providing clarification of the risk criteria based on risk criteria defined by the SFMS of Ukraine, as well as the results of generalization of the own AML/CFT practice.

This issue is regulated by paragraph 3 of the Section IV of the Regulation No 1155 and acting Regulation No 995 that provide for the following. To define the actions needed to be performed within identification procedure, the reporting entity shall set up the criteria of clients' classification under the risk of conducting by him the transaction which could be connected with the money laundering or terrorism financing considering criteria of the SFMS and the NSSMC.

Criteria of client risk classification shall be set up on the base of the client characteristics: resident/non-resident, hosted state or client's registration; persons who participate in the client's financial transaction; financial transaction object; duration of business relations with the reporting entity; social status or relations with state power bodies; characteristics of business activity; financial state; reputation, other indexes which could be used for risk definition.

According to the clients' classification criteria the reporting entities establish categories of the clients which have low, medium or high risk of their transactions which could be connected with the money laundering or terrorism financing.

Reporting entity shall define client's risk according to the criteria till/or in the course of establishment of business relations.

According to the business relations and actions on client examination, the client characteristics could be detailed and the risk level could be changed.

Moreover, paragraph 4 of the Regulation provides for that in case of revelation of high risk clients, the reporting entity shall perform additional actions aimed at the client examination within clients identification procedure, such as:

- a) examination of identification data;
- b) requirement of rendering additional documents, particularly on the financial state;
- c) examination of propriety of formed statutory documents (including all registered changes);
- d) determination of founders of legal entity;
- e) comparison of the amount of registered and formed statutory capital;
- f) examination of correspondence of the financial transaction to the regular activity of a client;
- g) establishment of correspondence of the financial transaction to the financial state of a client;
- h) establishment of the aim of transactions performance;
- i) estimation of the amount and sources of existing and perspective incomes;
- g) identification of the source of origin and ways of money transfer used in transactions;
- k) establishment of related persons.

The list of actions and additional actions for high risk client examination shall be established by the reporting entity by itself considering the type of the professional activity on the securities market according to the license.

The provisions of the Section 3 of the Regulation of the NBU No 189 that sets up the structure and ensures effective functioning of the system of ML/TF risks management stipulates that the bank being a legal entity/foreign bank branch shall establish and ensure functioning of the system for management of ML/TF risks.

	<p>The system for management of ML/TF risks shall comprise: development and introduction of the Risk Assessment Program; making of the risk assessment; monitoring of the customers' risks; analysis of the risk of using the bank services for ML/TF; control over ML/TF risks; training of the employees for implementation of the Risk Assessment Program. The system for ML/TF risks management shall correspond to the organizational structure of the bank, specifics, size and composition of the bank customers' base. The bank shall carry out ML/TF management risks. Insurance of efficient functioning of the ML/TF risks management system shall be carried out by the bank by means of: - documentation of the facts that can influence formation of (a) certain level(s) of ML/TF risks; - taking into account the results of assessment of ML/TF risks when taking decisions in the course of exercising by the bank its duties. Section 5 of the Regulation No 189 provides for that the bank may carry out the simplified identification of the following customers: state authorities of Ukraine; enterprises being completely state-owned or municipal property; international institutions and organizations in which Ukraine participates according to the international agreements ratified by the Verkhovna Rada of Ukraine. With regard to the high risk customers in order to mitigate the risks detected the bank shall: carry out the enhanced identification and obtain the additional data for study of the customers when opening an account or establishing relations with the customer; perform verification of the information submitted by the customer important for the identification and study of the customer (including the customer's owners); clarify the information within the periods prescribed; execute enhanced monitoring of the financial transactions conducted by such customers; take other measures in accordance with the Program of identification and study of the bank customers and Risk Assessment Program.</p>
<p>Measures taken to implement the recommendations since the adoption of the second progress report.</p>	<p>Glossary Act 2015 [1] defines the term "risk management", is measures undertaken by reporting entities with the implementation of a risk management system, which provides, inter alia, the determination (identification), evaluation (measurement) monitoring, control risk, to reduce them. In paragraph 4 of Article 6 of 2015 [1] entities shall ensure in its activity and to develop risk management risk criteria. Article 11 of the Law 2015 [1] stipulates that entities obliged to risk management based on the results of identification, verification and study of customer service provided to the client, analyzing operations conducted by them and their financial status and compliance the content of the client. Entities in the implementation of risk management takes into account recommendations by or provided to the relevant entities of state financial monitoring pursuant to this Law perform the functions of state regulation and supervision of these reporting entities. Customer risk assessment entities carried out the relevant criteria, including the type of customer, geographical location of the state registration of the client or agency through which it transmits (receiving) of the assets, and type of goods and services that the customer receives the subject initial financial monitoring.</p>

Entities shall also carry risks reassess clients with whom established business relationship, and in other cases established by law, at least once a year to maintain it up to date and to document the results of the assessment or reassessment risks.

However, the Law 2015 [1] contains Article 21 on national risk assessment.

Thus, the FIU of Ukraine, State authorities with the assistance of other subjects (if necessary) are involved in carrying out this assessment.

A national risk assessment carried out systematically, but at least once every three years.

Responsible for carrying out this National Risk Assessment is the State Financial Monitoring of Ukraine.

Collection, processing and analysis of information on the performance of the financial monitoring entities, government bodies involved in the system for prevention and counteraction to legalization (laundering) of proceeds from crime, terrorist financing and the financing of proliferation of weapons of mass destruction and other information related to the functioning of the system, carried out in the manner determined by the Cabinet of Ministers of Ukraine.

Conducting, publishing the results of this assessment and activities on its results determined in accordance with the procedure established by the Cabinet of Ministers of Ukraine jointly with the National Bank of Ukraine.

According to Article 64 of the Law of Ukraine "On Banks and Banking" [10] Bank has the right to refuse installation (maintenance) contractual relationship (including by way of cancellation of contractual relationships) or financial transaction in the case of the client unacceptably high risk of the results assessment or reassessment of risk.

Regulation on carry out of financial monitoring by financial institutions approved by the State Commission for Regulation of Financial Services Markets of Ukraine dated 05.08.2003 № 25 [131], (registered in the Ministry of Justice of Ukraine on 15.08.2003 No. 715/8036) provides for the implementation of mandatory financial institution customer due diligence, depending on the degree of risk.

According to paragraph 6.2 of the Regulation, the detection of risk is the institution of the results of the identification and review of the financial activities of the client taking into account the range of services provided to the client, analyzing operations conducted by him, and their compliance with the financial condition and the content of the client.

Own risk criteria of financial institutions should be developed on the basis of risk criteria defined the State Financial Monitoring of Ukraine.

Risk assessment performed, including by type of customer, geographical location of the country of registration of the client or agency through which it transmits (receiving) of the assets, and type of goods and services (item 6.3 of the Regulations).

To assess the risk of legalization (laundering) of proceeds from crime or terrorist financing institution can be studied further transactions of people - members of the operation, estimated (in case of implementation involving institutions).

The classification of clients on based risk criteria carried out by the institution in establishing business relations and further refined over time customer service, service delivery or of customer financial transactions.

If the risk of individual transactions for legalization (laundering) of proceeds from crime or terrorist financing estimated institution (separate subdivision) as high, operations such person given increased attention. (Paragraph 6.4 of the Regulation).

To reduce the risks identified institution (separated unit) should take measures in particular include: in-depth implementation of customer identification and verification of identity of the customer during the period including its owners;

additional requirements for installing client relationship with him; increasing the

frequency of inspections of the client, including its owners; gathering information to form an idea of the activity of the client, the nature and level of transactions carried out by him; increased monitoring of transactions conducted by the client (paragraph 6.5 Regulations).

The institution shall take measures in order to control risk management, including specification provides risk criteria, taking into account risk criteria defined the State Financial Monitoring Service of Ukraine, as well as the results of generalization own practice prevention and counteraction to legalization (laundering) of proceeds from crime or financing of terrorism (item 6.6 Regulation).

The State Commission for Regulation of Financial Services Markets of Ukraine developed, approved and published The State Commission for Regulation of Financial Services Markets of Ukraine draft order "On Approval Criteria for assessing risk for entities, governmental regulation and supervision of exercising the State Commission for Regulation of Financial Services Markets of Ukraine."

Criteria for assessing the level of risk an entity of initial financial monitoring to be used in schemes for legalization (laundering) of proceeds from crime or financing of terrorism developed in accordance with Article 14 of the Law 2015 [1] to form plans for inspections of primary financial monitoring, regulation and supervision of exercising the State Commission for Regulation of Financial Services Markets of Ukraine.

The abovementioned issue is resolved by Section IV Point 3 Regulation No. 995 [165], which states that to determine the measures to be taken in the identification, reporting entities developing criteria for classification of customers about the risks of their operations that may be relevant connected with legalization (laundering) of proceeds from crime or terrorist financing, taking into account the criteria set the State Financial Monitoring Service of Ukraine and the Commission.

Customer risk classification criteria are developed on the basis of the characteristics of the client: resident / non-resident; country of origin or registration of the client; persons involved in the financial operations of the client; The object of financial transactions; length business relationships with entities; social status or relationship with the government; description of business activities; financial position; Reputation other indicators that can be used to determine the risk.

According to the classification criteria developed customer entities establish categories of customers who have a low, medium or high risk of their operations, which can be related to the legalization (laundering) of proceeds from crime or terrorist financing.

Entities providing the client of the risk in accordance with developed criteria to / or during the establishment of business relations.

A result of business relationships and activities with study characteristics of the client the client can be refined and altered level of risk.

In addition, in purpose of regulate issue of verification of these actions this section Position No. 995 [165] added by following paragraph:

Results of evaluation criteria and their client risk management are recorded in writing in paper form and stored together with the documents confirming the identification of the client.

In addition, paragraph 4 of Regulation found that in case of clients who are characterized by elevated (high) risk entities during the identification of customers apply additional measures to study the client, including:

- a) the verification of identity;
- b) requesting additional documents, including the financial condition;
- c) check the validity of the constituent documents (including all registered changes);

	<p>d) establishment of the founders of a legal entity; e) comparison of the size of the registered and authorized capital; d) verification of compliance of financial transaction usual customer activity; e) establish whether a financial transaction financial situation of the client; g) setting objectives operations; i) assess the size and sources of existing and expected revenues; c) establish the source of origin and methods of transfer (making) money used in transactions; a) the establishment of related parties.</p> <p>The list of measures and additional measures to study the customer, characterized by an increased risk established entities independently taking into account the type of professional activities in the securities market under license.</p>
<p>Recommendation of the MONEYVAL Report</p>	<p><i>The Ukrainian authorities should ensure that financial institutions have greater and simpler access to the information from the State register and the State Tax Administration</i></p>
<p>Measures reported as of 27 September 2010 to implement the Recommendation of the report</p>	<p>The Article 6 part 7 AML/CFT Law provides that the reporting entity in order to perform its tasks shall have the right to request the executive power authorities, law enforcement agencies, National Bank of Ukraine, other legal persons which shall inform on the results of the consideration of such request within the procedure prescribed by the legislation.</p> <p>Also, under the Article 16 part 5 and the Article 20 part 3, 5 of the Law of Ukraine “On State Registration of Legal and Natural Persons - Entrepreneurs” Unified state register of legal and natural persons - entrepreneurs (hereinafter referred – Unified state register) is established and is carried out by specially authorized body on issues of state registration, that is its manager and administrator, and sets the order of providing information from this Register - the State Committee of Ukraine for regulatory policy and entrepreneurship assigned under the Resolution of the Cabinet of Ministers of Ukraine of April 26, 2007 No. 667. Such authority approved an order of the Statute on providing information from the Unified state register of legal and natural persons (hereinafter referred - Statute) (Order of November 20, 2005 No. 97).</p> <p>At the moment in order to provide possibility of direct (stationary) access to the Unified state register of financial institutions and other participants of civil turnover the State Committee of Ukraine for regulatory policy and entrepreneurship elaborates new edition of Statute, concerning which stated reporting entities will be able to use information from the Register on-line under appropriate agreements. The software for access to such information is under elaboration at the time.</p> <p>Moreover, to provide efficient submission of general information on business entities from the Unified state register via Internet under the Order of the State Committee of Ukraine for Regulatory Policy and Entrepreneurship as of July 8, 2009 No. 123 the web-version of this Register was established providing free access to the information to all users.</p> <p>Resolution of the Cabinet of Ministers of Ukraine On approval of Procedure of Submitting Information Concerning Client Identification by State Authorities on Request of Reporting Entity as of August 25, 2010 No 746 was approved in the Government.</p>
<p>Measures reported as of 6 December 2012 to implement the Recommendations</p>	<p>The official web-site of the State Tax Service, under the paragraph 183.13 of the Article 183 of the Tax Code contains the information for tax payers to be considered and used in the course of the activities of any business entity, namely:</p> <ul style="list-style-type: none"> • VAT payers register (VAT payers register is made public every 10 days);

<p>of the report</p>	<ul style="list-style-type: none"> • Annulled VAT certificates (the information on the persons deprived of the registration as VAT payers under the VAT payer’s application, under the initiative of the agencies of state tax service or under the court ruling, is made public every 10 days); • In order to verify reliability of the business partner business entities may find out tax history of their counterparts. It is sufficient to know the code of the Unified State Register of Entities and Organizations of Ukraine (USREO) or its precise name and enter known information into one of the fields and the STS system will search through a range of data bases accessible for public use and will notify the initiator of the request on the results of the search. <p>Paragraph 1 of the Decree of the President of Ukraine dated 06.04.2011 No 401 On Approval of the Statute of the State Registration Service the SRS is in charge of effectuation of the policy in the area of state registration, namely state registration of business entities and entrepreneurs-individuals, registration (legalization) of the unions of citizens and other public organizations, state registration of property rights for real estate.</p> <p>The data contained in the Unified state register of business entities and entrepreneurs-individuals may be obtained (under the Law of Ukraine On State Registration of Business Entities and Entrepreneurs-Individuals) in the form:</p> <ul style="list-style-type: none"> - extract of the Unified state register being the document that contains the data on business entity and entrepreneur-individual that submitted the request on issue thereof; - extract of the Unified state register being the document that contains the data on business entity and entrepreneur-individual under the search criteria mentioned in the request; - receipt of the Unified state register being the document that contains the data on availability or absence in the USSR of the information on registration actions with regard to business entities or entrepreneurs-individuals under the search criteria mentioned in the request. <p>On December 22, 2011 the Parliament of Ukraine adopted the Law of Ukraine On Amending Some Laws of Ukraine (entered into force on April 13, 2012) that amended the Article 7 (part 2) of the Law of Ukraine On State Registration of Business Entities and Entrepreneurs-Individuals that provide for the obligation of the State Registration Service to ensure the access to the data from the Unified state register on its official web-site.</p> <p>The Order of the Ministry of Justice of Ukraine dated 19.08.2011 No 2009/5 On organization of the access to the data of the Unified state register of business entities and entrepreneurs-individuals registered in the Ministry of Justice on 23.08.2011 No 998/19736 (entered into force on 09.09.2011) ensures a free 24/7 on-line access to the key data of the Unified state register of business entities and entrepreneurs-individuals through the web-sites of the State Registration Service of Ukraine (www.drs.gov.ua) and the State entity Information and Resource Centre (www.irc.gov.ua).</p> <p>Paragraph 5.15 of the Resolution No 189 provides for that the bank may, with the purpose of assessing the financial standing of the customer, make use of the information received from the bank customer, third parties, state authorities, any additional information from other sources should such information be public (open).</p>
<p>Measures taken to implement the recommendations since the adoption of the second</p>	<p>Article 64 of the Law of Ukraine "On Banks and Banking" [10] defines that the bank carry out identification, verification of client (person, representative of the client) and take measures in accordance with the legislation that regulating relations on prevention of legalization (laundering) of proceeds from crime, terrorist financing and the financing of proliferation of weapons of mass destruction before the opening of</p>

<p>progress report.</p>	<p>customer accounts, contracts or financial transactions indicated in part two of this article.</p> <p>The Bank is obliged to request state bodies, state registrars, banks, and other legal entities information (official documents) required necessary for assessing the suitability of the content of his financial transactions and financial position.</p> <p>State authorities, public registrars, banks and other legal entities must within ten working days of receipt of the request, the bank donated such information.</p> <p>For the purpose of ensure to public authorities, local governments, legal entities and individuals information from the State Fiscal Service of Ukraine, according to the subparagraph 63.13. Art. 63 of the Tax Code of Ukraine, publishes on official website of the data of registration concerning taxpayers legal entities, their affiliates and self-employed within the next business day after registering.</p> <p>Access to the websites is free (http://sfs.gov.ua/datao).</p> <p>The abovementioned data include the following information on the taxpayer:</p> <ul style="list-style-type: none"> tax number (for legal entity and its branch office); name of a legal entity or surname, name and patronymic of an individual entrepreneur; location; date and number of entry in the Unified State Register; name and identification code of the controlling body for the main place of registration of the taxpayer; <p>information about sending by relevant supervisory authority to the state registrar posts in connection with the termination of a legal entity or business individual - entrepreneur, provided by the legislation.</p> <p>According to Article 19 of the Law of Ukraine on July 08, 2012 No 2464-VI «On the collection and accounting of a single fee for obligatory national social insurance" [163] and Para 5 of the Regulations On the Register of Insurers approved by the Ministry of Finance of Ukraine on November 24, 2014 No. 1162 [164], registered in the Ministry of Justice of Ukraine on December 03, 2014 No. 1554/26331, the State Fiscal Service of Ukraine publishes on official web-portal the information from the register of insurers of registration payer single contribution and its class of professional risk (http://sfs.gov.ua/esv). Publication of data by each decade.</p> <p>According to the Law of Ukraine from May 15, 2003 No. 755-IV “On State Registration of Legal Entities and Individual Entrepreneurs” [22] (hereinafter – the Law No. 755) in the Unified State Register contains information obtained in procedures for the mutual exchange of information from departmental registers of statistics entities, income and charges, the Pension Fund of Ukraine, including date and record number of the capture and removal from the register, the name and identification number of income and charges, the Pension Fund of Ukraine in which the business entity is registered; data on the main activity; registration number of a single fee payer, the class of professional risk payer of single fee for its main type of economic activity; in case of change of residence of an individual - entrepreneur - a term which individual - entrepreneur is registered in the body of the State Fiscal Service of Ukraine on the location of pre-registration.</p> <p>According to Para 20.2 Article 20 of the Law No. 755 the information that containing the Unified State Register provided in the form of open access via the official website of the central executive body that implements the state policy in the sphere of state registration of legal entities and individuals - entrepreneurs.</p> <p>II. According to Para 183.13 of the Tax Code of Ukraine and Section 7 of the Regulations on VAT registration, approved by the Ministry of Finance of Ukraine of 14.11.2014 No. 1130 [166], approved by the Ministry of Justice of Ukraine on</p>
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November 17, 2014 No. 1456/26233 (hereinafter - Regulations):

1) in order to permanent ensure the information of public authorities, local governments, legal entities and individuals the State Fiscal Service of Ukraine publishes daily on the official website:

information from the Unified State Register with indicated of name or surname and name and patronymic of an individual entrepreneur, date of tax registration, individual tax number and validity of VAT registration(http://sfs.gov.ua/reestr_new);

Information on persons, whose registration for VAT revoked, indicating the individual tax number, the date of revocation, the reasons and grounds for cancellation of registration (http://sfs.gov.ua/anulir_new).

Additional to data from the register of special tax regime published data on the date of registration by subject to a special tax regime, the list of kind of activities of agricultural enterprises, which are subject to special tax treatment activities in agriculture and forestry, and fisheries, with the date of recordation of such activities, exclusion from the date of the register and the date on which agricultural company considered a VAT payer on general grounds. The information published with the date of disclosure.

2) Under the taxpayer request in electronic form, which submitting tax returns per electronic communication with compliance the conditions of registration of an electronic signature reporting entities in accordance with the law, regulatory authorities provide free of charge within 5 working days of receipt of such request information that is publicly available from the Register of VAT payers.

3) Under the VAT taxpayer request regulatory authorities provide free of charge within 2 working days following the day of receipt of the request, an extract from the Register of VAT payers.

According to Para 3.5 and Para 5.3 of Provision on taxpayers which conclude the agreement with relevant regulatory authority on recognition of electronic documents, can be submitted to regulatory authority at the place of registration of the registration application form for registration (re-registration) of VAT taxpayer by electronic communication in compliance with the conditions on registration of an electronic signature reporting entities in order designated the Law.

According to Para 24.1 and 42.1 the Law of Ukraine from May 15, 2003 No. 755-IV "On the state registration of legal entities and individual entrepreneurs" [22] and Para 3.5. of the Provision foresee submit the notification to voluntary VAT taxpayers registration during the state registrar of business to public register;

Pursuant to the Resolution December 29, 2010 No. 1246 "On approval of the Unified Register of tax invoices" [55] with amended and supplemented by the Cabinet of Ministers of Ukraine on January 30, 2015 No. 20 [56], the State Fiscal Service of Ukraine providing an extract from the Unified Register of tax invoices to the buyer and the seller.

III. Information that needed for administrative services are regularly placed on the website of the State Fiscal Service of Ukraine in part named "administrative services" and submitted to the Ministry of Economic Development and Trade of Ukraine for inclusion in the Register of administrative services. Provisional list of administrative services provided by the State Fiscal Authorities of Ukraine and its territorial bodies approved by the State Fiscal Service of Ukraine on January 13, 2015 No. 7 "On approval of the administrative services information cards" [150].

Pursuant to the Law of Ukraine on January 13, 2011 No. 2939-VI "On Access to Public Information" [167] Decree of the President of Ukraine on May 5, 2011 No. 547/2011 "The issues of ensuring by executive authorities of the access to public information" [168] provided publication on the official web portal of the State Fiscal

	<p>Service of Ukraine the information indicated in Article 15 of the Law, Part named “the public information”, which consist of the following units:</p> <ul style="list-style-type: none"> - the form of filing of the request; - the order of drafting and filing of the request; - the information that published; - the accounting system and information kind; - the list of data that contain of service information in the State Fiscal Authorities of Ukraine; - the order of appeal of a decision; - the reports on fulfillment of the; - the legal acts; - the more requested documents; - the rights of requesting persons; - send the request. <p>In the order to simplify of preparation request procedures for information and statutory compliance on state registration of legal acts, the Order the Ministry of Finance of Ukraine on March 10, 2015 No. 309, registered in the Ministry of Justice of Ukraine on March 24, 2015 No. 323/26768 [169], approved the Order of form of request and form of filing of requests for received of public information that in the possession of the State Fiscal Service of Ukraine (hereinafter - Procedure of filing of requests), which are available on the official web portal of the State Fiscal Service of Ukraine.</p> <p>According to the requirements of Part 3 Art.19 the Law and Order of filing of requests was establish the e-mail address: publicinfo@sfs.gov.ua for filing of requests for received of public information in electronic public information.</p> <p>According to the requirements of Law and in purpose of ensuring of transparency and openness of their activities, implementation of the right of access to public information, on the official web portal of the State Fiscal Service of Ukraine published monthly reports on the flow of requests on public information.</p>
<p>Recommendation of the MONEYVAL Report</p>	<p><i>The discrepancy regarding SFMS Orders which are applicable to banks but where the NBU is unable to impose sanctions for any breaches should be addressed. Although the NBU advised that most of the requirements in the SFMS Order are within NBU Resolution 189, the authorities should consider harmonizing these requirements in a consolidated manner.</i></p>
<p>Measures reported as of 27 September 2010 to implement the Recommendation of the report</p>	<p>The SFMSU elaborated an Order (No. 125 of 30.07.2010), which annuls SFMS Order No. 40. Thus, requirement to the banking institutions in stated area is regulated by the Resolution of the NBU No. 189.</p>
<p>Measures reported as of 6 December 2012 to implement the Recommendations of the report</p>	<p>N/A</p>
<p>Measures taken to implement the recommendations since the adoption of the second</p>	<p>Article 24 of the Law 2015 [1] defines responsibility for violation of legislation on prevention and counteraction to legalization (laundering) of proceeds from crime. This paragraph 7 above article provides that provisions of the third - sixth of this Article shall not apply to banks, branches of foreign banks.</p> <p>Article 73 of the Law of Ukraine "On Banks and Banking" [10] provides that in case</p>

progress report.	of violation banks or other persons who may be subject to verification of National Bank of Ukraine in accordance with this law, banking law, legislation on prevention and counteraction to legalization (laundering) of proceeds from crime or terrorist financing, regulatory acts of the National Bank of Ukraine, its requirements established under Article 66 of this Law or implementing risk activity that threatens the interests of depositors or other creditors of the bank, the use of foreign states or interstate associations or international organizations to sanction banks or owners of substantial participation in the banks that threaten the interests of depositors or other creditors of the bank and / or the stability of the banking system, the National Bank of Ukraine adequately committed a violation or threat of such a level may apply sanctions.
Recommendation of the MONEYVAL Report	<i>The Basic Law should include a cross-reference to the definition of terrorist financing in the Criminal Code of Ukraine.</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	The AML/CFT Law provides amendments to the Criminal Code of Ukraine which criminalizes financing of terrorism (Article 258 ⁵ of the CCU). The point 1 (3) of the Article 1 of AML/CFT Law provides for a cross-reference of TF definition.
Measures reported as of 6 December 2012 to implement the Recommendations of the report	N/A
Measures taken to implement the recommendations since the adoption of the second progress report.	<p>Paragraph 50 of Article 1 of the Law 2015 established that financing terrorist - providing or collecting any assets with the knowledge that they will be used wholly or partly:</p> <ul style="list-style-type: none"> for any purpose by a terrorist, terrorist group or terrorist organization; to organize, prepare and commit by a terrorist, terrorist group or terrorist organization defined in the Criminal Code of Ukraine, terrorist act, engaging into committing an act of terrorism, public incitement to committing a terrorist act, creating a terrorist group or terrorist organization, assisting in committing a terrorist act, running any other terrorist activity, as well as attempting to commit such acts. <p>Article 258-5 of the Criminal Code of Ukraine stipulates the liability for terrorist financing, dispositions which defines terrorist financing as acts committed with the purpose of financial or material support individual terrorist or terrorist group (organization), organization, preparation or committing terrorist acts, involvement in committing a terrorist act , public calls to committing a terrorist act, facilitate for the committing of a terrorist act, the creation of a terrorist group (organization).</p> <p>Thus, definition of financing of terrorism given in Act 2015 corresponds to the disposition of Article 258-5 of the Criminal Code of Ukraine.</p>
(Other) changes since the second progress report (e.g. draft laws, draft regulations or draft “other	

enforceable means” and other relevant initiatives	
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Recommendation 5 (Customer due diligence) II. Regarding DNFBP¹	
Recommendation of the MONEYVAL Report	<i>Ukraine should review as soon as possible the AML/CFT regime to ensure that all DNFBPs are adequately brought under the AML/CFT regime and that these measures are effectively implemented</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	<p>The AML/CFT Law lists all DNFBPs such as notaries, lawyers, business entities providing intermediary services while conduction transactions on buying-selling real estate, business entities executing trading in cash of precious metals and precious stones, auditors, business entities providing legal and accounting services as reporting entities (Article 5 part 2 (8)):</p> <p>“8) <i>pecially designated reporting entities:</i></p> <ul style="list-style-type: none"> a) <i>business entities providing intermediary services while conduction transactions on buying-selling real estate;</i> b) <i>business entities executing trading in cash of precious metals and precious stones and products of them if the amount of financial transaction equals or exceeds the sum defined in the part one of Article 15 of the current Law;</i> c) <i>business entities conducting lotteries and gambling including casino, electronic (virtual) casino;</i> d) <i>notaries, lawyers, auditors, audit firms, natural persons – business entities providing accounting services, business entities providing legal services (except persons providing services within personal management) in cases foreseen in the Articles 6 and 8 of the current Law;</i> e) <i>natural persons – business entities and legal persons conducting financial transactions with goods (executing works, providing services) for cash if the amount of such financial transaction is equal or exceeds the amount designated by part one of Article 15 of the current Law, in cases foreseen by Articles 6 and 8 of this Law.”</i> <p>Under the Article 8 of the AML/CFT Law specially designated reporting entities should undertake measures foreseen by the Article 6 of this Law (act as reporting entity) in the process of:</p> <ul style="list-style-type: none"> – conducting transactions with real estate property (under condition that the amount of transaction is equal or exceed 400 000 UAH or more); – management of client assets; – management of bank accounts and securities; – involvement of funds for establishment of organizations, provide their functioning and management; – establishment of organizations, providing of their functioning or management, as well as purchase and sale of organizations; <p>As well as in the process of:</p> <ul style="list-style-type: none"> – conducting transactions with precious metals and precious stones, antiques and pieces of art (under condition that the amount of transaction is equal or exceed 150 000 UAH or more);

¹ i.e. part of Recommendation 12.

	<ul style="list-style-type: none"> – performing financial transactions by business entities conducting lottery and/or other gambling connected with taking amount bets or paying off winnings; – conducting cash transactions (under condition that the amount of transaction is equal or exceed 150 000 UAH or more). <p>Summarizing, all DNFBPs are adequately brought under the AML/CFT regime applying effective regime for such sector in addition.</p>
Measures reported as of 6 December 2012 to implement the Recommendations of the report	N/A
Measures taken to implement the recommendations since the adoption of the second progress report.	
Recommendation of the MONEYVAL Report	<i>Ukraine should impose specific customer identification consistent with Recommendation 5 to real estate agents, dealers in precious metals and stones, lawyers, notaries, other independent legal professionals, company service providers and accountants as soon as possible</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	Such requirements are established by the AML/CFT Law. According to the Article 5 DNFBPs are included into the list of reporting entities. By the article 6 part 2 (1) of AML/CFT Law there is established the tasks, duties and rights of reporting entity. Among other tasks DNFBPs should perform identification and examination of the client.
Measures reported as of 6 December 2012 to implement the Recommendations of the report	N/A
Measures taken to implement the recommendations since the adoption of the second progress report.	Such requirements introduced in the Law 2015 [1]. According to Article 5 of 2015. [1] DNFBPs classified as entities. In accordance with point 1 paragraph 2 of Article 6 of 2015. [1] to entities established tasks, duties and rights. Among other tasks DNFBPs must carry identification and study of the customer (Article 9 of the Law). Part 13 of article 9 of 2015. [1] to entities conducting lotteries established peculiarities of identification and verification players in the lottery.
Recommendation of the MONEYVAL Report	<i>Ukraine should review the existing framework in respect of casinos to cover all of the relevant criteria and introduce measures to remedy this situation as soon as possible</i>
Measures reported as of 27 September 2010 to implement the Recommendation	The Parliament of Ukraine adopted the Law On prohibition of gambling business. This Law prohibits gambling businesses which include activity on organization of gambling games in casino, on playing-machines, in betting offices and electronic (virtual) casino until the adoption of special law. In its turn, the new AML/CFT Law provides that business entities conducting lottery

of the report	and gambling games, in particular casinos, electronic (virtual) casinos (Article 5 part 2 (8)) are referred to as reporting entities. Financial transaction shall be subject to obligatory financial monitoring if its amount equals or exceeds for business entities performing gambling UAH 13,000, or equals or exceeds the amount in foreign currency equivalent UAH 13,000 and has one or more indicators, in particular, payment (handing over) to a person of winning in a lottery, purchasing of chips, tokens, payment by other methods for the right to participate in gambling, payment (handing over) of winning by the business entity providing gambling.
Measures reported as of 6 December 2012 to implement the Recommendations of the report	N/A
Measures taken to implement the recommendations since the adoption of the second progress report.	Currently defined model of gambling business in Ukraine. It is planned to adopt a law which will regulate the activity of casinos and withdraw the ban on gambling. Thus, in accordance with the Law 2015 [1] specifically defined reporting entities are entities that conduct lotteries and gambling, including casinos, electronic (virtual) casino. A financial transaction is the subject to financial monitoring if the amount at which it is carried out is equal to or exceeds - 30,000 UAH, and has one or more of these signs, including payment (transfer) the person winning the lottery, purchase of chips, tokens, making a person otherwise pay for the right to participate in gambling, payment (transfer) gains an entity that conducts gambling.
Recommendation of the MONEYVAL Report	<i>Ukraine should also take steps to examine ways of to ensure the effectiveness of compliance with these AML/CFT requirements in these sectors</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	The AML/CFT Law specifies responsibilities of DNFBPs as well as AML/CFT regulating and supervising authorities that conduct on-site checks and applies sanctions. The efficient compliance by DNFBPs of AML/CFT requirements is provided in AML/CFT Law (Article 14 part 1 (4)).
Measures reported as of 6 December 2012 to implement the Recommendations of the report	Within the structure of the Ministry of Justice of Ukraine an independent unit on financial monitoring of the entities providing legal services of the Department of Notaries System, Bankruptcy and Operation of the Central Certification Agency consisting of 5 people was established. The above mentioned department is responsible for issues related to the implementation of state financial monitoring and regulation and supervision of notaries, lawyers and persons providing legal services. To enforce the requirements of the AML/CFT legislation of Ukraine and to ensure coordination of the activities of the reporting entities in the area of financial monitoring of the compliance of the AML/CFT requirements the Ministry of Justice drafted the following regulations: 1. Order of the Ministry of Justice of Ukraine dated 29.09.2010 № 2339/5 On Approval of the Regulation on conducting financial monitoring by the reporting entities, regulated and supervised by the Ministry of Justice of Ukraine;

2. Order of the Ministry of Justice of Ukraine dated 29.09.2010 № 2338/5 On Approval of the Procedure for conducting audits by the Ministry of Justice of Ukraine of the reporting entities;

3. Order of the Ministry of Justice of Ukraine dated 29.09.2010 № 2340/5 On Approval of the Procedure on consideration of the cases on violation of the requirements of the AML/CFT legislation and imposition of sanctions;

4. Order of the Ministry of Justice of Ukraine dated 29.09.2010 № 3376/5 On Approval of the Statute of the Commission of the Ministry of Justice of Ukraine on imposition of sanctions for violation of the requirements of the Law of Ukraine On Prevention and Counteraction to Legalization (Laundering) of the Proceeds of Crime, or Terrorism Financing and/or AML/CFT regulations;

5. Order of the Ministry of Justice of Ukraine dated 29.09.2010 № 2337/5 On Approval of the Regulation On the procedure for the application of preventive measures to the countries that do not or improperly comply with the AML/CFT recommendations of international, intergovernmental organizations;

6. Order of the Ministry of Justice of Ukraine dated 29.09.2010 № 2336/5 On Approval of the Instruction on registration of the materials on administrative violations.

The Ministry of Finance of Ukraine established the sector for state financial monitoring within the structure of the Department of Tax and Customs Policies and Accounting Methodology in the number of 4 employees. The functions of this sector include state regulation and supervision in the AML/CFT area on the business entities that carry out a lottery or organize any other gambling, the business entities which trade in precious metals, precious stones and articles thereof, auditors, audit firms and individuals - entrepreneurs who provide accounting services, the State Treasury of Ukraine, Main Control and Revision Office of Ukraine.

To enforce the requirements of the AML/CFT legislation of Ukraine and to ensure coordination of the activities of the reporting entities which trade in precious metals, precious stones and articles thereof, auditors, audit firms and individuals - entrepreneurs who provide accounting services the Ministry of finance approved the following regulations:

Order of the Ministry of Finance of Ukraine dated 11.03.2011 № 338 On Approval of the procedure for the application of preventive measures to the countries that do not or improperly comply with the AML/CFT recommendations of international, intergovernmental organizations;

Order of the Ministry of Finance of Ukraine dated 21.03.2011 № 384 On Approval of the Regulation on organization of the training and professional development of Compliance officers of the reporting entities regulated and supervised by the Ministry of Finance;

Order of the Ministry of Finance of Ukraine dated 22.03.2011 № 392 On Approval of the Regulation on conducting financial monitoring by the reporting entities regulated and supervised by the Ministry of Finance;

Order of the Ministry of Finance of Ukraine dated 04.04.2011 № 463 On Approval of the Procedure for conducting audits by the Ministry of Finance of Ukraine of the reporting entities;

Order of the Ministry of Finance of Ukraine dated 11.03.2011 № 339 On Approval of the Procedure on consideration of the cases on violation of the requirements of the AML/CFT legislation;

Order of the Ministry of Finance of Ukraine dated 17.03.2011 № 364 On Approval of the Instruction on registration of the materials on administrative violations by the Ministry of Finance;

Order of the Ministry of Finance of Ukraine dated 21.06.2011 № 739 On Approval of

	<p>the Regulation on the Commission of the Ministry of Finance of Ukraine on imposition of sanctions for violation of the requirements of the Law of Ukraine On Prevention and Counteraction to Legalization (Laundering) of the Proceeds of Crime and/or the AML/CFT regulations.</p> <p>Within the structure of the SFMS of Ukraine there is Supervisory Department in the number of 6 persons. The above mentioned department is responsible for issues related to the implementation of supervision and oversight functions with regard to:</p> <ul style="list-style-type: none"> - businesses that provide mediation services when dealing with the purchase and sale of real estate; - individuals - entrepreneurs and legal entities that conduct financial transactions with goods (work, services) for cash, provided that the amount of such transaction is equal to or exceeds 150 000 or equals or exceeds the amount in foreign currency equivalent to 150 000. <p>To ensure regulation and supervision over the reporting entities the SFMS of Ukraine drafted a range of regulations concerning organization of financial monitoring stipulating the procedure for exercising supervision over the reporting entities.</p> <p>The Order of the SFMS of Ukraine dated 05.08.2010 No 128 approved the Regulation on conducting financial monitoring by the reporting entities regulated and supervised by the SFMS of Ukraine.</p> <p>To ensure supervision over the reporting entities the Ministry of Finance of Ukraine approved by the Order dated 05.01.2012 No 5the Procedure for conducting inspections by the SFMS of Ukraine of the reporting entities.</p> <p>This document regulates the planning, preparation and organization of scheduled and unscheduled inspections and processing of the results, determines the duties as of chief executive officer and members of the working inspection group as well as the officials of the reporting entities being checked.</p> <p>For the purpose of considering the audit materials and imposing to the reporting entities of the sanctions for violation of the AML/CFT legislation the Order of the Ministry of Finance of Ukraine dated 17.01.2012 № 23 approved the Procedure of consideration by the SFMS of Ukraine of the cases of violation of the AML/CFT legislation requirements and imposition of the sanctions.</p> <p>Besides, the SFMS of Ukraine issued a range of regulations to ensure conducting of financial monitoring in the reporting entities.</p>
<p>Measures taken to implement the recommendations since the adoption of the second progress report.</p>	<p>Article 14 of the Law 2015 [1] defines the responsibilities of state financial monitoring carrying out state regulation and supervision in the sphere of combating legalization (laundering) of proceeds from crime, terrorist financing and the financing of proliferation of weapons of mass destruction. Thus, relatively DNFBPs such state regulators are the Ministry of Finance of Ukraine, Ministry of Justice of Ukraine and SFMS.</p> <p>Supervision is carried DNFBPs state regulator, in particular through scheduled and unscheduled inspections, including off-site, in the manner prescribed by the appropriate state regulator.</p> <p>In addition, the state regulator is obliged to ensure the provision of methodological, methodical and other assistance to entities on prevention and counteraction to legalization (laundering) of proceeds from crime, terrorist financing and the financing of proliferation of weapons of mass destruction (including providing clarification on the application of legislation in this area).</p> <p>In 2013, the Ministry of Finance of Ukraine based on public sector financial monitoring in the number of employees of the department of 4 on State Financial Monitoring Department of tax and customs policies and accounting methodology in the amount of 7 employees. The functions of the said department assigned state</p>

regulation and supervision in the sphere of combating legalization (laundering) of proceeds from crime or terrorist financing for businesses that conduct lotteries and gambling, including casinos, electronic (virtual) casino entities engaged in trade for cash in precious metals and precious stones and their products, auditors, audit firms, entities providing accounting services.

Ministry of Finance of Ukraine to ensure the effective state regulation and supervision in the sphere of combating legalization (laundering) of proceeds from crime or terrorist financing for businesses that conduct lotteries and gambling, including casinos, electronic (virtual) casino, business entities engaged in trade for cash in precious metals and precious stones and their products, auditors, audit firms, entities providing accounting services were approved:

The Order of the Ministry of Finance of Ukraine of 11.03.2011 № 338 "On the procedure for the application of preventive measures against countries that do not perform or improperly fulfill the recommendations of international intergovernmental organizations" [82];

The Order of the Ministry of Finance of Ukraine of 21.03.2011 № 384 "On Approval of the training and retraining of employees responsible for financial monitoring entities, governmental regulation and supervision of which carries Ministry of Finance of Ukraine" [83];

The Order of the Ministry of Finance of Ukraine of 22.03.2011 № 392 "On Approval of the Financial Monitoring reporting entities, state regulation and supervision of which carries Ministry of Finance of Ukraine" [84];

The Order of the Ministry of Finance of Ukraine of 19.08.2014 № 819 "On amendments to some legislative acts of the Ministry of Finance of Ukraine" [88];

The Order of the Ministry of Finance of Ukraine of 04.04.2011 № 463 "On approval of the Ministry of Finance of Ukraine inspection entities" [85];

The Order of the Ministry of Finance of Ukraine of 22.05.2011 № 616 "On Approval of changes to the inspection by the Ministry of Finance of Ukraine entities" [103];

□ The Order of the Ministry of Finance of Ukraine of 11.03.2011 № 339 "On approval of the Ministry of Finance of Ukraine consider cases on violation of legislation regulating the activities in the field of combating legalization (laundering) of proceeds from crime" (in the current edition of the Order of the Ministry of Finance 23.04.2015 № 460 [162]);

The Order of the Ministry of Finance of Ukraine of 17.03.2011 № 364 «On approval of materials on administrative violations by the Ministry of Finance of Ukraine" [86];

The Order of the Ministry of Finance of Ukraine of 21.06.2011 № 739 "On approval of the Ministry of Finance of Ukraine Commission on the application of sanctions for violations of the Law of Ukraine" On prevention of legalization (laundering) of proceeds from crime or terrorist financing "and / or normative legal acts regulating activities in the area of prevention and counteraction to legalization (laundering) of proceeds from crime "(in the wording of the current Order of the Ministry of Finance of 23.04.2015 № 460 [162];

The Order of the Ministry of Finance of Ukraine of 24.12.2013 № 1118 "On approval of requirements for the qualification of an employee entity of initial financial monitoring, responsible for financial monitoring" [95]

In the Ministry of Infrastructure tasks and functions related to state financial monitoring, was placed on the Department of internal investigations and the prevention of corruption and economic crimes, the State of which consisted of seven staff units. In the first quarter 2015 Department internal investigation and prevention of corruption and economic crimes renamed the Department of prevention and detection of

corruption, and its staff increased from 7 to 8 staff units. Department of Internal Investigation and prevention of corruption and economic crimes renamed (Department of prevention and detection of corruption) is an independent department of the Ministry of Infrastructure of Ukraine.

On receipt of authority to state regulation and supervision in the sphere of combating legalization (laundering) of proceeds from crime or terrorist financing on postal operators (in terms of exercise of money transfer) Ministry developed a number of legal acts:

1. The Order of 03.08.2012 № 156-G "On authorizing officers of the internal investigation and prevention of corruption and economic crimes to draw up protocols on administrative violations" [137].

2. The Order of 26.11.2012 № 707 "On Approval of the preventive measures to countries which do not fulfill or improperly fulfill recommendations of international intergovernmental organizations involved in combating the legalization (laundering) of proceeds from crime or financing terrorism ", registered with the Ministry of Justice of Ukraine on 12.11.2012 № 2059/22371 [134].

3. The Order of 26.11.2012 № 708 "On approval of the Ministry of Infrastructure of Ukraine Commission on the application of sanctions for violations of the Law of Ukraine" On prevention of legalization (laundering) of proceeds from crime or financing of terrorism "and / or regulatory and legal acts regulating activities in the area of prevention and counteraction to legalization (laundering) of proceeds from crime ", registered with the Ministry of Justice of Ukraine on 12.13.2012 № 2069/22381 [135].

4. The Order of 01.02.2013 № 59 "On establishment of the Commission of the Ministry of Infrastructure of Ukraine of sanctions for violations of the Law of Ukraine" On prevention and counteraction to legalization (laundering) of proceeds from crime or financing of terrorism "and / or regulations acts regulating activities in the area of prevention and counteraction to legalization (laundering) of proceeds from crime. »

5. The Order of 01.04.2013 № 199 [136] "On Approval of the Financial Monitoring reporting entities, state regulation and supervision of exercising Ministry of Infrastructure of Ukraine", registered in the Ministry of Justice of Ukraine on 04.19.2013 № 650/23182

6. The Order of the Ministry of Finance of Ukraine, the Ministry of Infrastructure of Ukraine from March 26, 2013 of No. 426/184 About approval of the Regulation for information exchange between the State financial monitoring service of Ukraine and the Ministry of Infrastructure of Ukraine for increase of efficiency of implementation of supervision of observance by subjects of primary financial monitoring of requirements of the legislation concerning prevention and counteraction to legalization (laundering) of the income received by the criminal way, or financing of terrorism, registered in the Ministry of Justice of Ukraine on April 12, 2013 No. 609/23141.

During the 1 quarter of 2012 and 2015 in the structure of central office of the the Ministry of Economic Development and Trade of Ukraine had function the Infrastructure of Produce Markets Development Unit of Financial Policy Department and one of the task of abovementioned Department was executive of reporting entity powers on produce and other markets that conducting financial transaction with products.

Unit numbers were 5 staffing position.

For the purpose of realization of legislative requirements on AML/CFT and for the purpose of ensure coordination activity of reporting entities concerning financial monitoring organization in AML/CFT and in the Ministry of Economic Development

and Trade of Ukraine was developed and adopted the follows regulations:

the Order of the Ministry of Economic Development and Trade of Ukraine from August 12, 2011 of No. 34 About approval of the Regulation for application of preventive measures concerning the countries (territories) which do not carry out or inadequate image carry out recommendations of the international, intergovernmental organizations involved in the sphere of fight against legalization (washing) of the income, received by the criminal way, or financing of terrorism, registered in the Ministry of Justice of Ukraine on September 2, 2011 No. 1038/19776[106];

the Order of the Ministry of Economic Development and Trade of Ukraine from August 12, 2011 of No. 35 About approval of the Regulation for the stop and renewal of carrying out financial transactions by subjects of primary financial monitoring, state regulation and supervision of which activities performs the Ministry of economic development and trade of Ukraine, registered in the Ministry of Justice of Ukraine on September 2, 2011 No. 1035/19773[107];

the Order of the Ministry of Economic Development and Trade of Ukraine from August 12, 2011 of No. 36 About approval of the Procedure inspection of reporting entities by Ministry of Economic Development and Trade of Ukraine, registered in the Ministry of Justice of Ukraine on September 2, 2011 No. 1036/19774[108];

the Order of the Ministry of Economic Development and Trade of Ukraine from January 10, 2012 of No. 15 About approval of the Situation concerning the organization of training and advanced training of the workers responsible for carrying out financial monitoring of commodity and other exchanges which perform financial transactions with the goods, state regulation and supervision of which activities performs the Ministry of economic development and trade of Ukraine, registered in the Ministry of Justice of Ukraine on February 28, 2012 No. 332/20645 [109];

the Order of the Ministry of Economic Development and Trade of Ukraine from June 15, 2013 of No. 787 About approval of the Regulation on carries out of financial monitoring by the primary financial monitoring entities, state regulation and supervision over the activities of which carries out the Ministry of Economic Development and Trade of Ukraine” registered in the Ministry of Justice of Ukraine on August 09, 2013 No. 1366/23898[104];

the Order of the Ministry of Economic Development and Trade of Ukraine from November 08, 2013 of No. 1320 About approval of the Regulation on Commission of the Ministry of Economic Development and Trade of Ukraine on applying sanctions for violation of requirements of the Law of Ukraine “On Preventing and Counteracting the Legalization (Laundering) of the Proceeds from Crime of Terrorist Financing” and/or legal act that regulate of activity in preventing and counteracting the legalization (laundering) of the proceeds from crime”, registered in the Ministry of Justice of Ukraine on November 28, 2013 No. 2038/24570[105].

The Ministry of Finance of Ukraine and the Ministry of Economic Development and Trade of Ukraine according to the Law of Ukraine On Prevention and Counteraction to Legalization (Laundering) of the Proceeds of Crime or Terrorist Financing prepared and adopted the change of information procedure between the State Financial Monitoring Service of Ukraine and the Ministry of Economic Development and Trade of Ukraine for enhance of effectiveness carry out supervision on observance of legal requirements on Preventing and Counteracting the Legalization (Laundering) of the Proceeds from Crime of Terrorist Financing by primary financial monitoring entity (the Order of the Ministry of Finance of Ukraine and the Ministry of Economic Development and Trade of Ukraine from April 19, 2013 No. 487/413, registered in the Ministry of Justice of Ukraine on May 17, 2013 No. 764/23296).

<p>(Other) changes since the second progress report (e.g. draft laws, draft regulations or draft “other enforceable means” and other relevant initiatives</p>	
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<p align="center">Recommendation 10 (Record keeping) I. Regarding Financial Institutions</p>	
<p>Rating: Largely Complaint</p>	
<p>Recommendation of the MONEYVAL Report</p>	<p><i>As regards Recommendation 10, Ukraine would benefit by setting out the requirements on record keeping more clearly in law or regulation. These include:</i></p> <ul style="list-style-type: none"> - <i>Ensure record keeping requirements refers to “all necessary records on transactions” and not just documents</i>
<p>Measures reported as of 27 September 2010 to implement the Recommendation of the report</p>	<p>The AML/CFT Law (Article 6 part 2 (15)) has set responsibility for entities of initial financial monitoring to keep the documents on identification of the persons, who carried out the financial transaction subject to financial monitoring pursuant to this Law not less than for five years after termination of business relations with client and all necessary data on transactions not less than five years after completion of the transaction (the terms for keeping documents can be prolonged by the appropriate entity of state financial monitoring pursuant to the procedure prescribed by the legislation.</p> <p>Resolution of the Cabinet of Ministers of Ukraine On Some Issues of Financial Monitoring Organization as of August 30, 2010 No 747 foresee procedure of registration of reporting entities, registering by them financial transactions subject to financial monitoring and submission by reporting entities to the state committee for financial monitoring the information about mentioned and other financial transactions that could be related to the legalization (laundering) of the proceeds from crime or financing of terrorism. In particular, according to the paragraph 17 of the following establish that information about transaction shall be entered into the register, which shall be maintained electronically and/or in paper.</p>
<p>Measures reported as of 6 December 2012 to implement the Recommendations of the report</p>	<p>N/A</p>
<p>Measures taken to implement the recommendations since the adoption of the second progress report.</p>	<p>According to Para 15 Part 2 Art. 6 of the Law 2015[1] the primary financial monitoring entity to keep official documents, other documents (including the electronic documents created by the primary financial monitoring entity), their copies as to identifying the persons (clients, representatives of clients), as well as the persons who are denied by the primary financial monitoring entity to conduct financial transactions, examine the client, clarify information on the client, as well as all documents which pertain to business relations (conducting financial transactions) with the client (including the results of any analysis as measures are taken to verify the client or conduct detail examination of the client) no less than five years after the financial transaction is completed, terminating any business relations with the client,</p>

	and all the necessary data on financial transactions (sufficient to trace the progress of such operation) - no less than five years after the transaction is completed, the account is closed, and business relations are terminated. The normative legal act of the state financial monitoring entity which according to this Law 2015[1], performs the state regulation and supervision functions over the primary financial monitoring entity may provide for longer terms of keeping the documents).
Recommendation of the MONEYVAL Report	<i>requiring non-bank financial institutions to maintain records of identification data for at least five years following the termination of the account or business relationship</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	The <i>AML/CFT Law (Article 6 part 2 (15))</i> has set the responsibility for reporting entities to keep information on identification of persons, that conducted financial transaction, which according to this Law is subjected to financial monitoring, not less than for five years after conducting of transaction and documents concerning conducting of transaction not less than five years after business relation termination, as well as necessary data on transactions not less than five years after completion of the transaction (the terms for keeping documents can be prolonged by the appropriate entity of state financial monitoring pursuant to the procedure prescribed by the legislation).
Measures reported as of 6 December 2012 to implement the Recommendations of the report	N/A
Measures taken to implement the recommendations since the adoption of the second progress report.	According to Para 15 Part 2 Art. 6 of the Law 2015[1] the primary financial monitoring entity to keep official documents, other documents (including the electronic documents created by the primary financial monitoring entity), their copies as to identifying the persons (clients, representatives of clients), as well as the persons who are denied by the primary financial monitoring entity to conduct financial transactions, examine the client, clarify information on the client, as well as all documents which pertain to business relations (conducting financial transactions) with the client (including the results of any analysis as measures are taken to verify the client or conduct detail examination of the client) no less than five years after the financial transaction is completed, terminating any business relations with the client, and all the necessary data on financial transactions (sufficient to trace the progress of such operation) - no less than five years after the transaction is completed, the account is closed, and business relations are terminated. The normative legal act of the state financial monitoring entity which according to this Law[1], performs the state regulation and supervision functions over the primary financial monitoring entity may provide for longer terms of keeping the documents).
Recommendation of the MONEYVAL Report	<i>transaction records should be sufficient to permit reconstruction of individual transactions so as to provide, if necessary, evidence for prosecution of criminal activities</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	According to the paragraph 14 of the Resolution of the Cabinet of Ministers of Ukraine On Some Issues of Financial Monitoring Organization as of August 30, 2010 No 747 information on performing or attempt to perform financial transaction shall be entered to the register: serial number and date of registration of financial transaction; data revealed during identification of person who performed financial transaction,

	<p>person in behalf of which, or under the commission of which, or in the interests of which the financial transaction was performed, or beneficiary; information on other persons – participants of financial transaction; type of financial transaction; amount of financial transaction; currency of financial transaction; grounds of financial transaction; data on financial transactions related to prior registered financial transaction (if available); indicia under which financial transaction subject to financial monitoring; information on suspending financial transaction; date and time of performing, attempt to perform or refusal of performing financial transaction; additional information necessary for analyses of financial transactions by SFMS; surname, name, patronymic and position of employee who entered information to the register.</p>
Measures reported as of 6 December 2012 to implement the Recommendations of the report	N/A
Measures taken to implement the recommendations since the adoption of the second progress report.	<p>The procedure of registry the information on effect a financial transaction or an attempt to effect a financial transaction defined by Para 14 the Resolution of the Cabinet of Ministers of Ukraine on August 25, 2010 No. 747 “On Some Issues of Financial Monitoring Issues” [42].</p> <p>According to Para 15 Part 2 Art. 6 of the Law 2015[1] the primary financial monitoring entity to keep official documents, other documents (including the electronic documents created by the primary financial monitoring entity), their copies as to identifying the persons (clients, representatives of clients), as well as the persons who are denied by the primary financial monitoring entity to conduct financial transactions, examine the client, clarify information on the client, as well as all documents which pertain to business relations (conducting financial transactions) with the client (including the results of any analysis as measures are taken to verify the client or conduct detail examination of the client) no less than five years after the financial transaction is completed, terminating any business relations with the client, and all the necessary data on financial transactions (sufficient to trace the progress of such operation) - no less than five years after the transaction is completed, the account is closed, and business relations are terminated. The normative legal act of the state financial monitoring entity which according to this Law[1], performs the state regulation and supervision functions over the primary financial monitoring entity may provide for longer terms of keeping the documents).</p>
(Other) changes since the second progress report (e.g. draft laws, draft regulations or draft “other enforceable means” and other relevant initiatives	

Recommendation 10 (Record keeping) II. Regarding DNFBP²	
Recommendation of the MONEYVAL Report	<i>Ukraine should impose specific customer identification and record keeping requirements consistent with Recommendation 10 to real estate agents, dealers in precious metals and stones, lawyers, notaries, other independent legal professionals, company service providers and accountants as soon as possible</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	<p>The AML/CFT Law provides involving of such categories of reporting entities as notaries, lawyers, real estate traders, traders in precious metals and precious stones, auditors, entities of business undertakings providing legal services and accounting services (<i>Article 5 part 2 (8)</i>).</p> <p>Stated new reporting entities according to legislation are obliged under submitted official documents or properly certified copies are obliged to perform identification of client carrying out financial transaction (<i>AML/CFT Law part 1 (9)</i>).</p> <p>The <i>AML/CFT Law (Article 9 part 3)</i> provide that identification is performed in case of:</p> <ul style="list-style-type: none"> • establishment of business relations with clients; • rise of suspicion of transaction that transaction could be connected with legalization (laundering) of the proceeds from crime or terrorist financing; • conducting of financial transaction subjected to financial monitoring. <p>Moreover, the <i>AML/CFT Law (Article 6 part 2 (15))</i> has set responsibility for reporting entities, in particular for new categories of reporting entities, to keep the documents on identification of the persons, who carried out the financial transaction subject to financial monitoring pursuant to this Law not less than for five years after termination of business relations with client and document on conducting financial transaction for not less than five years after that as well as all documents concerning business relations with the client.</p> <p>The above mentioned provisions of the AML/CFT Law are applied to realtors, dealers of precious metals and precious stones, lawyers, notaries, other independent legal professionals, companies providing services and accountants as specially designated reporting entities.</p>
Measures reported as of 6 December 2012 to implement the Recommendations of the report	N/A
Measures taken to implement the recommendations since the adoption of the second progress report.	<p>According to Para 7 Part 2 Art. 5 the Law 2015 [1], realtors, traders of precious metals and precious stones, lawyers, notaries, other independent legal specialists or companies which providing legal services and accountants are specifically identified primary monitoring entities.</p> <p>The provision of the Art. 9 the Law 2015[1] define the identifying, verifying and examining clients, including for specifically identified primary monitoring entity.</p> <p>The Para 15 Part 2 Art. 6 of the Law 2015[1] define the duty for primary financial monitoring entities including the specifically identified primary financial monitoring entities as well as saving the relevant documents.</p>
Recommendation of the MONEYVAL	<i>Ukraine should review the existing framework in respect of casinos to cover all of the relevant criteria and introduce measures to remedy this situation as soon as possible</i>

² i.e. part of Recommendation 12.

Report	
Measures reported as of 27 September 2010 to implement the Recommendation of the report	<p>At presents, under the Law on prohibition of gambling business, gambling and participation in gambling games is prohibited in Ukraine. Until special law is adopted stated Law prohibits gambling business implying activity on organization of gambling games in casino, on playing-machines, in betting offices and electronic (virtual) casino aimed to obtain profits.</p> <p>At the same time, under AML/CFT Law business entities conducting lottery and gambling games, in particular casinos, electronic (virtual) casinos (<i>Article 5 part 2 (8)</i>) are referred to as reporting entities.</p> <p>Thus, after special legislation concerning regulation of gambling business activity was adopted in Ukraine casinos, in particular electronic (virtual) casinos, will be subjected to requirements of the AML/CFT Law, particularly concerning keeping documents.</p>
Measures reported as of 6 December 2012 to implement the Recommendations of the report	N/A
Measures taken to implement the recommendations since the adoption of the second progress report.	<p>At this moment defining the functional model gambling business in Ukraine. This is expected to adopt the Law for regulation of activity of casino and gambling business.</p> <p>According to the Law 2015[1] the special designated primary financial monitoring entities is business entities which conduct lotteries and gambling games, including casinos, electronic (virtual) casino.</p>
Recommendation of the MONEYVAL Report	<i>Ukraine should also take steps to examine ways of to ensure the effectiveness of compliance with these AML/CFT requirements in these sectors</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	The compliance of DNFBPs will be ensured by supervisors defined in Art. 14 of the AML/CFT Law, who have inspection powers as well as power to apply sanctions defined in the Art.23 of AML/CFT Law.
Measures reported as of 6 December 2012 to implement the Recommendations of the report	<p>To enforce the requirements of the AML/CFT legislation and the powers aimed at carrying out inspections and imposing sanctions, the Ministry of Justice of Ukraine drafted a range of the following regulations:</p> <ul style="list-style-type: none"> - Order of the Ministry of Justice of Ukraine dated 29.09.2010 № 2339/5 On Approving of the Regulation on conducting financial monitoring by the reporting entities regulated and supervised by the Ministry of Justice of Ukraine; - Order of the Ministry of Justice of Ukraine dated 29.09.2010№ 2338/5 On Approving of the Regulation on conducting of audits by the Ministry of Justice of the reporting entities; - Order of the Ministry of Justice of Ukraine dated 29.09.2010№ 2340/5 On Approving of the Procedure on consideration of the cases on violation of the requirements of the AML/CFT legislation and imposition of sanctions; - Order of the Ministry of Justice of Ukraine dated 29.09.2010№ 3376/5 On Approving of the Statute of the Commission of the Ministry of Justice of Ukraine on imposition of sanctions for violation of the requirements of the Law of Ukraine On Prevention and Counteraction to Legalization (Laundering) of the Proceeds of Crime, or Terrorism Financing and/or AML/CFT regulations.

	<p>To ensure compliance of DNFBPs the Ministry of Finance adopted the Order dated 22.03.2011 No 392 On Approval of the Regulation on conducting financial monitoring by the reporting entities regulated and supervised by the Ministry of Finance, registered in the Ministry of Justice of Ukraine 11.04.2011 No 470/19208, and the Order 04.04.2011 No 463 On Approval of the Procedure for conducting examinations by the Ministry of Finance of the reporting entities, registered in the Ministry of Justice of Ukraine 20.04.2011 No 489/19227.</p> <p>The Order of the SFMS of Ukraine dated 05.08.2010 № 128 approved the Regulation on conducting financial monitoring by the reporting entities regulated and supervised by the SFMS of Ukraine.</p> <p>To ensure supervision over the reporting entities the Ministry of Finance of Ukraine approved by the Order dated 05.01.2012 No 5the Procedure for conducting inspections by the SFMS of Ukraine of the reporting entities.</p> <p>This document regulates the planning, preparation and organization of scheduled and unscheduled inspections and processing of the results, determines the duties as of chief executive officer and members of the working inspection group as well as the officials of the reporting entities being checked.</p> <p>For the purpose of considering the audit materials and imposing to the reporting entities of the sanctions for violation of the AML/CFT legislation the Order of the Ministry of Finance of Ukraine dated 17.01.2012 № 23 approved the Procedure of consideration by the SFMS of Ukraine of the cases of violation of the AML/CFT legislation requirements and imposition of the sanctions.</p>
<p>Measures taken to implement the recommendations since the adoption of the second progress report.</p>	<p>According to Art. 14 the Law 2015 [1] the compliance of DNFBPs ensured by supervisory bodies which holding of inspection and applying sanctions indicated in the Art. 24 the Law [1].</p> <p>For ensuring of compliance of DNFBPs was adopted the Orders of the Ministry of Finance of Ukraine:</p> <ul style="list-style-type: none"> - from 22.03.2011 No. 392 “On Approval of the Procedure of Exercise of the Financial Monitoring by Primary Financial Monitoring Entities Subject to the State Regulation and Supervision by the Ministry of Finance of Ukraine” [84]; - from 19.08.2014 No. 819 “On Introduction of Amendments to Some Legal Acts of the Ministry of Finance of Ukraine” [88] - from 04.04.2011 No. 463 “On Adoption of Inspection Procedure by the Ministry of Finance of Ukraine of Primary Financial Monitoring Entity” [85]; - from 22.05.2011 No. 616 “On Adoption of Amendments to Inspection Procedure by the Ministry of Finance of Ukraine of Primary Financial Monitoring Entity” [103]. <p>On legislation enforcement the Law No. 1702-VII[1] by the Ministry of Finance of Ukraine was due the following legal acts:</p> <ul style="list-style-type: none"> the Order of the Ministry of Finance of Ukraine “Some Issues of Applying Sanctions by the Ministry of Finance of Ukraine” [87]; the Order of the Ministry of Finance of Ukraine “On Adoption Inspection Procedure by the Ministry of Finance of Ukraine of Primary Financial Monitoring Entity”. <p>The Ministry of Infrastructure of Ukraine was drafted some legal acts:</p> <ol style="list-style-type: none"> 1. The Order from 03.08.2012 No. 156-Г “On Officials Powers of the Internal Investigation and Prevention of Corruption and Economical Crimes Unit Make Reports on Administrative Offences” [137]. 2. The Order from 26.11.2012 No. 707 “On Adoption the Provision Concerning Preventive Measures to Countries that do not Perform or Improperly Fulfill the Recommendations of International Intergovernmental Organizations Involved in

	<p>Combating the Legalization (Laundering) of Proceeds from Crime or Financing of Terrorism”, registered in the Ministry of Justice of on December 11, 2012 No. 2059/22371 [134].</p> <p>3. The Order from 26.11.2012 No. 708 “On Adoption the Provision about the Commission of the Ministry of Infrastructure of Ukraine Concerning Applying Sanctions for Violation of the Law of Ukraine “On Prevention and Counteraction the Legalization (Laundering) Proceeds from Crime or Terrorist Financing” and/or Legal Acts that Regulation the Activity in AML Area”, registered in the Ministry of Justice of Ukraine on December 13, 2012 No. 2069/22381[135].</p> <p>4. The Order from 01.02.2013 No. 59 “On Establish the Commission of the Ministry of Infrastructure of Ukraine On Applying Sanctions for Violation of the Law of Ukraine “On Prevention and Counteraction the Legalization (Laundering) Proceeds from Crime or Terrorist Financing” and/or Legal Acts that Regulation the Activity in AML Area” [138].</p> <p>5. The Order from April 1, 2013 of No. 199 About approval of the Situation on implementation of financial monitoring by subjects of primary financial monitoring, state regulation and supervision of which activities performs the Ministry of infrastructure of Ukraine, registered in the Ministry of Justice of Ukraine on April 19, 2013 No. 650/23182 [136].</p> <p>6. The Order of the Ministry of Finance of Ukraine, Ministry of Infrastructure of Ukraine from March 26, 2013 of No. 426/184 About approval of the Procedure for information exchange between State Financial Monitoring Service of Ukraine and the Ministry of infrastructure of Ukraine for increase of efficiency of implementation of supervision of observance by subjects of primary financial monitoring of requirements of the legislation concerning prevention and counteraction to legalization (laundering) of the income received by the criminal way, or financing of terrorism, registered in Ministry of Justice of Ukraine on April 12, 2013 No. 609/23141.</p> <p>Determination of the effectiveness of the provisions of the abovementioned legal acts and assessment of compliance the primary financial monitoring entities, governmental regulation and supervision in the sphere of combating legalization (laundering) of proceeds from crime, terrorist financing and the financing of proliferation of weapons of mass destruction for which the Ministry of Infrastructure of Ukraine taking, legal requirements on financial monitoring, including the requirements of regulatory legal acts of the Ministry, the Ministry of Infrastructure of Ukraine carried out during scheduled and unscheduled inspections.</p> <p>During 13.06.2010 to 31.12.2012 the Ministry of Infrastructure of Ukraine conduct 2 planned inspections, during 01.01.2013 to 31.12.2013 conduct 9 routine field audits, during 01.01.2014 to 01.08.2014 – 2 routine field audit.</p>
<p>(Other) changes since the second progress report (e.g. draft laws, draft regulations or draft “other enforceable means” and other relevant initiatives</p>	

<p>Recommendation 13 (Suspicious transaction reporting)</p>
<p>I. Regarding Financial Institutions</p>
<p>Rating: Partially compliant</p>

Recommendation of the MONEYVAL Report	<i>Authorities should consider the possibility for revising the relevant provisions and make them more suspicious based and in conformity with the nature and complexity of different types of obliged entities</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	<p>The reporting provisions were revised by FIU jointly with supervisors, representatives of Bankers Association, Securities Traders Association, Real Estate Agents Association, other financial sector professionals in the framework of workgroup established for preparation of the draft AML/CFT Law in March-April 2010.</p> <p>As a result the criteria for mandatory reporting were reviewed and updated and instead of suspicion indicators ‘hardwired’ in the Law FIU and supervisors received powers to issue specific risk criteria that are used by reporting entities to detect suspicious transactions.</p> <p>Namely, in the new AML/CFT Law Art. 6.2.4 obliges reporting entities to develop their own risk criteria and Art. 6.3. requires to take into account the risk criteria developed by the FIU and supervisors.</p> <p>So this gives FIU and supervisors enough flexibility to develop risk criteria in conformity with the nature and complexity of different types of obliged entities.</p>
Measures reported as of 6 December 2012 to implement the Recommendations of the report	<p>The provisions of paragraph 1.4 of the Resolution of the National Bank No 189 provide for that the organization of meeting the requirements of the AML/CFT laws of Ukraine shall comprise a set of measures aimed at ensuring appointment of the Compliance officer of the bank in accordance with the requirements of the AML/CFT laws of Ukraine, creation and operation of the intra-bank AML/CFT system, approval and continuous update of the internal documents of the bank on the financial monitoring execution and control of meeting the requirements of the AML/CFT laws. According to the provisions of paragraph 2.3 of the Resolution of the National Bank No 189 the bank shall elaborate and approve the internal documents on the financial monitoring execution, which shall be regularly updated with taking into account amendments to the laws of Ukraine and events that can influence ML/TF risks.</p> <p>The provisions of paragraph 5.4 of the Regulation on conducting financial monitoring by financial institutions approved by the Order of the State Financial Services Markets Regulation Commission of Ukraine dated 05.08.2003 N 25 stipulate that for determining measures taken during the identification, the reporting entity shall classify a risk taking into account the risk criteria defined by the SFMS of Ukraine.</p> <p>Criteria for the classification of risk clients can be developed on the basis of such information: resident / non-resident, the country of origin or the client's registration, persons involved in a client's financial transaction, object of the financial transaction, the duration of the business relationship with the reporting entity, social status or relationship with the state authorities, nature of the business activity, financial condition, reputation, and other indicators that can be used to determine the signs of risk.</p> <p>According to the customer classification criteria developed, a reporting entity shall establish categories of low risk customers that can be related to money laundering and terrorist financing, and high risk customers.</p> <p>A reporting entity shall define the customer's risk under the criteria developed prior to or when establishing business relationship on the basis of analysis of information regarding the purpose and nature of the business relationship with the institution, identification data and data on customer's owners, information on other members of the financial transaction.</p>

	<p>In the case of long-term business relationship with the institution information about the client can be clarified and the risk level may be changed.</p> <p>Paragraph 3 (2) of Section IV of the Regulation No 1155 and Regulation No 995 of the National Securities and Stock Market Commission stipulates that Criteria of client risk classification shall be set up on the base of the client characteristics: resident/non-resident, hosted state or client's registration; persons who participate in the client's financial transaction; financial transaction object; duration of business relations with the reporting entity; social status or relations with state power bodies; characteristics of business activity; financial state; reputation, other indexes which could be used for risk definition.</p>
<p>Measures taken to implement the recommendations since the adoption of the second progress report.</p>	<p>According to Para 6 Part 2 Art. 6 of the Law 2015[1] the primary financial monitoring entity is obliged to notify the State Financial Monitoring Service about:</p> <p>(a) the financial transactions which are subject to mandatory financial monitoring - within three working days from the day of their registration or attempt of their implementation;</p> <p>(b) the financial transactions which are subject to internal financial monitoring, as well as the information on its suspicions in relation to the activities of persons or their assets provided there is reason to believe that they are connected with a crime defined by the Criminal Code of Ukraine[3], - on the day of suspicion or sufficient grounds for suspicion or attempts to conduct the financial transactions, but no later than on the next working day from the date of registration of such financial transactions;</p> <p>(c) the financial transactions with respect to which there is reason to suspect that they are related to, or intended for financing terrorism or financing proliferation of weapons of mass destruction - on the day of their discovery, but no later than on the next working day from the date of registration of such financial transactions, as well as inform Law enforcement bodies of such financial transactions and their participants.</p> <p>The financial transaction is subject to mandatory financial monitoring if its amount equals or exceeds UAH 150,000 (for the economic entities which conduct lotteries or conduct and provide access to gambling in casinos, any other gambling games, including electronic (virtual) casino - UAH 30,000) or equals or exceeds the amount in foreign currency, precious metals, other assets which is equivalent to UAH 150,000 (for the economic entities which conduct lotteries or conduct and provide access to gambling in casinos, any other gambling games, including electronic (virtual) casino - UAH 30,000), and has one or more of the following indicators, according to Art. 15 the Law 2015 [1].</p> <p>As such, the Art. 16 the Law establish that the financial transaction is subject to internal financial monitoring provided the primary financial monitoring entity has suspicions based in particular on:</p> <p>the risk criteria which are determined by the primary financial monitoring entity by itself subject to the risk criteria established by the central executive body forming and ensuring the implementation of the state policy in the field of preventing and counteracting the legalization (laundering) of illegally derived income or financing terrorism;</p> <p>the facts established following the results of the analysis of the fact (facts) of the financial transactions mismatching the financial condition and/or the subject of the activity of the client;</p> <p>the typological researches in the field of preventing and counteracting the legalization (laundering) of illegally derived income, or financing terrorism, or financing proliferation of weapons of mass destruction, prepared and published by</p>

	<p>the specifically authorized body.</p> <p>Risks criteria establishing by the State Financial Monitoring Service of Ukraine (the Order from 03.2010 No. 126[170]). Moreover, the entities are obligated establish their risks criteria of legalization (laundering) proceeds from crime, terrorism financing and financing proliferation of weapons of mass destruction including special aspects of their activity (Para 4 Part 2 Art. 6 the the Law 2015 [1]).</p> <p>In 1 quarter 2015 according to Para 13 the Provision on the State Commission approved by the President of Ukraine on November 23, 2011 No. 1070, to ensure compliance Para 3 Part 2 Art. 14 the Law 2015 [1] designed the draft of Resolution "On Approval Criteria for assessing risk for primary financial monitoring entities, governmental regulation and supervision of exercising of the State Commission for Regulation of Financial Services Markets of Ukraine".</p> <p>Abovementioned project was designed for purpose of sorted carry out supervision in the area of preventing and counteracting the legalization (laundering) of illegally derived income, financing terrorism, and financing proliferation of weapons of mass destruction for the activities of primary financial monitoring entities (hereinafter - reporting entities), the supervision of which carries out the State Commission for Regulation of Financial Services Markets of Ukraine.</p> <p>The project is aimed at improving the state regulation of financial monitoring and regulation of state supervision (control) by conducting inspections determine degree of risk reporting entities and establishes frequency of supervision (control).</p> <p>According to subparagraph 2 Para 3 Chapter IV of the Provision № 995 [165] establish that Criteria of risks classification of clients designed according to customer profile: resident/ non resident; home country or registration of client; persons who participated in financial operation of client; subject of financial transaction; continuance of business relations with the primary financial monitoring entity; social status or relationship with the government; description of business activities; financial position; reputation other indicators that can be used to determine the risk.</p> <p>According to the requirements of the Law 2015 the primary financial monitoring entity is obligated ensure in its activities risk management methods and develop risk criteria.</p>
<p>Recommendation of the MONEYVAL Report</p>	<p><i>Ukraine should criminalize insider trading and market manipulation, so as to enable FIUs to report STRs based on the suspicion that a transaction might involve funds generated by the required range of criminal offences.</i></p>
<p>Measures reported as of 27 September 2010 to implement the Recommendation of the report</p>	<p>Ukrainian authorities are drafting amendments to the Criminal Code in order to include insider trading and market manipulation as predicate offences.</p>
<p>Measures reported as of 6 December 2012 to implement the Recommendations of the report</p>	<p>The Parliament of Ukraine passed the laws drafted to address the deficiencies under agreed with FATF Action plan, particularly on criminalizing market manipulation and insider trading according to the international standards. Both crimes are defined as predicate to money laundering. That are the following laws:</p> <p>the Law of Ukraine On amendments to the Law of Ukraine On Prevention and Counteraction to Legalization (Laundering) of the Proceeds of Crime or Terrorist Financing (on market manipulation) as of April 21, 2011 No 3267-VI that entered into force on May 19, 2011;</p> <p>the Law of Ukraine On amending some legislative acts of Ukraine on inside information as of April 22, 2011 No 3306-VI that entered into force on May 25,</p>

	2011.
Measures taken to implement the recommendations since the adoption of the second progress report.	<p>The Article 2221 of the Criminal Code of Ukraine [3] provides liability for the actions of an official participant of the stock market, with signs of manipulation on the stock exchange established in accordance with the Law of Ukraine on state regulation of securities market.</p> <p>For intentional unlawful disclosure, transfer or provide access to insider information, as well as to provide such information using the recommendations regarding the acquisition or disposal of securities or derivatives (derivatives) the Article 2321 of the Criminal Code of Ukraine [3] provides the liability.</p> <p>The Article 1638 of the Code of Ukraine on Administrative Offences [4] provides liability for official Stock Market deliberate acts with signs of manipulation on the stock exchange established in accordance with the law on state regulation of securities market.</p> <p>Moreover, during 2013 the National Securities and Stock Market Commission is actively monitored the actions of bidders and evaluated them for signs of manipulation of financial instruments. From 11 corporations in respect of which such work was carried out against four traders in securities was filed about violations on the securities of a premeditated action, with signs of manipulation in the stock market.</p> <p>The officials of the National Securities and Stock Market Commission in 2013 participated in 227 meetings of courts of different jurisdictions. The most high-profile cases related with the manipulation of the stock market, the courts of different jurisdictions number of decisions rendered in favor the National Securities and Stock Market Commission.</p> <p>The main tasks of the National Securities and Stock Market Commission during 2014 was updating the license conditions, due to the reduced regulatory the National Securities and Stock Market Commission in compliance with applicable laws and changes that took place in it.</p> <p>Thus, for the purpose of improvement of certain rules that governing the conditions of suspension and revocation of licenses and the settlement of certain issues relating to this procedure of decision of the National Securities and Stock Market Commission from 23.09.2014 No. 1246 "On Adoption of Changes to the Procedure for the suspension and revocation of licenses on certain types of professional activity in the stock market", registered in the Ministry of Justice of Ukraine on October 20, 2014 No. 1297/26074 [112]. The most important amendments adopted by the regulator are clarifying the grounds and reasons accordance of which the National Securities and Stock Market Commission may suspend the license of a professional stock market participant. This can happen if the inspection for signs of manipulation on the stock exchange, unlawful dissemination of insider information and using it for their own private gain or the private gain of others persons.</p> <p>During 2014 is continued conducted active work to prevent manipulation of the situation on the stock market. Thus, for this purpose the regulator was decided the National Securities and Stock Market Commission from 22.01.2014 No. 46 "On Amendments to the Procedure prevent price manipulation during carries out the transaction with securities on the stock exchange", registered in the Ministry of Justice of Ukraine on June 02, 2014 No. 239/25016.</p> <p>Also, with the purpose to review the position on the situation of price volatility and therefore the introduction of new concepts, such as: introduction of the concept of security liquidity criteria that will rank securities according to their degree of liquidity and will enable investors to manage the risks associated with buying - selling securities on stock exchanges, and make appropriate management decisions</p>

	<p>on profit regulator decided by the National Securities and Stock Market Commission from 04.11.2014 No. 1492 “On Amendments to the Regulation about functioning of stock exchanges”, registered in the Ministry of Justice of Ukraine on November 20, 2014 No. 1478/26255 [113].</p> <p>Also, during 2014 the officials of the National Securities and Stock Market Commission took part in 116 meeting of judges of different jurisdiction. The courts of different jurisdictions overwhelming number of decisions rendered in favor the National Securities and Stock Market Commission concerning with the most high-profile cases related to the manipulation of the stock market.</p> <p>In 2014 the National Securities and Stock Market Commission was carried out to determine whether the actions of individuals - participants of securities market signs of price manipulation in the stock market. In particular, analyzes 34 actions of participants of the securities market with shares of 19 issuers. In result of analysis raised five cases of violations in the securities market manipulation on the securities market, according to the review which issued 2 penalties by 170 000 UAH for each case.</p>
<p>Recommendation of the MONEYVAL Report</p>	<p><i>The law or regulation should provide for a definition of the financing of terrorism, as well as for suspicious indicators in relation to financing of terrorism.</i></p>
<p>Measures reported as of 27 September 2010 to implement the Recommendation of the report</p>	<p>The Article 1 of the AML/CFT Law provides definition of “terrorist financing” – providing or collection of funds or providing financial services being aware of that funds and services are aimed to organize, preparation and committing terrorist act, specified by the Criminal code of Ukraine”.</p> <p>Nevertheless it should be mentioned that according to <i>the Resolution of the Cabinet of Ministers of Ukraine On Adopting the Procedure of Composing of the List of Persons Related to Terrorist Activities or with Regard to Whom International Sanctions are Applied as of August 18, 2010 No 745</i>, SFMS of Ukraine composes the list of persons connected with terrorist activity, which is an indicator of suspicion in terrorist financing.</p> <p>According to the <i>Order of SFMS of Ukraine № 84</i>, SFMS of Ukraine must directly submit every reporting entity with stated List of terrorists.</p> <p>Stated list is one of sources of indicators of suspicion in terrorist financing.</p> <p>Meanwhile, under the <i>Article 17 part 8</i> of the AML/CFT Law SFMS of Ukraine must supply reporting entities with the List of persons connected with conducting terrorist activity or concerning which the international sanctions were applied.</p>
<p>Measures reported as of 6 December 2012 to implement the Recommendations of the report</p>	<p>The Article 1 of the AML/CFT Law provides definition of “terrorist financing” – providing or collection of funds or providing financial services being aware of that funds and services are aimed to organize, preparation and committing terrorist act, specified by the Criminal code of Ukraine”.</p> <p>Nevertheless it should be mentioned that according to <i>the Resolution of the Cabinet of Ministers of Ukraine On Adopting the Procedure of Composing of the List of Persons Related to Terrorist Activities or with Regard to Whom International Sanctions are Applied as of August 18, 2010 No 745</i>, SFMS of Ukraine composes the list of persons connected with terrorist activity, which is an indicator of suspicion in terrorist financing.</p> <p>According to the <i>Order of SFMS of Ukraine № 84</i>, SFMS of Ukraine must directly submit every reporting entity with stated List of terrorists.</p> <p>Stated list is one of sources of indicators of suspicion in terrorist financing.</p> <p>Meanwhile, under the <i>Article 17 part 8</i> of the AML/CFT Law SFMS of Ukraine must supply reporting entities with the List of persons connected with conducting terrorist activity or concerning which the international sanctions were applied.</p>

<p>Measures taken to implement the recommendations since the adoption of the second progress report.</p>	<p>According to Para 50 Art.1 of the Law 2015 [1] financing terrorist - providing or collecting any assets with the knowledge that they will be used wholly or partly: for any purpose by a terrorist, terrorist group or terrorist organization; to organize, prepare and commit by a terrorist, terrorist group or terrorist organization defined in the Criminal Code of Ukraine [3], terrorist act, engaging into committing an act of terrorism, public incitement to committing a terrorist act, creating a terrorist group or terrorist organization, assisting in committing a terrorist act, running any other terrorist activity, as well as attempting to commit such acts.</p> <p>Article 2585 of the Criminal Code of Ukraine [3] provides the liability for terrorist financing, dispositions of which defines terrorist financing as acts committed with the purpose of financial or material support of individual terrorist or terrorist group (organization), organization, preparation or commission of terrorist acts, involvement in commit a terrorist act, public incitement to commit a terrorist act, facilitate the commission of a terrorist act, the creation of a terrorist group (organization).</p> <p>One of the resource of identification of suspected terrorist financing is a list of persons related to terrorist activity or for which international sanctions are applied, which is formed and approved by the State Financial Monitoring Service of Ukraine.</p> <p>List of persons (changes thereto) informed by FIU Ukraine to primary financial monitoring entities through the official web site of FIU Ukraine (Procedure for making available to the primary financial monitoring entities list of persons related to terrorist activity or for which applied international sanctions, approved by the Ministry of Finance of Ukraine on December 04, 2012 No. 1272 [89]).</p>
<p>Recommendation of the MONEYVAL Report</p>	<p><i>Although the Basic Law provides for coverage of certain forms of attempted transactions, there needs to be an explicit legal requirement that will require reporting of all types of attempted transactions, not just the one that have been refused by the obliged entities</i></p>
<p>Measures reported as of 27 September 2010 to implement the Recommendation of the report</p>	<p>The <i>Article 6 of the AML/CFT Law</i> provides that reporting entity is obliged to detect financial transactions subjected to financial monitoring before, in the process, immediately after it was conducted and in attempt to conduct it or after client refused to conduct it <i>Article 6 part 2 (3, 5)</i> and must inform SFMS of Ukraine.</p> <p>Moreover, New AML/CFT Law provides that reporting entity must refuse to set business relations or conduct financial transaction in case if client identification could not be made according to the legislation, except transactions to deposit funds on account of such client. In such cases reporting entity must inform Specially authorized authority about conducting of such transactions and persons which had an intention to carry them out within one working day (Article 10 part 1).</p>
<p>Measures reported as of 6 December 2012 to implement the Recommendations of the report</p>	<p>N/A</p>
<p>Measures taken to implement the recommendations since the adoption of the second progress report.</p>	<p>According to Art. 6 the Law 2015 [1] the primary financial monitoring entity is obliged to ensuring the detection of the financial transactions which are subject to financial monitoring, before, during, and on the day of suspicion, after or while they are conducted, or after the client refuses to conduct them (Para 3 Part 2 Art. 6) and must be notify the State Financial Monitoring Service of Ukraine.</p> <p>At this time, the primary financial monitoring entity is obliged must be notify the State Financial Monitoring Service of Ukraine on the financial transactions which are subject to internal financial monitoring, as well as the information on its suspicions in relation to the activities of persons or their assets provided there is</p>

	<p>reason to believe that they are connected with a crime defined by the Criminal Code of Ukraine[3], - on the day of suspicion or sufficient grounds for suspicion or attempts to conduct the financial transactions, but no later than on the next working day from the date of registration of such financial transactions.</p> <p>Moreover, by the Law 2015 [1] defined that the primary financial monitoring entity is obliged refuse to establish business relationships or performing a financial transaction in a case if provided the identification of the client according to legislative requirements is impossible, except for the transaction on crediting the money which is received in the account of such client. In that case, the primary financial monitoring entity is obliged during one working day inform the State Financial Monitoring Service of Ukraine on performed of such operations and the individuals who intend or intended to establish business relations and/or conduct financial transactions (Part 1 Art. 10 the Law 2015 [1]).</p>
Recommendation of the MONEYVAL Report	<i>Authorities should reconsider harmonizing the existing regulatory framework to ensure uniform implementation of the reporting regime, especially regarding the period for submitting reports to the SFMS</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	<p>The AML/CFT Law sets unified reporting regime for all reporting entities. Thus, the <i>Article 6 of the AML/CFT Law</i> foresees that reporting entity is obliged to</p> <p>6) inform SFMS of Ukraine about:</p> <p>a) financial transaction subject to compulsory financial monitoring within three working days from the moment of its registration;</p> <p>b) financial transaction subject to compulsory financial monitoring if concerning which are sufficient ground for suspicion that they may be connected with legalization (laundering) of the proceeds from crime or terrorist financing within ten working days from the moment of its registration;</p> <p>c) detected financial transactions concerning which is sufficient ground for suspicion that they may be connected referred or aimed for terrorist financing in day of their detection and inform the designated law enforcement agency.</p>
Measures reported as of 6 December 2012 to implement the Recommendations of the report	N/A
Measures taken to implement the recommendations since the adoption of the second progress report.	<p>The Law 2015 [1] establishes mandatory reporting to all primary financial monitoring entities.</p> <p>Thus, according to Art. 6 the Law 2015 [1] establish that the primary financial monitoring entity is obliged notify the specifically authorized body on:</p> <p>a) the financial transactions which are subject to mandatory financial monitoring - within three working days from the day of their registration or attempt of their implementation;</p> <p>b) the financial transactions which are subject to internal financial monitoring, as well as the information on its suspicions in relation to the activities of persons or their assets provided there is reason to believe that they are connected with a crime defined by the Criminal Code of Ukraine [3], - on the day of suspicion or sufficient grounds for suspicion or attempts to conduct the financial transactions, but no later than on the next working day from the date of registration of such financial transactions;</p> <p>(c) the financial transactions with respect to which there is reason to suspect that they are related to, or intended for financing terrorism or financing proliferation of weapons of mass destruction - on the day of their discovery, but no later than on the</p>

	next working day from the date of registration of such financial transactions, as well as inform Law enforcement bodies of such financial transactions and their participants.
Recommendation of the MONEYVAL Report	<i>The predominance of STRs from compulsory financial monitoring indicates a lack of risk-based approach to monitoring and reporting of suspicious transactions to the SFMS and raises concerns as to effective implementation. The system could benefit from a higher awareness of the AML/CFT regime outside the banking sector, which could be raised through an enhanced training programme</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	<p>In order to improve coordination and methodical support of reporting entities on AML/CFT in 2009 experts of SFMS of Ukraine participated in organization and organization of 304 training events for 7993 representatives of banking and non-banking institutions and law enforcement and other state authorities. All training seminars containing issue of “Risk management of money laundering of the proceeds from crime and terrorist financing” for entities of initial financial monitoring.</p> <p>Training center of SFMS of Ukraine on June 20, 2008 elaborated and implemented training programs for reporting entities which contains the lecture on “Risk management of money laundering of the proceeds from crime and terrorist financing” for reporting entities”. The above mentioned topic is included to the Typical training program on issues of financial monitoring for professionals of financial services market.</p> <p>Training program for professionals of financial monitoring of professional participants of securities market (Decision of Commission as of 19.07.2005 No. 438) among other contain following topics: international cooperation and international standards in AML/CFT area; the FATF 40 Recommendations and FATF 9 Special Recommendation: structure and content; EU AML/CFT legislation; organization of financial monitoring by reporting entities; financial transaction subject to obligatory and internal financial monitoring; requirement to procedure of detection financial transactions subject to financial monitoring; requirement to the rules of conducting internal financial monitoring and programs of its conducting etc.</p>
Measures reported as of 6 December 2012 to implement the Recommendations of the report	<p>During training the officials of the reporting entities, including non-bank institutions the SFMS of Ukraine pays special attention to the issue on how to identify financial transactions subject to financial monitoring and high risk transactions.</p> <p>In 2012 the National Financial Services Market Regulation Commission concluded 4 agreements with the educational institutions for training Compliance officers in AML/CFT area.</p> <p>This issue is also regulated by the Decision of the National Securities and Stock Market Commission dated 19.07.2005 No 438. Besides, the Decision dated 07.04.10 No 383 introduced amendments to the Decision No 438 under which risks management issue was included into the training program.</p> <p>The provisions of paragraph 2.13 of the Resolution of the National Bank No 189 provide for that in order to ensure the due level of staff preparation for prevention of the criminal proceeds legalization/terrorism financing the bank shall elaborate and implement the Program of training and professional development of bank employees (hereinafter - the Training Program).</p> <p>The Training Program shall be compiled with taking into account the fact that the basic condition of successful AML/CFT activity of the bank is direct participation of each employee (within his/her cognizance) in the process in question. In accordance with the Training Program every year the bank shall elaborate plans of training and professional development of the bank employees and ensure the verification of results with regard to the knowledge acquired by the bank employees.</p> <p>The Training Program shall, inter alia, include the following:</p>

	<p>a) measures aimed at organization of training the employees depending on their official duties in the following areas:</p> <ul style="list-style-type: none"> familiarization of the employees with the laws of Ukraine and international documents, recommendations of the Basel Committee on Banking Supervision related to prevention of the criminal proceeds legalization/terrorism financing; adoption of internal documents of the bank on financial monitoring execution by the employees; practical training for implementation of the internal documents of the bank on financial monitoring execution; <p>b) measures aimed at organization of professional development of the bank employees in the issues connected with prevention of the criminal proceeds legalization/terrorism financing in the following areas:</p> <ul style="list-style-type: none"> scrutiny of the recent experience in detection of customers' financial transactions liable to be linked with the criminal proceeds legalization/terrorism financing (their typology, schemes); familiarization with the means and techniques of study of the customers and verification of the information related to identification of them; <p>The bank employee responsible for the financial monitoring execution with regard to the transactions with securities, should the bank deal professionally in the securities market, shall be trained and professionally developed with regard to prevention of the criminal proceeds legalization/terrorism financing according to the requirements of the National Securities and Stock Market Commission.</p> <p>During the period from 2011 till 2012 the National Bank of Ukraine held the following workshops for the reporting entities in order to prevent the bank system being used for ML/TF:</p> <ol style="list-style-type: none"> 1. Urgent issues of financial monitoring under a new edition of the Regulation on conducting financial monitoring; 2. Urgent issues of organization of financial monitoring in the bank. <p>In accordance with the provisions of paragraph 7.1 of the Regulation on conducting financial monitoring by financial institutions approved by the Order of the State Financial Services Markets Regulation Commission of Ukraine dated 05.08.2003 N 25 the reporting entities shall ensure detection of financial transactions subject to compulsory financial monitoring, internal financial monitoring, and those that can be linked, related or intended for terrorist financing basing on:</p> <p>indicators of financial transactions in accordance with the Basic Law subject to compulsory financial monitoring;</p> <ul style="list-style-type: none"> - indicators of financial transactions in accordance with the Basic Law subject to internal financial monitoring; - typologies of AML/CFT international organizations; - assessment of risk of financial transactions being used for money laundering and terrorist financing. <p>According to paragraph 3.4 of the Regulation training of the employees of financial institutions on financial monitoring, based on their job responsibilities is carried out through educational events, in particular regarding:</p> <ul style="list-style-type: none"> - increasing awareness of the employees about the legislation of Ukraine and AML/CFT international instruments (the FATF Recommendations, typologies of international organizations, etc.); - increasing awareness of the employees about the internal documents on the financial monitoring; - implementation of practical measures of financial monitoring; - learning of best practices in identifying transactions that may be related to money
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	<p>laundering and financing of terrorism;</p> <ul style="list-style-type: none"> - increasing awareness of the employees about the means and methods of studying customers and verification of the identification information; - increasing awareness of the employees about the procedure of the AML/CFT risk management, including through workshops on risk assessment, taking into account established risk criteria. <p>Moreover, in 2012 the National Financial Services Market Regulation Commission concluded 4 agreements with the educational institutions to ensure training of Compliance officers in the AML/CFT area.</p> <p>This issue is regulated by the Decision of the National Securities and Stock Market Commission dated 19.07.2005 № 438.</p> <p>Besides, the Decision of the NSSMC dated 07.04.10 No 383 amended the Decision No 438 under which the risk management was included to the training program.</p>
<p>Measures taken to implement the recommendations since the adoption of the second progress report.</p>	<p>According to Part 4 Art. 6 the Law 2015 [1] the primary financial monitoring entity is obliged to establish high risk, in particular, with respect to the following clients:</p> <ul style="list-style-type: none"> the clients residing (staying, being registered) in the state which does not use or does not adequately use the recommendations of the group for developing financial measures to combat money laundering (FATF) and other international organizations which conduct activities in the field of preventing and counteracting the legalization (laundering) of illegally derived income and financing terrorism; foreign financial institutions (except for the financial institutions which are registered in the Member States of the European Union, the Member States of the group for developing financial measures to combat money laundering (FATF) with which correspondent relations are established; national and foreign public figures and the figures who perform political functions in international organizations, or related entities to which the client or the person acting on its behalf is found to belong according to the decision of the primary financial monitoring entity; the clients who are added to the list of the persons related to terrorist activity, or on which international sanctions are imposed. <p>5.The primary financial monitoring entity is obliged to take the following additional measures to high-risk clients:</p> <ol style="list-style-type: none"> 1)with respect to a foreign financial institution with which correspondent relations are established in the manner prescribed by the respective state financial monitoring entity which according to this Law performs the functions of state regulation and supervision over the primary financial monitoring entity: <ol style="list-style-type: none"> a) ensure that the information on its reputation is collected, as well as determine if the foreign financial institution was subject to any measures (sanctions) taken by the body which carries out state regulation and supervision over its activities in the field of preventing and counteracting the legalization (laundering) of illegally derived income and financing terrorism; b) establish what measures the foreign financial institution takes to prevent and counteract the legalization (laundering) of illegally derived income, financing terrorism, and financing proliferation of weapons of mass destruction; c) determine on the basis of the received information the sufficiency and effectiveness of the measures which the foreign financial institution takes to combat the legalization (laundering) of illegally derived income and financing terrorism and financing proliferation of weapons of mass destruction; d) open correspondent accounts for the foreign financial institution and in foreign financial institutions upon permission of the head of the primary financial monitoring

entity;

2)with respect to national and foreign public figures and the figures which perform political functions in international organizations, their close or related persons (the related persons are the persons with whom the family members of the national and foreign public figures and the figures who perform political functions in international organizations have business or personal relations, as well as the legal entities whose ultimate beneficiaries are the owners (controllers) are such figures or their family members or the persons with whom such figures have business or personal relations):

a) identify, according to internal documents on financial monitoring if the client or the person acting on its behalf belongs to the specified category of clients during their identification, verification and service, as well as if they are the ultimate beneficial owners (controllers) or heads of legal entities;

b) establish upon permission of the head of the primary financial monitoring entity business relations with such persons;

c) before or while business relations are established, take measures to determine the origin of the funds of such persons on the basis of the documents received from them and/or the information from other sources provided such information is public (open) to confirm the origin of their assets, the rights to such assets, etc.;

d) conduct subject to the recommendations of the respective state financial monitoring entity which in accordance with this Law [1] performs the functions of state regulation and supervision over the primary financial monitoring entity, primary financial monitoring of the financial transactions for which such persons are participants or beneficiaries in the manner determined for high risk clients;

e) at least every year update the information on the client.

Moreover the abovementioned measures provided by this Clause, insurers (reinsurers), and insurance (reinsurance) brokers also take measures to establish if such person is the beneficiary under the life insurance agreement (policy). If it is established that such person is the beneficiary in terms of the insurance payments under such policy, the head of the primary financial monitoring entity is informed, and a detail verification of the client holding such insurance policy is performed. Following the results of such verification the decision is made as to informing the specifically authorized body.

In addition, FIU Ukraine during training of senior officials of reporting entities on the basis of the Training Center of the State Financial Monitoring Service of Ukraine, special attention is given to the use of a risk based approach to take preventive measures, including awareness of suspicious financial transactions and their participants according to internal financial monitoring.

During 2010-2014 in the Training Center trained 5,112 representatives of state and initial monitoring entities, such us:

- 863 representatives of financial monitoring entities and others states bodies.
- 1889 representatives of law enforcement and judicial bodies.
- 2360 experts of primary financial monitoring entity.

In 2013-2015 the National Bank of Ukraine for primary financial monitoring entities (banks of Ukraine) to prevent use of the banking system for legalization (laundering) of proceeds from crime or financing of terrorism held 9 seminars and round tables for chairmen of boards of banks or employees responsible for conducting financial monitoring of banks Ukraine on the theme: "Actual issues of organization of financial monitoring in the bank", "Organization of financial monitoring in the bank" and on application of the Law on financial monitoring.

During 2012 - 2014 the State Commission for Regulation of Financial Services Markets of Ukraine concluded cooperation agreements on training employees

	<p>responsible for financial monitoring (by passing appropriate training in conducting examinations) with six universities.</p> <p>In 2012 the 364 learner of the primary financial monitoring entities have training and received a relevant certificate.</p> <p>In 2013 the 565 learner of the primary financial monitoring entities have training and received a relevant certificate.</p> <p>In 2014 the 809 learner of the primary financial monitoring entities have training and received a relevant certificate.</p> <p>In I quarter 2015 the 98 learner of the primary financial monitoring entities have training and received a relevant certificate.</p> <p>The officials of the State Commission for Regulation of Financial Services Markets of Ukraine are permanently participating in work of examination board and running organizational arrangements (workshops, “round tables”, lectures, interagency working groups, etc.) on actual issues of legislation enforcement by reporting entities in AML/CFT area.</p> <p>During 2012 - I quarter 2015 the State Commission for Regulation of Financial Services Markets of Ukraine had participated more than 368 organizational arrangements on financial monitoring.</p> <p>Decision of the National Securities and Stock Market Commission from November 06, 2012 No. 1591 approved a Program of training of experts on financial monitoring of professional participants of the securities market, which, among other things, included the following issues [114]:</p> <ul style="list-style-type: none"> risks management and their assessment, measures on risk mitigation; carries out of internal financial monitoring with using the risk criterion.
<p>(Other) changes since the second progress report (e.g. draft laws, draft regulations or draft “other enforceable means” and other relevant initiatives</p>	
<p>Recommendation 13 (Suspicious transaction reporting) II. Regarding DNFBP³</p>	
<p>Recommendation of the MONEYVAL Report</p>	<p><i>The scope of the Basic law needs to be enhanced so as to bring all types of DNFBP under the STR regime. In the context of Recommendation 13, the reporting of DNFBP should be additionally altered by elevating the existing constrain of Article 8 of the Basic Law, which relates the suspicious reporting only with execution of financial transactions</i></p>
<p>Measures reported as of 27 September 2010 to implement the Recommendation of the report</p>	<p>Under the Article 5 part 8 of the AML/CFT Law specially designated reporting entities are following:</p> <ul style="list-style-type: none"> a) real estate traders (realtors); b) business entities conducting trade of precious stones and precious stones and goods made of them; c) pawn-shops, business entities conducting lottery and gambling games, in particular casinos, electronic (virtual) casino; d) notaries, lawyers, legal entities and natural of business undertakings providing legal services (except persons providing services in the framework of labor

³ i.e. part of Recommendation 16.

legal relations) in cases foreseen by the Article 6 and 8 of this Law;

e) auditors, auditing companies, entities of business undertakings providing accounting services concerning transactions foreseen by the Article 6 and 8 of this Law;

f) natural persons of business undertakings providing and legal entities conducting financial transaction with goods for cash under condition that the sum of transaction in equal or exceed the sum defined by the part one of the Article 15 of this Law, in cases foreseen by the Article 6 and 8 of this Law».

Article 8 of the AMLCFT Law provides for that fulfillment of the obligations of the reporting entity shall be ensured by lawyers, notaries, legal entities undertakings providing legal services, auditors, auditing companies, business entities providing accounting services if they participate in preparing or conducting transaction on:

- purchase-sale of real estate;
- clients' assets management;
- bank accounts and securities management;
- organization of depositing assets for establishment of legal entities, ensuring their activity or management.
- purchase-sale of legal entities.

Execution of reporting entities obligations shall be ensured by business entities providing intermediary services during execution of transactions on purchase-sale of real estate, preparation and execution of deeds on purchase and sale of real estate if the amount of such transaction equals or exceeds UAH 400 000 or equals or exceeds the amount in foreign currency equivalent to UAH 400 000.

Execution of reporting entities obligations shall be ensured by business entities providing trading in cash of precious metals and precious stones and products of them if the amount of financial transaction equals or exceeds the amount provided in the part one of the Article 15 of the current Law while executing transactions with high value goods (especially with precious metals, antique goods, works of art etc) or organization trading with such goods including auctions.

Execution of reporting entities obligations shall be ensured by business entities providing lotteries and gambling including casino, electronic (virtual) casino, while executing financial transactions related to receiving or returning stakes or payment of wins.

Execution of reporting entities obligations shall be ensured by natural persons - business entities providing financial transactions in cash with goods (executing works, providing services) if the amount of such financial transaction equals or exceeds the sum provided in part one of the Article 15 of the Law in cases foreseen by Articles 6 and 8 of the current Law.

The *Article 1 part 1 (4) of the AML/CFT Law* provides for that the financial transaction shall mean any actions with regard to the assets taken with the assistance of reporting entity that includes the attempt.

Besides, the *Article 6 of AML/CFT Law* provides for that a reporting entity shall ensure detection of financial transactions, subject to financial monitoring, prior to its execution, in the process of its execution, in the day of suspicions arise, after execution, or in attempted transaction or if the client refused its conduction (Article 6 part 2 (3, 6)) shall notify SFMS of Ukraine.

The provisions of the Article 6 of the AML/CFT Law provides for that a reporting entity is obliged to inform SFMSU on:

- a) business day after the date of such transactions registration or attempt to conduct;
- b) financial transactions subject to internal financial monitoring in case of reasonable suspicion that they are connected with legalization of the proceeds from crime – on

	<p>the day of suspicions arise but not later than in ten business days from them moment of such transactions registration or attempt to conduct;</p> <p>c) detected financial transactions, subject to reasonable suspicion that they are connected with, related or intended for terrorist financing on the day of detection or attempt to conduct and inform relevant law enforcement agencies designated by the law.</p> <p>Moreover, the AML/CFT Law provides that reporting entity must refuse to set business relations or conduct financial transaction in case if client identification could not be made according to the legislation, except transactions to deposit funds on account of such client. In such cases reporting entity must inform Specially authorized authority about conducting of such transactions and persons, which had an intention to carry them out within one working day (<i>Article 10 part 1</i>).</p> <p>Thus, the AML/CFT Law contains extended requirements, stated in the Article 8 of the AML/CFT Law concerning submitting of reports not only on financial transactions, but also concerning attempts to conduct them.</p>
<p>Measures reported as of 6 December 2012 to implement the Recommendations of the report</p>	<p>N/A</p>
<p>Measures taken to implement the recommendations since the adoption of the second progress report.</p>	<p>According to Part. 38 Art. 1 the Law 2015 [1] designated that an attempt to effect a financial transaction - the client or the person acting in its interests taking the actions aiming at carrying out financial transactions, provided such financial operation is not carried out on the initiative of the client.</p> <p>According to Para 6 Art. 6 the Law 2015 [1] the primary financial monitoring entity as to the non-profit organizations, including identified non-financing entities and enterprise are obliged to notify the State Financial Monitoring Service of Ukraine about financial transactions which are subject to internal financial monitoring, as well as the information on its suspicions in relation to the activities of persons or their assets provided there is reason to believe that they are connected with a crime defined by the Criminal Code of Ukraine [3], - on the day of suspicion or sufficient grounds for suspicion or attempts to conduct the financial transactions, but no later than on the next working day from the date of registration of such financial transactions.</p> <p>According to Art. 8 the Law 2015 [1] the specifically identified primary financial monitoring entities are:</p> <p>lawyers, Law offices and associations, notaries, and the persons who provide legal services, auditors, audit firms, economic entities which provide accounting services provided such services are used in the financial transactions of the client, and related to:</p> <ul style="list-style-type: none"> purchasing and selling real estate; managing the client's assets; managing a bank account or a security account; raising funds to form legal entities, ensure their activities and manage them; forming legal entities, ensuring that they operate (including audit) or manage them, as well as purchase legal entities (corporate rights). business entities which provide intermediary services during purchase - sale of real estate, during prepared and/or implemented to purchase real estate; economic entities which trade precious metals and precious stones and jewelry made of them for cash provided the amount of the financial transaction equals or

exceeds the amount determined by Part 1 Article 15 [1] of this Law, and in case financial operations are performed with high value items (in particular with precious metals, precious stones, antique items, objects of art, etc.), or while the purchase of such items is organized, including by way of auctions.

Economic entities which which conduct lotteries and gambling, including casinos, electronic (virtual) casino while the financial transactions associated with accepting or returning bets or payoffs;

According to Para 47 Part 1 Art. 1 the Law 2015 [1] the financial transaction is any actions concerning the assets of the client which are taken with the help of the primary financial monitoring entity, or of which the state financial monitoring entity learns in the framework of implementing this Law.

According to Art.6 the Law 2015 [1] designated that the the primary financial monitoring entity is obliged to notify the specially authorized organ of:

(a) the financial transactions which are subject to mandatory financial monitoring - within three working days from the day of their registration or attempt of their implementation;

(b) the financial transactions which are subject to internal financial monitoring, as well as the information on its suspicions in relation to the activities of persons or their assets provided there is reason to believe that they are connected with a crime defined by the Criminal Code of Ukraine [3], - on the day of suspicion or sufficient grounds for suspicion or attempts to conduct the financial transactions, but no later than on the next working day from the date of registration of such financial transactions;

(c) the financial transactions with respect to which there is reason to suspect that they are related to, or intended for financing terrorism or financing proliferation of weapons of mass destruction - on the day of their discovery, but no later than on the next working day from the date of registration of such financial transactions, as well as inform law enforcement bodies of such financial transactions and their participants.

Moreover, according to Part 1 Art. 10 the Law 2015 [1] the primary financial monitoring entity is obliged to:

refuse to establish (keep) business relationships (including by way of canceling business relations) or performing a financial transaction provided the identification and/or verification of the client (including the establishment of the data which enable to determine the ultimate beneficial owners (controllers) is impossible or provided the primary financial monitoring entity has reason to doubt that the person acts on its own behalf;

refuse to make a money transfer if the data provided by parts 12 and 13 Article 9 of this Law [1] are not available;

refuse to service the client (including by way of canceling business relations) provided it is found to submit false information during its identification and/or verification (the client's detail verification) or any misleading information to the primary financial monitoring entity.

The primary financial monitoring entity may refuse to:

effect a financial transaction provided the financial operation contains any indicators of a transaction subject to financial monitoring under this Law [1];

establish (keep) business relations (including by way of canceling business relations) or conducting a financial transaction provided the client fails to provide the documents or information which are necessary to examination, or provided the client is found to have unacceptably high risk following the results of risk assessment or reassessment.

	<p>In the cases provided by this Part of the Article, the primary financial monitoring entity is obliged within one working day, but no later than on the next working day from the date of refusal, notify the specifically authorized body on crediting the money which is received in the account of such client, and on the individuals who intend or intended to establish business relations and/or conduct financial transaction.</p>
<p>Recommendation of the MONEYVAL Report</p>	<p><i>More outreach to this sector is necessary, particularly by providing training and guidance</i></p>
<p>Measures reported as of 27 September 2010 to implement the Recommendation of the report</p>	<p>Thus, in the First half year of 2010 the SFMS of Ukraine organized and held 10 working meetings in order to find out challenges connected with fulfillment of the Law by the reporting entities: real estate agents, precious stones and jewelers dealers, antiques and works of art dealers, reporting entities conducting lotteries, providing accounting services, legal and auditory services, notaries, lawyers, natural persons-entrepreneurs providing legal services, auditors (hereinafter non financial businesses). These working meetings were attended by the representatives (top rank officials) of the state agencies, particularly of the Ministry of Finance of Ukraine, the Ministry of Justice of Ukraine, the Ministry of Economics of Ukraine, the Ministry of Transport and Communication of Ukraine and public and other interested organizations, namely Union of Lawyers of Ukraine, Auditory Chamber of Ukraine, Association of Real Estates Agents and Ukrainian Notary Chamber and others. During these meetings a wide range of issues related to fulfillment of the Law by DNFBPs was considered.</p> <p>SFMS signed MOUs with such DNFBPs associations, as Professional association of financial companies managers (November 2008), International public organization “International Antiterrorist Unity” (February 2010), Association of real-estate professionals (realtors) of Ukraine (June 2010). During the July-August SFMS and Association of Realtors conducted 7 workshops covering all regions of Ukraine.</p> <p>The appropriate training and methodical assistance under the new AML/CFT Law will be provided for DNFBPs in the framework of IMF technical assistance project – startup training in Kyiv was conducted on May 26.</p>
<p>Measures reported as of 6 December 2012 to implement the Recommendations of the report</p>	<p>According to the Basic Law Training Center of the SFMS of Ukraine conducts training for the representatives of the reporting entities in the AML/CFT area. Training Center provides training for the following categories of the reporting entities like:</p> <ol style="list-style-type: none"> 1) insurers (reinsurers), credit unions, pawnshops and other financial institutions; 2) commodity, stock and other exchanges; 3) asset management companies; 4) other professional actors of the securities market; 5) specifically designated reporting entities: <ol style="list-style-type: none"> a) business entities that provide mediation services when dealing with the purchase and sale of real estate; b) entities which trade cash for precious metals and precious stones and products made out of them, if the amount of financial transaction equals or exceeds the amount specified by the Article 15 of this Law; c) individuals - entrepreneurs and legal entities that conduct financial transactions with goods (work, services) for cash, provided that the amount of such transaction is equal to or exceeds the amount specified in part one of the Article 15 of the Basic Law in the cases provided for in the Articles 6 and 8 of the Basic Law; 6) other legal entities, which by their legal status, are not financial institutions, but

provide certain financial services.

These categories of students are trained at the Center under the following programs of professional development:

- Training on financial monitoring for professional actors of the stock market;
- Training on financial monitoring for financial services market participants;
- Training for Compliance officers of the reporting entities, regulated and supervised by the SFMS of Ukraine;
- Training for Compliance officers of trade and other exchanges that conduct financial transactions with goods, regulated and supervised by the Ministry of Economic Development and Trade of Ukraine (training program launched in 2012).

Over the past three years the number of representatives of the reporting entities who have been trained at the Center has increased.

In 2010, the Training Center conducted a study for 405 Compliance officers of the reporting entities, namely:

- Financial services market participants - 328 persons
- Professional securities market participants - 27 persons
- Business entities that provide mediation services when dealing with the purchase and sale of real property - 50 persons.

In 2011, the Training Center provided training for 540 Compliance officers of the reporting entities, namely:

- Financial services market participants - 461 persons;
- Business entities that provide mediation services when dealing with the purchase and sale of real property - 79 people.

During the first 9 months of 2012, the Training Center trained 276 Compliance officers of the reporting entities, namely:

- Financial services market participants - 241 persons;
- Businesses that provide mediation services when dealing with the purchase and sale of real property - 22 persons;
- Trade and other exchanges that conduct financial transactions with goods - 13 persons.

The representatives of the SFMS of Ukraine are involved in the organization of training events for the reporting entities on a regular basis. In order to coordinate and provide methodical assistance for the reporting entities in the AML/CFT area, during 2010 the SFMS of Ukraine and the entities of state financial monitoring organized and conducted 230 training events including for the above mentioned categories of the reporting entities. In 2010 the SFMS of Ukraine officials also prepared and sent 3,637 explanation methodical letters for the reporting entities. The SFMS officials provided 30 - 40 hot line consultations for the reporting entities on a daily basis on how to apply the AML/CFT legislation.

In order to provide methodological, methodical guidance and other assistance to reporting entities in the AML/CFT area in 2011 the SFMS of Ukraine experts provided the following:

- Conducted 47 training events, where more than 2,000 persons took part;
- Training of 540 representatives of the reporting entities and 611 government officials in the Training Center of SFMS of Ukraine;
- Providing more than 6000 hot line consultations to the reporting entities;
- Sending to the reporting entities about 500 methodical letters.

During the first 9 months of 2012 the SFMS of Ukraine officials participated as speakers in 35 educational arrangements that have been organized, including the Institute of Postgraduate Studies and Business, International Academy of Finance and Investment of Commerce Chamber of Ukraine, Kyiv Interdisciplinary Institute

for Higher Education, the Academy of Financial Management, The National Center for bank employees training.

These events were attended by more than 1,300 people – the representatives of financial institutions and specially designated reporting entities.

During this period the SFMS officials provided more than 5 000 hot line consultations for the reporting entities.

During the first 9 months of 2012 the Interaction and Financial Monitoring Coordination Department of the SFMS of Ukraine organized and held 12 working meetings with representatives of organizations that unite entities and SROs.

For example, in February 2012 a working meeting with representatives of the Ukrainian Association of Automobile Importers and Dealers was held to discuss the responsibilities of businesses that sell cars for cash in an amount that equals or exceeds UAH 150 thousand.

In February 2012 a working meeting with the representatives of Financial Management Academy and Kharkiv regional branch of the Union of Auditors of Ukraine on the topic "The Auditor as a reporting entity" was also held.

On February 28, 2012 the representatives of the Interaction Department of the SFMS of Ukraine participated in a roundtable discussion on "Opportunities and challenges in the implementation of internal audit in the branch management systems", organized by the Guild of Professional Internal Auditors of Ukraine.

On March 14, 2012 the representatives of the Interaction Department of the SFMS participated in the meeting held by the European Business Association, on the application of Article 24 of the Law of Ukraine On State Registration of Legal Entities and Individual Entrepreneurs.

On May 18, 2012 and September 11, 2012 the representatives of the SFMS of Ukraine took part in the seminar for notaries on the following topic "Notary as a reporting entity", organized by the Chamber of Notaries Ukrainian in Donetsk.

In general, the State Financial Monitoring Service of Ukraine has organized and held or taken part in 10 working meetings with the representatives of organizations that unite the reporting entities and SROs.

Furthermore, there was organized and held three meetings of the Working Group aimed at consideration of acute issues of the reporting entities - non-banking institutions and analysis of the effectiveness of the measures taken to prevent the legalization (laundering) and terrorist financing, and three meetings of the Public Council under the SFMS of Ukraine.

The representatives of the Ministry of Justice of Ukraine at the Center for Professional Development of the lawyers held 79 seminars on compliance with the AML/CFT legislation. In order to provide methodological and methodic guidance and other assistance to reporting entities in the AML/CFT area, for the period from 21.08.2010 to 30.06.2012 the Ministry of Justice of Ukraine conducted 13 training for notaries.

A number of training arrangements (lectures, workshops, exams) for the officials of the reporting entities responsible for conducting financial monitoring (Compliance officers) was organized in the State Educational and Scientific Institution Academy on Financial Management regulated by the Ministry of Finance. As of 01.10.2012 there were trainings for 7 groups and the certificates on professional development were issued to 80 persons.

The official web-site of the Ministry of Finance contains the information section Financial Monitoring where a legal base, explanations to the reporting entities, recommendations on how to reveal ML schemes, methodical recommendations how to minimize the risks and the information on the list of designated entities and

	<p>individuals subject to the UN sanctions may be found. Moreover, the Internet forum is operating in the framework of which the questions on financial monitoring are answered on a daily basis. During a 2 year period over 80 explanations and responses were provided. During this period the forum was visited more than 12 000 times.</p> <p>The Ministry of Economic Development and Trade approved the Order dated 10.01.2012 No 15, registered in the Ministry of Justice under No 332/20645, On Approval of the Regulation on Organization of Training and Professional Development of Compliance Officers of Commodity and Other Markets Conducting Financial Transactions with Goods, regulated by the Ministry of Economic Development and Trade. This Regulation stipulates the procedure of training and professional development of Compliance officers of the reporting entities regulated by the above mentioned Ministry.</p> <p>Under paragraph 4 of the Regulation mentioned Typical Training Program for Compliance Officers of Commodity Markets conducting financial transactions with goods regulated by the Ministry of Economic Development and Trade was adopted. The representatives of the Ministry of Infrastructure and the State Entity on Postal Services Ukrposhta participated in the meetings of the ML/TF Methods and Trends Council on a regular basis. They also participated in the Round table Interaction with the Prosecuting Agencies in the Course of Enforcement of the Requirements of AML/CFT Laws.</p>
<p>Measures taken to implement the recommendations since the adoption of the second progress report.</p>	<p>According to Art. 5 the Law 2015 [1] specifically identified primary financial monitoring entities are:</p> <ul style="list-style-type: none"> - business entities which provide intermediary services during purchase - sale of real estate; - business entities which trade precious metals and precious stones, and products from them for cash; - business entities which conduct lotteries and gambling games, including casinos, electronic (virtual) casino; - notaries, lawyers, lawyers' offices and associations, auditors, accounting firms, economic entities which render accounting services, economic entities which provide legal services (except for the entities which provide services within the framework of labor relations). <p>During 2010-2014 in the Training Center of FIU Ukraine were trained the 2360 experts of the primary financial monitoring entity, including specially defined primary financial monitoring entities.</p> <p>However, only during 2014 the officials of the State Financial Monitoring Service of Ukraine took part in 376 educational events for primary financial monitoring entities that were organized including self-regulatory organizations, educational institutions and government regulators. The event was attended by more than 5000 persons.</p> <p>In general, in 2014 the representatives of the State Financial Monitoring Service of Ukraine took part in 69 events conducted more than 1 800 persons including mentioned categories of institutions.</p> <p>In addition, during 2010 - 2014 the State Financial Monitoring Service of Ukraine officials was provided more than 15,000 consultations by "hot" telephone telephone line, as well as prepared and sent 5168 recommendation letters of the subjects of financial monitoring including specified categories of institutions.</p> <p>In the Training Center of FIU Ukraine continued to study specially defined primary financial monitoring entities, business entities which provide intermediary services during purchase - sale of real estate.</p> <p>The information concerning numbers of realtors who have been trained at the</p>

Center for the period 2013-2014:

2013 – 17 learners;

2014 – 27 learners.

Since 2015 establish short-term training program for senior officials of these entities, which again raise the qualifications of financial monitoring. For 5 months of 2015 took training 12 students.

For specially defined primary financial monitoring entities – notaries established of one-day seminars on "Notary as the primary financial monitoring entity".

The information concerning numbers of notaries who have been trained during 2013-2014:

2013 – 117 learners;

2014 – 156 learners.

By the Ministry of Finance of Ukraine organized trainings (lectures, seminars, exams) for officials of primary financial monitoring entities which responsible for the financial monitoring, in the State educational and scientific authority "Academy of Financial Management", referred to the jurisdiction of the Ministry of Finance. As of 31.03.2015 held training for 18 groups and received a relevant certificate to 181 persons.

On the official website of the Ministry of Finance has information block "Financial Monitoring", which contains the legal framework, clarifying to primary financial monitoring entities, recommendations to identify money laundering schemes, guidelines to minimize risk and information about including organizations/individuals in the list of organizations/individuals within the UN sanctions. Continues working online forum.

Ministry of Finance of Ukraine in November 2013 was held a working meeting with the audit firms of "Big Four" to discuss the Draft Law of Ukraine "On preventing and counteracting the legalization (laundering) of illegally derived income, financing terrorism, and financing proliferation of weapons of mass destruction" [1].

In March 2015 was held meeting with representatives of the Audit Chamber of Ukraine and audit firms concerning the application and implementation of Law 2015 [1].

On the official website of the Ministry of Infrastructure Ukraine has information block, named, "Financial Monitoring", which contains the legal framework, clarifying for primary financial monitoring entities of recommendations to identify money laundering schemes, recommendations for primary financial monitoring entities concerning the risks related with funding separatist and terrorist activities on the territory of Ukraine, clarify to the recommendations of the State Financial Monitoring of Ukraine concerning risks associated with financing the separatist and terrorist measures on the territory of Ukraine, information for primary financial monitoring entities concerning the realization of the Law of Ukraine " On amending some legislative acts of Ukraine regarding freezing of assets related to terrorist financing or financial transactions suspended pursuant to the decisions taken on the base of UN Security Council Resolutions, and stipulating the procedure for authorizing access to them" etc.

In the case of appeals from the primary financial monitoring entities the state regulation and supervision for their activities carry out the Ministry of Infrastructure of Ukraine on the organization issues of financial monitoring and the Ministry provides such undertakings appropriate explanations.

Regarding USEP "Ukrposhta", in 2012 education and training were 12 officials of the enterprise, in 2013 - training for the category "postal operator" in the training

	center was carried out in 2014 - 39 officials. In the first quarter of 2015 training for such workers was not conducted.
(Other) changes since the second progress report (e.g. draft laws, draft regulations or draft “other enforceable means” and other relevant initiatives	

Special Recommendation II (Criminalization of terrorist financing)	
Rating: Partially compliant	
Recommendation of the MONEYVAL Report	<i>To ensure that the definition of terrorism fully covers all the terrorist acts set out in article 2(1) of the Terrorist Financing Convention</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	<p>The AML/CFT Law introduced a new definition of terrorist financing (Article 1 part 1 (3)): terrorist financing means providing or collection of any funds in knowledge that they are to be used, in full or in part, for organization, preparation and commitment of the terrorist act, defined by the Criminal Code, by a individual terrorist or terrorist organization, involvement into a terrorist act, public calls to commit a terrorist act, establishment of the terrorist group or terrorist organization, aiding in commitment of a terrorist act as well as any other terrorist activity, and an attempt to commit such actions.</p> <p>This Criminal Code of Ukraine was amended by the new (separate) Article 258⁵ “Terrorist Financing”, Namely, <i>Article 258⁵ “Terrorist Financing”</i>.</p> <p><i>1. Terrorist financing, namely acts committed with the aim of financial or material provision of individual terrorist or terrorist group (organization), organization, preparation or commitment of the terrorist act, involvement into commitment of the terrorist act, public calls to commit terrorist act, assistance in commitment of the terrorist act, creation of terrorist group (organization), - shall be punishable by imprisonment for a term of 5 to 8 years with deprivation of the right to occupy certain positions or engage in certain activity for a term up to 2 years and with confiscation of property.</i></p> <p><i>2. The same action repeated or conducted for mercenary reasons or in prior agreement by a group of persons or in large amounts or if they resulted in significant property damage, - shall be punishable by imprisonment for a term of 8 to 10 years with deprivation of the right to occupy certain positions and engage in certain activity for a term up to 3 years and with confiscation of property.</i></p> <p><i>3. Actions, envisaged by part one or two of this Article, committed by an organized group or in especially large amounts, or resulted in other dangerous effects, - shall be punishable by imprisonment for a term of 10 to 12 years with deprivation of the right to occupy certain positions or engage in certain activity for a term up to 3 years with confiscation of property.</i></p>

4. A person, except organizer or manager of terrorist group (organization), shall be exempted from criminal liability for the actions envisaged by this Article if before bringing to criminal liability he willingly informed on certain terrorist activity or in another way promoted its suspension or prevention of crime he financed or assisted, provided there is no other corpus delicti in his actions.

Note. 1. Terrorist financing is deemed to be committed in large amounts, if the value of financial or material provision exceeds 6000 tax-free minimum incomes of citizen.

2. Terrorist financing is committed in especially large amounts, if the value of financial or material provision exceeds 18000 tax-free minimum incomes of citizen.

According to the Article 14, part 1 of the Criminal Code of Ukraine the preparation for crime shall mean the looking out or adapting means and tools, or looking for accomplices to, or conspiring for an offense, removing of obstacles to an offense, or otherwise intended conditioning of an offense.

According to the Article 15, part 1 of this Code a criminal attempt shall mean a directly intended act (action or omission) made by a person and aimed directly at the commission of a criminal offense prescribed by the relevant article of the Special Part of this Code, where this criminal offense has not been consummated for reasons beyond that person's control.

According to the Article 16 of the Criminal Code of Ukraine the criminal liability for the preparation for crime and a criminal attempt shall rise under Article 14 or 15 and that article of the Special Part of this Code which prescribes liability for the consummated crime.

Concerning the Article 2, part 5 (a) of the Convention

According to the Article 26 of the Criminal Code of Ukraine criminal complicity is the willful co-participation of several criminal offenders in an intended criminal offense.

According to the Article 27 of this Code organizer, abettor and accessory, together with the principal offender, are deemed to be accomplices in a criminal offense.

The principal (or co-principal) is the person who, in association with other criminal offenders, has committed a criminal offense under this Code, directly or through other persons, who cannot be criminally liable, in accordance with the law, for what they have committed.

The organizer is a person who has organized a criminal offense (or criminal offenses) or supervised its (their) preparation or commission. The organizer is also a person who has created an organized group or criminal organization, or supervised it, or financed it, or organized the covering up of the criminal activity of an organized group or criminal organization.

The abettor is a person who has induced any other accomplice to a criminal offense, by way of persuasion, subornation, threat, coercion or otherwise.

The accessory is a person who has facilitated the commission of a criminal offense by other accomplices, by way of advice, or instructions, or by supplying the means or tools, or removing obstacles, and also a person who promised in advance to conceal a criminal offender, tools or means, traces of crime or criminally obtained things, to buy or sell such things, or otherwise facilitate the covering up of a criminal offense.

According to the Article 29 of the Criminal Code of Ukraine the principal (or co-principals) shall be criminally liable under that article of the Special Part of this Code which creates the offense he has committed.

The organizer, abettor and accessory shall be criminally liable under the respective paragraph of Article 27 and that article (or paragraph of the article) of the Special Part of this Code which creates an offense committed by the principal.

Concerning the Article 2, part 5 (b) of the Convention

	<p>Part 3 of the Article 258⁵ provides the criminal responsibility for actions, envisaged by part one or two of this Article, committed by an organized group or in especially large amounts, or resulted in other dangerous effects.</p> <p>According to the Article 258³ of the Criminal Code of Ukraine the crime shall be considered establishment of a terrorist group or terrorist organization, leadership in such group or organization or participation in it, as well as material, organizational or other assistance in establishment or activity of terrorist group or terrorist organization.</p> <p>The property as a specific object, pursuant to the Article 190 of the Civil Code of Ukraine, shall be considered a separate thing, a set of things, as well as property rights and obligations. Ownership rights shall be a non consumable thing. Ownership rights shall be considered proprietary right.</p> <p><i>Concerning the Article 2, part 5 (c) of the Convention</i></p> <p>Part 2 of the Article 258⁵ provides the criminal responsibility for the same action repeated or conducted for mercenary reasons or in prior agreement by a group of persons or in large amounts or if they resulted in significant property damage.</p> <p>According to the Article 258⁴ of the Criminal Code of Ukraine the crime shall be considered recruiting, financing, material security, armament, training of a person with the purpose of commitment a terrorist act, as well as use of person with this purpose, and pursuant to part 2 of this article - the same actions, committed with regard to several persons or repeatedly, or by prior agreement by a group of persons, or by an official using official position.</p> <p>Explanation to paragraphs d and e is the same as the explanation to paragraph a, meaning that a person shall be held liable for attempt and participation in commission of financing of terrorism.</p>
<p>Measures reported as of 6 December 2012 to implement the Recommendations of the report</p>	<p>N/A</p>
<p>Measures taken to implement the recommendations since the adoption of the second progress report.</p>	<p>According to Para 50 Part 1 Art. 1 the Law 2015 [1] financing terrorist - providing or collecting any assets with the knowledge that they will be used wholly or partly: for any purpose by a terrorist, terrorist group or terrorist organization;</p> <p>to organize, prepare and commit by a terrorist, terrorist group or terrorist organization defined in the Criminal Code of Ukraine, terrorist act, engaging into committing an act of terrorism, public incitement to committing a terrorist act, creating a terrorist group or terrorist organization, assisting in committing a terrorist act, running any other terrorist activity, as well as attempting to commit such acts.</p> <p>Article 258-5 of the Criminal Code of Ukraine [3] provides for the liability for terrorist financing, dispositions which defines terrorist financing as acts committed with the purpose of financial or material support individual terrorist or terrorist group (organization), organization, preparation or commission of terrorist acts, involvement in commit a terrorist act, public incitement to commit a terrorist act, facilitate the commission of a terrorist act, the creation of a terrorist group (organization).</p> <p>The Criminal Code of Ukraine [3] provides for the liability for the financing of any terrorist acts that create a danger to human life or health or causing significant property damage or any other grave consequences and identified in Para 1 Art. 2 of the Convention for the Suppression of the Financing of Terrorism.</p>
<p>Recommendation of the</p>	<p><i>Amend the Criminal Code and introduce an autonomous terrorist financing offence fully in line with the requirements set out in the article 2 of the Terrorist Financing</i></p>

MONEYVAL Report	<i>Convention and with the characteristics set out in Special Recommendation II</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	The AML/CFT Law provides the amendments to the CC of Ukraine with a new (separate) Article “Terrorist Financing” (258 ⁵). The AML/CFT Law also provided definition of terrorist financing (Article 1 (3)) as a cross-reference to the CC of Ukraine “Terrorist financing – providing or collection of any funds in knowledge that they are to be used, in full or in part, for organization, preparation and commitment of the terrorist act, defined by the Criminal Code, by a individual terrorist or terrorist organization, involvement into a terrorist act, public calls to commit a terrorist act, establishment of the terrorist group or terrorist organization, aiding in commitment of a terrorist act as well as any other terrorist activity, and an attempt to commit such actions”.
Measures reported as of 6 December 2012 to implement the Recommendations of the report	N/A
Measures taken to implement the recommendations since the adoption of the second progress report.	Article 258-5 of the Criminal Code of Ukraine [3] provides the criminal liability for terrorism financing. According to Para 50 Part 1 Art. 1 the Law 2015 [1] financing terrorist - providing or collecting any assets with the knowledge that they will be used wholly or partly, it’s a cross reference for definition of financing terrorist of Criminal Code of Ukraine [3]: for any purpose by a terrorist, terrorist group or terrorist organization; to organize, prepare and commit by a terrorist, terrorist group or terrorist organization defined in Criminal Code of Ukraine [3], terrorist act, engaging into committing an act of terrorism, public incitement to committing a terrorist act, creating a terrorist group or terrorist organization, assisting in committing a terrorist act, running any other terrorist activity, as well as attempting to commit such acts.
Recommendation of the MONEYVAL Report	<i>Ensure that the terrorist financing offences are predicate offences for money laundering</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	The AML/CFT Law amended the CC of Ukraine with a new (separate) Article 258 ⁵ “Financing of Terrorism” and provides at least 5 years of imprisonment for the FT. As far as threshold for predicate offence is 1 year, FT is a predicate to ML.
Measures reported as of 6 December 2012 to implement the Recommendations of the report	N/A
Measures taken to implement the recommendations since the adoption	The Criminal Code of Ukraine [3] (Art. 209) and the Law 2015 [1] (Para 39 Part 1 Art.1) provided that predicate crime of money laundering is a socially dangerous act for which provides the basic penalty in the form of imprisonment. According to Art.258-5 the Criminal Code of Ukraine [3] the term “financing

of the second progress report.	terrorist” provides penalty in the form of imprisonment from 5 years. Thus, the financing terrorist crime is predicate crime of money laundering.
Recommendation of the MONEYVAL Report	<i>Ensure that the TF offences would apply, regardless of whether the person alleged to have committed the offence(s) is in the same country or in a different country from the one in which the terrorist/ terrorist organization is located or the terrorist act(s) occurred/will occur</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	The AML/CFT Law provides for supplementing the CC of Ukraine with a new (separate) Article “Terrorist financing” (258 ⁵) that envisages liability of the persons for terrorist financing. There are no restriction in the Criminal Code on whether the person alleged to have committed the offence(s) is in the same country or in a different country from the one in which the terrorist/ terrorist organization is located or the terrorist act(s) occurred/will occur. Moreover, as far as TF is a severe crime against interests of Ukraine and it falls under the TF Convention, citizens of Ukraine, foreigners or persons without citizenship abroad may be brought to the responsibility in Ukraine for TF committed abroad (Articles 7, 8 of the Criminal Code of Ukraine).
Measures reported as of 6 December 2012 to implement the Recommendations of the report	N/A
Measures taken to implement the recommendations since the adoption of the second progress report.	Persons who committed crimes on the territory of Ukraine shall be criminally liable for the Criminal Code of Ukraine [3], including for the offense of terrorist financing. Citizens of Ukraine, foreigners and stateless persons that permanently residing in Ukraine who have committed crimes abroad shall be criminally liable for the Criminal Code of Ukraine [3], including the offense of terrorist financing (Art. 6, 7 and 8 of the Criminal Code of Ukraine). Therefore, a special recommendation implemented to the legislation of Ukraine
Recommendation of the MONEYVAL Report	<i>Provide that the law would permit the intentional element of the offence of TF to be inferred from objective factual circumstances</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	Regarding intentional element, committed crime under the Article 258 ⁵ of the Criminal Code of Ukraine is intentional, type of intention is direct. Consequently, awareness, intention or aim as elements of <i>corpus delictate</i> may be inferred from objective factual circumstances. The AML/CFT Law supplemented the CC of Ukraine with a new (separate) Article 258 ⁵ “Financing of Terrorism” which provides for that financing of terrorism shall be actions, aimed at providing financial and material assistance of a separate terrorist or terrorist group (organization), organizing, preparation and committing of a terrorist act, involvement into commission of a terrorist act, public calls to commit terrorist act, establishment of terrorist group or terrorist organization, assistance to commit terrorist act.
Measures reported as of 6 December 2012 to implement the Recommendations	N/A

of the report	
Measures taken to implement the recommendations since the adoption of the second progress report.	<p>According to Article 11 of the Criminal Code of Ukraine [3] crime is guilty socially dangerous act committed offender.</p> <p>Article 23 of the Criminal Code of Ukraine [3] determines that the fault is a mental attitude exerted a person to act or omission referred of the Criminal Code of Ukraine and its consequences, expressed in the form of intent or negligence.</p> <p>Thus, the offense of terrorist financing under Article 258-5 of the Criminal Code of Ukraine [3] provides for the mandatory presence of intent.</p>
Recommendation of the MONEYVAL Report	<i>Review the current approach concerning criminal liability of legal persons, and consider the possibility of amending the Criminal Code to make legal persons criminally liable for TF, or otherwise subject legal persons to civil or administrative liability for TF</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	
Measures reported as of 6 December 2012 to implement the Recommendations of the report	<p>In accordance with part 1, Article 3 of the Criminal Code of Ukraine the legislation of Ukraine on criminal liability is covered by the CC of Ukraine based on the Constitution of Ukraine as well as generally recognized principles and norms of the international law.</p> <p>The Constitution of Ukraine regulates an application of criminal liability in Chapter II “Rights, freedoms and duties of an individual or citizen” (Articles 61, 62) and in such a way excludes possible application of criminal liability to legal persons and establishes exclusively individual liability of a person. The Article 61 of Constitution states that “Legal responsibility of person is of individual character”.</p> <p>Also, pursuant to part 1, Article 18 of the CC of Ukraine a subject of crime shall be a natural responsible person who has committed a crime at the age from which in accordance with the present Code criminal liability may ensue. That is, a subject of crime shall be exclusively natural person, an individual.</p> <p>In such a way, a restriction of the range of possible subjects of a crime by natural persons shall mean that under the criminal law of Ukraine subjects of a crime cannot be legal persons. Recognition of the latter as subjects of criminal liability doesn’t correspond to the principle of the criminal law that is an individual liability of a person for a crime committed and an availability of guilt. Guilt constitutes a mental element of crime (together with the motive, purpose and emotional state of the person). In its turn, a mental element of crime shall be the internal aspect of crime, that is psychic activity of the person that reflects the attitude of his/her will and conscience to the socially dangerous act being committed thereby and to the consequences of the crime.</p> <p>At the same time current legislation of Ukraine provides for the possibility for bringing legal entities to civil, administrative and financial responsibility, particularly for violation of the AML/CFT requirements, terrorist financing or participation in terrorist acts (application to institutions, enterprises, organizations of penalties, liquidation, prohibition for their activity etc.)</p> <p>Thus, under the Article 23 of the Basic Law the legal entities that conducted financial transactions connected with money laundering or financed the terrorism may be liquidated under the court ruling.</p> <p>If a reporting entity fails to comply or unduly complies with the current Law requirements and/or other AML/CTF regulations, the reporting entity (including legal</p>

	<p>one), under the parts 3-5 of the Article 23 of the Basic Law may be subjected to the financial sanctions. Besides, the license or other special permission for undertaking certain kinds of business may be restricted, suspended or annulled under the procedure prescribed by the law.</p> <p>Under the Article 24 of the Law of Ukraine on Fight against Terrorism the organization (legal entity) responsible for commission of a terrorist act and defined as a terrorist organization under the court ruling shall be subjected to liquidation, and its property shall be confiscated.</p> <p>In case of acknowledging by court of Ukraine, including, in accordance with its international legal obligations, the activity of the organization (its affiliations, branches, representative offices) registered outside Ukraine as a terrorist one, the activity of this organization on the territory of Ukraine shall be prohibited, its Ukrainian branch (affiliation, representative office) on the basis of court decision shall be liquidated, and its property and property of the noted organization, which is located on the territory of Ukraine, shall be confiscated.</p> <p>This is fully coordinated with the Article 5 of the International Convention For the Suppression of the Financing of Terrorism as well as the Article 10 of the UN Convention Against Transnational Organized Crime according to which the issues of possible bringing of legal person to criminal liability is considered in the light of legal principles of the national legislation of the member states.</p>
<p>Measures taken to implement the recommendations since the adoption of the second progress report.</p>	<p>Criminal liability for terrorist financing provides the Article 258-5 of the Criminal Code of Ukraine [3].</p> <p>Law of Ukraine "On amending some legislative acts of Ukraine regarding the Action Plan to liberalize the EU visa regime for Ukraine on the liability of legal persons" [38] the Criminal Code of Ukraine [3] update the Article 96-3 of the Criminal Code of Ukraine [3] "The grounds for the application to legal persons criminal law measures."</p> <p>According to Article 96-3 of the Criminal Code of Ukraine one of the grounds for the application to the legal entity measures criminal law is committing its authorized person on behalf of a legal entity of any of the crimes stipulated in Articles 258 - 258-5 of the Criminal Code of Ukraine.</p> <p>According to Article 96-6 of the Criminal Code of Ukraine [3] "Types of criminal law measures that applicable to legal persons" stipulates that court may apply such measures criminal law legal persons:</p> <ol style="list-style-type: none"> 1) fine; 2) confiscation of property; 3) Liquidation. <p>Thus, Article 258-5 of the Criminal Code of Ukraine [3] "Terrorist financing" provides criminal liability of legal persons for the "terrorist financing".</p> <p>The Law 2015 [1] (Art.24) defines that legal entities which have carried out financial operations involving the legalization (laundering) of proceeds of crime , financed terrorism or the proliferation of weapons of mass destruction may be liquidated under a court decision.</p>
<p>Recommendation of the MONEYVAL Report</p>	<p><i>Take measures as necessary to ensure that criminal, civil or administrative sanctions for TF applicable to natural and legal persons are effective, proportionate and dissuasive.</i></p>
<p>Measures reported as of 27 September 2010 to</p>	<p>N/A</p>

<p>implement the Recommendation of the report</p>	
<p>Measures reported as of 6 December 2012 to implement the Recommendations of the report</p>	<p>The Criminal Code of Ukraine was supplemented by the new separate Article 258-5 Terrorist Financing that envisages liability of the persons for terrorist financing up to 12 years of imprisonment with mandatory confiscation of property.</p> <p>Under the Article 23 of the Basic Law the legal entities that conducted financial transactions connected with money laundering or financed the terrorism may be liquidated under the court ruling.</p> <p>Under the Article 24 of the Law of Ukraine on Fight against Terrorism the organization (legal entity) responsible for commission of a terrorist act and defined as a terrorist organization under the court ruling shall be subjected to liquidation, and its property shall be confiscated.</p> <p>On April 21, 2011 the Law of Ukraine On Amending Some Legislative Acts of Ukraine Regarding Freezing of Assets Related to Terrorist Financing or Financial Transactions Suspended Pursuant to the Decisions Taken on the Base of UN Security Council Resolutions, and Stipulating the Procedure for Authorizing Access to Them that amended the Code of Administrative Justice of Ukraine, the Law of Ukraine on Fight Against Terrorism, and the Law on the Security Service of Ukraine.</p> <p>Thus, according to part 2 (7) of the Article 25 of the Law of Ukraine on the Security Service of Ukraine the officials of the SSU are entitled to initiate freezing to the assets related to terrorist financing or financial transactions suspended under the decisions taken on the base of UN SC Resolutions, for an indefinite term, lifting freezing and authorizing access to such assets under the request of person that can confirm with documents the necessity to cover basic and extraordinary expenditures.</p> <p>According to the Article 5 of the Law of Ukraine on Fight Against Terrorism, the SSU, should it have necessary information, considers the issue of freezing for an indefinite term of the assets related to terrorist financing or financial transactions suspended under the decisions taken on the base of UN SC Resolutions.</p> <p>The Article 11-1 of the Law of Ukraine on Fight Against Terrorism (Suspending of financial transactions with the assets related to terrorist financing or financial transactions suspended under the decisions taken on the base of UN SC Resolutions, and freezing of such assets) provides for that the financial transaction, whose participant or beneficiary is a person included into the list of persons related to terrorist activity or internationally sanctioned, shall be suspended according to the Law of Ukraine On Prevention and Counteraction to Legalization (Laundering) of the Proceeds from Crime, or Terrorist Financing”.</p> <p>In case of revealing by entities which directly counteract terrorism and/or involved in fight against terrorism, financial transactions or any assets of the persons included into the list of persons related to terrorist activity or internationally sanctioned, such entities shall submit information on revealed financial transactions or terrorist assets to the Security Service of Ukraine without delay.</p> <p>Terrorist assets may be frozen for an indefinite term.</p> <p>At the same time the Law sets up no restrictions on the SSU concerning the sources of information on the persons whose assets are related to terrorist activities. Therefore, the source of such information may be the request from an appropriate foreign agency of other legal source that may provide sufficient evidence to be used as the ground to take an adequate decision by the SSU.</p> <p>The provisions of paragraph 1 (1) Section I of the Law of Ukraine On Amending Some Legislative Acts of Ukraine Regarding Freezing of Assets Related to Terrorist Financing or Financial Transactions Suspended Pursuant to the Decisions Taken on</p>

the Base of UN Security Council Resolutions, and Stipulating the Procedure for Authorizing Access to Them stipulate the administrative procedures on seizure of the assets related to terrorist activities under the SSU's initiative.

The Article 183-4 of the Code of Administrative Justice (Peculiarities of proceedings in cases initiated under the request of the Security Service of Ukraine on imposition of freezing on assets related to terrorist financing or financial transactions suspended under the decisions taken on the base of UN SC Resolutions, lifting of freezing from such assets or authorizing access to them) set forth the peculiarities of proceedings under the SSU's request to freeze the assets related to terrorist activities and financial transactions suspended under the decisions taken on the base of UN SC Resolutions, to lift of freezing from such assets or authorize access thereto.

Proceedings in cases on imposition of freezing on assets related to terrorist financing or financial transactions suspended under the decisions taken on the base of UN SC Resolutions, lifting of freezing from such assets and authorizing access thereto shall be conducted on the grounds of administrative lawsuit of Head of the Security Service of Ukraine or his/her deputy.

Administrative lawsuit shall be submitted to the court of first instance under general rules of jurisdiction in writing.

The resolution in essence of the claims laid shall be passed by the court not later than the next business day from the day of obtaining of the lawsuit in the closed court session with notification and with participation of the applicant only.

The person being the owner of assets related to terrorist financing or financial transactions suspended under the decisions taken on the base of UN SC Resolutions, subject to freezing shall not be notified on the consideration of the case by the court.

Court rulings that entered into force on imposition of freezing to the assets related to terrorist financing or financial transactions suspended under the decisions taken on the base of UN SC Resolutions, or lifting freezing from such assets and authorizing access thereto are final and subject to enforcement without delay.

Judgment on refusal in acceptance of the lawsuit may be contested in appeal procedure. Court of Appeal within three days from the day of receipt of appeal claim shall verify the legality of the judgment of the court of first instance and deliver court ruling in essence.

The above mentioned procedure is enforced by the SSU under the procedure prescribed by the Instruction on organization of protection of the interests of the SSU in courts under civil and administrative proceedings (the Order of the SSU dated 18.03.2009 No 155).

Under the Instruction, the protection of the SSU interests in the courts shall be exercised by the representatives of the SSU that shall act within the competence defined by the legislation and power of attorney duly executed under the procedure prescribed and issued on behalf of the SSU by Head of the SSU or acting Head. The decision on whether to file a lawsuit to business entities or individuals on behalf of the SSU shall be taken by Head of the SSU or acting Head. Where necessary, there may be defined several representatives to take part in judicial proceedings.

The representative of the SSU defined to take part in judicial proceedings shall take the following actions:

- *find out the circumstances that served the ground to file the lawsuit to the court;*
- *learn the requirements of the legislation of Ukraine, judicial practice, explanations of higher judicial institutions on the issues to be considered;*

	<p>- collect under the legislation duly executed documents that may be used as evidence in the courts;</p> <p>- take under the legislation other actions aimed at ensuring proper protection of the SSU interests.</p> <p>Where the court ruling is delivered not in favor of the SSU, the representative of the SSU shall submit the proposals on whether to appeal or enforce the court ruling.</p> <p>As the administrative procedures on freezing of the assets related to terrorist activities under the SSU initiative are in place, issue of additional legal acts of the SSU regulating the procedure is not needed.</p> <p>Under current legislation of Ukraine business entities that committed money laundering and terrorist financing may be liquidated under the court ruling and the proceeds of crime shall be confiscated (the Article 23 and 24 of the Basic AML/CFT Law).</p> <p>The Article 24 of the Law of Ukraine on Fight Against Terrorism provides for that the business entity responsible for commission of a terrorist act and which is acknowledged a terrorist one by court decision is subject to liquidation, and its property shall be confiscated.</p> <p>The Article 82 of the Criminal Procedure Code provides for that money, valuables, and other proceeds of crime shall be assigned in public revenue regardless whether the person that committed the crime has been identified or not.</p> <p>Therefore, under current legislation of Ukraine such civil and administrative sanctions as liquidation and/or confiscation of the assets may be applied to a business entity for terrorist financing as well as for money laundering.</p>
<p>Measures taken to implement the recommendations since the adoption of the second progress report.</p>	<p>Law of Ukraine "On Amendments to Certain Legislative Acts of Ukraine on the Action Plan to liberalize the EU visa regime for Ukraine on the liability of legal persons" [38] of the Criminal Code [3] supplemented with Article 96-3 of the Criminal Code "Reasons for application to the criminal activities of legal entities - legal nature. "</p> <p>According to Article 96-3 of the Criminal Code [3] one of the grounds for the application to the legal entity measures criminal law is committing its authorized person on behalf of a legal entity of any of the crimes stipulated in Articles 258 - 258-5 of the Criminal Code.</p> <p>Article 96-6 of the Criminal Code [3] "Types of measures criminal law applicable to legal persons" stipulates that legal persons the court may apply such measures criminal law:</p> <ol style="list-style-type: none"> 1) fine; 2) confiscation of property; 3) Liquidation. <p>Thus, Article 258-5 of the Criminal Code [3] "terrorist financing" provides for criminal liability of legal persons for the crime of "terrorist financing".</p>
<p>(Other) changes since the second progress report (e.g. draft laws, draft regulations or draft “other enforceable means” and other relevant initiatives</p>	

Special Recommendation IV (Suspicious transaction reporting)	
I. Regarding Financial Institutions	
Rating: Partially compliant	
Recommendation of the MONEYVAL Report	<i>In the light of the information received during the visit, it appears that Ukraine should provide more guidance to reporting institutions on how to detect suspicious transactions related to terrorism in order to enhance the effectiveness of the system for filing TF STRs</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	All compliance officers are obliged to undergo training on regular basis (and get certified, except bankers). Such training is done based on the training program adopted by FIU and respective supervisors. This training includes also part on the detection of TF – related transactions.
Measures reported as of 6 December 2012 to implement the Recommendations of the report	<p>The representatives of the SFMS of Ukraine are regularly involved in the organization of training events for the reporting entities. During 2010 - 9 months in 2012 the officials have taken part in more than 300 educational events. During these events special attention was given to the reporting entities' identification of suspicious transactions related to terrorist financing.</p> <p>To enforce part 3 of the Article 6, the Article 11, of the Article 11 (part 2 (21)) of the Basic Law the SFMS of Ukraine drafted the Order dated 03.08.2010 No 126 On Approval of Money Laundering and Terrorist Financing Risk Criteria that sets forth the risk criteria to be used by the reporting entities in the business activities.</p> <p>Thus, according to paragraph 8 (13) of the above mentioned Order, a high risk customer shall be deemed the customer enlisted to the list of persons related to terrorist activity and in respect to which international sanctions are applied to be formed by the SFMS of Ukraine, and the customers suspected in being related to, connected with and aimed at terrorist financing.</p> <p>The SFMS of Ukraine also prepared and posted on the website explanation for the reporting entities on how to implement the requirements of the Law of Ukraine On Amending Some Legislative Acts of Ukraine Regarding Freezing of Assets Related to Terrorist Financing or Financial Transactions Suspended Pursuant to the Decisions Taken on the Base of UN Security Council Resolutions, and Stipulating the Procedure for Authorizing Access to Them.</p> <p>The Training Center of the SFMS of Ukraine insures training of certain categories of the reporting entities under the following programs of professional development:</p> <ul style="list-style-type: none"> - Training on financial monitoring for professional actors of the stock market; - Training on financial monitoring for financial services market participants; - Training for Compliance officers of the reporting entities, regulated and supervised by the SFMS of Ukraine; - Training for Compliance officers of trade and other exchanges that conduct financial transactions with goods, regulated and supervised by the Ministry of Economic Development and Trade of Ukraine (training program launched in 2012). <p>The ML/TF issues are learned within these professional development programs.</p> <p>In case of obtaining from the SFMS of Ukraine the information on counteraction to terrorism, freezing of the assets related to terrorist financing, sanctions imposed to the financial institutions being non-residents, the above mentioned information shall be placed on the official web-site of the National Securities and Stock Market Commission and shall be submitted to the self-regulatory organizations to inform the professional actors of the securities market.</p> <p>The provisions of the Article 6 of the Basic Law stipulate the obligation of the banks:</p>

	<p>-to ensure professional training of the compliance officer by means of passing training at least once in three years;</p> <p>-to take measures on a regular basis for personnel training on detection of financial transactions subject to financial monitoring according to the current Law by means of holding educational and practical arrangements;</p> <p>The National Bank of Ukraine takes measures on a regular basis to highlight its AML/CFT activities, including on the official web-site of the NBU. Particularly, the Section Financial Monitoring of the official web-site contains 22 responses to the requests on methodical provision of the activities of the reporting entities.</p> <p>Moreover, the National Bank of Ukraine, in order to enhance the efficiency of the system for reporting the transactions that may be related to terrorist financing, provides the banks with appropriate explanatory statements. Thus, during the period of action of the Law in edition of the Law of Ukraine On Amending Some Laws on Prevention of the Banks and Other Financial Institutions Being Used for Legalization (Laundering) of the Proceeds of Crime the banks were provided with 9 explanatory letters.</p>
<p>Measures taken to implement the recommendations since the adoption of the second progress report.</p>	<p>The State Financial Monitoring Service of Ukraine focuses on methodological and methodical procedures composite message reporting entities on transactions relating to terrorist financing.</p> <p>Thus, while educational activities for all categories of reporting entities by the State Financial Monitoring Service of Ukraine and state regulators draws attention of senior officials of these institutions, in particular the unconditional observance of terms of informing on such transactions and their participants.</p> <p>During 2010 - 2014 years in the Training Center of FIU Ukraine were trained 2360 specialists entities.</p> <p>However, only during 2014 the State Financial Monitoring Service of Ukraine officials took part in 376 educational events for entities that were organized including self-regulatory organizations, educational institutions and government regulators. The event was attended by more than 5000 persons.</p> <p>In general, in 2014 representatives of the State Financial Monitoring Service of Ukraine took part in 69 events conducted more than 1 800 persons including mentioned categories of institutions.</p> <p>In addition, during 2010 - 2014 the State Financial Monitoring Service of Ukraine, the worker was provided more than 15,000 consultations by "hot" telephone line, as well as prepared and sent 5168 of recommendation letters of the subjects of financial monitoring including specified categories of institutions.</p> <p>The NBU</p> <p>The National Bank of Ukraine constantly work on publicizing their activities in the AML/CFT area, including - at the National Bank of Ukraine. In particular, the official website of the National Bank of Ukraine on the Internet under "Financial Monitoring" seat reply to requests for methodological support of entities.</p> <p>Also, the National Bank of Ukraine in order to improve supply system messages about transactions that may be related to terrorist financing provides banks with appropriate explanations.</p> <p>In 2013-2015 the National Bank of Ukraine for primary financial monitoring entities (banks of Ukraine) to prevent use of the banking system for legalization (laundering) of proceeds from crime or financing of terrorism held 9 seminars and round tables chairmen of boards of banks or employees responsible for conducting financial monitoring of banks Ukraine on the theme: "Actual issues of organization of financial monitoring in the bank", "Organization of financial monitoring in the bank" and on Application of the Law on financial monitoring.</p>

	<p>During 2012 - 2014 the State Commission for Regulation of Financial Services Markets of Ukraine with six universities concluded cooperation agreements on training employees responsible for financial monitoring (by passing appropriate training in conducting examinations).</p> <p>In 2012, 364 learner of the primary financial monitoring entity have training and received a certificate.</p> <p>In 2013, 565 learner of the primary financial monitoring entity have training and received a certificate.</p> <p>In 2014, 809 learner of the primary financial monitoring entity have training and received a certificate.</p> <p>In the first quarter of 2015 98 learner of the primary financial monitoring entity have training and received a certificate.</p> <p>The officials of the State Commission for Regulation of Financial Services Markets of Ukraine on a regular basis participate in the examination boards and the organizational activities (seminars, "round tables", lectures, interdepartmental working groups, etc.) on urgent implementation of reporting entities with the legislation on prevention of legalization (laundering) of proceeds from crime by or terrorist financing.</p> <p>The State Commission for Regulation of Financial Services Markets of Ukraine for the period from 2012 to the first quarter of 2015 participated in more than 368 institutional arrangements for financial monitoring.</p> <p>In all events held, special attention is given to identify transactions related to terrorist financing.</p> <p>Paragraph 4.6 Regulation of the carries out of financial monitoring by financial institutions approved by the State Commission for Regulation of Financial Services Markets of Ukraine from 05.08.2003 No. 25 [131] (hereafter - Regulations) provides a list of measures to the term (terms) of their implementation and the definition of persons responsible for their implementation, which must contain a program. One of the measures is the procedure for informing the State Financial Monitoring of Ukraine about financial transactions subject to financial monitoring and for which there are reasonable grounds to suspect that they are connected, related or intended for terrorist financing.</p> <p>The provisions of paragraph 4.12 provide a list of measures which should include Rules. One of the measures is to ensure an adequate level of training employees to identify financial transactions subject to financial monitoring agency developed and implemented training program that is a separate internal document annually and approved by the head of the institution or person who performs his duties.</p> <p>In case of receiving from the State Financial Monitoring Service of Ukraine information on combating terrorism, seizure of assets for terrorist financing sanctions to non-resident financial institutions, etc., said information published on the official website of the National Securities and Stock Market Commission and sent to self-control type organization for the purpose to inform professional participants of the securities market.</p>
<p>Recommendation of the MONEYVAL Report</p>	<p><i>The comments expressed for Recommendation 13.3 – 13.4, are also applicable for SR IV. There needs to be an explicit legal requirement that attempted transactions are subject of STRs</i></p>
<p>Measures reported as of 27 September 2010 to implement the Recommendation</p>	<p>According to the Article 6, part 2 (6 (c)) of the AML/CFT Law a reporting entity shall be obliged to report transaction subject to reasonable suspicion that they are connected with, related or intended for terrorist financing on the day of detection or attempt to conduct.</p>

of the report	
Measures reported as of 6 December 2012 to implement the Recommendations of the report	N/A
Measures taken to implement the recommendations since the adoption of the second progress report.	Art. 6 the Law 2015 [1] provides that the primary financial monitoring entity is obliged to ensuring the detection of the financial transactions which are subject to financial monitoring, before, during, and on the day of suspicion, after or while they are conducted, or after the client refuses to conduct them (Para 3 Part 2 Art. 6) and notify the State Financial Monitoring Service of Ukraine. At this time, according to Subparagraph “c” Para 6 the Law 2015 [1] the primary financial monitoring entity is obliged to notify the State Financial Monitoring Service of Ukraine about disclosure financial transactions with respect to which there is reason to suspect that they are related to, or intended for financing terrorism or financing proliferation of weapons of mass destruction - on the day of their discovery, but no later than on the next working day from the date of registration of such financial transactions, as well as inform law enforcement bodies of such financial transactions and their participants.
(Other) changes since the second progress report (e.g. draft laws, draft regulations or draft “other enforceable means” and other relevant initiatives	
Special Recommendation IV (Suspicious transaction reporting)	
II. Regarding DNFBP	
Recommendation of the MONEYVAL Report	<i>In the light of the information received during the visit, it appears that Ukraine should provide more guidance to reporting institutions on how to detect suspicious transactions related to terrorism in order to enhance the effectiveness of the system for filing TF STRs</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	The Article 6, part 2, (6 (c)) of the AML/CFT Law provides for that reporting entity is obliged to inform FIU on detected financial transactions containing sufficient grounds for suspicion to be connected, related to or aimed for terrorist financing, - on the day of detection, as well as inform stated by the law enforcement agencies. Moreover, in the I half of 2010 the SFMS of Ukraine organized and held 10 working meetings in order to find out challenges connected with fulfillment of the Law by the reporting entities: real estate agents, precious stones and jewelers dealers, antiques and works of art dealers, reporting entities conducting lotteries, providing accounting services, legal and auditory services, notaries, lawyers, natural persons-entrepreneurs providing legal services, auditors (hereinafter non financial businesses). These working meetings were attended by the representatives (top rank officials) of the state agencies, particularly of the Ministry of Finance of Ukraine, the Ministry of Justice of Ukraine, the Ministry of Economics of Ukraine, the Ministry of Transport and Communication of Ukraine and public and other interested organizations, namely Union of Lawyers of Ukraine, Auditory Chamber of Ukraine, Association of Real Estates Agents and Ukrainian Notary Chamber and others.

	<p>During these meetings a wide range of issues related to fulfillment of the Law by DNFBPs was considered.</p> <p>After the AML/CFT Law enactment training and methodical assistance will be provided to DNFBPs.</p>
<p>Measures reported as of 6 December 2012 to implement the Recommendations of the report</p>	<p>The Training Center of the SFMS of Ukraine insures training of certain categories of the reporting entities under the following programs of professional development:</p> <ul style="list-style-type: none"> - Training on financial monitoring for professional actors of the stock market; - Training on financial monitoring for financial services market participants; - Training for Compliance officers of the reporting entities, regulated and supervised by the SFMS of Ukraine; - Training for Compliance officers of trade and other exchanges that conduct financial transactions with goods, regulated and supervised by the Ministry of Economic Development and Trade of Ukraine (training program launched in 2012). The ML/TF issues are learned within these professional development programs. <p>During 2010 - 9 months in 2012 the officials have taken part in more than 300 educational events. During these events special attention was given to the reporting entities' identification of suspicious transactions related to terrorist financing.</p> <p>In order to ensure timely informing of the reporting entities on changes in AML/CFT area and to ensure fulfillment of the AML/CFT obligations thereby the information in section Financial Monitoring of Commodity Markets of the official web-site is updated on a regular basis. The web-site contains the information on how to enforce the requirements of the Law of Ukraine On Amending Some Legislative Acts of Ukraine Regarding Freezing of Assets Related to Terrorist Financing or Financial Transactions Suspended Pursuant to the Decisions Taken on the Base of UN Security Council Resolutions, and Stipulating the Procedure for Authorizing Access to Them.</p>
<p>Measures taken to implement the recommendations since the adoption of the second progress report.</p>	<p>The State Financial Monitoring Service of Ukraine focuses on methodological and methodical procedures composite message reporting entities on transactions relating to terrorist financing.</p> <p>Thus, while educational activities for all categories of reporting entities by the State Financial Monitoring Service of Ukraine and state regulators draws attention of senior officials of these institutions, in particular the unconditional observance of terms of informing on such transactions and their participants.</p> <p>During 2010 - 2014 years in the Training Center of FIU Ukraine were trained 2360 specialist's entities.</p> <p>However, only during 2014 State Financial Monitoring Service of Ukraine officials took part in 376 educational events for entities that were organized including self-regulatory organizations, educational institutions and government regulators. The event was attended by more than 5000 persons.</p> <p>In general, in 2014 State Financial Monitoring Service of Ukraine representatives took part in 69 events conducted more than 1 800 persons including mentioned categories of institutions.</p> <p>In addition, during 2010 - 2014 State Financial Monitoring Service of Ukraine the worker was provided more than 15,000 consultations by "hot" telephone line, as well as prepared and sent 5168 recommendation letters of the subjects of financial monitoring including specified categories of institutions.</p>
<p>Recommendation of the MONEYVAL Report</p>	<p><i>The comments expressed for Recommendation 13.3 – 13.4, are also applicable for SR IV. There needs to be an explicit legal requirement that attempted transactions are subject of STRs.</i></p>
<p>Measures reported as of 27 September 2010 to implement</p>	<p>According to the Article 6, part 2 (6 (c)) of the AML/CFT Law a reporting entity shall be obliged to report transaction subject to reasonable suspicion that they are connected with, related or intended for terrorist financing on the day of detection or</p>

the Recommendation of the report	attempt to conduct.
Measures reported as of 6 December 2012 to implement the Recommendations of the report	N/A
Measures taken to implement the recommendations since the adoption of the second progress report.	<p>Para 6 Part 2 Art.6 the Law 2015 [1] defines that the primary financial monitoring entity is obliged to notify the specially authorized organ of:</p> <ul style="list-style-type: none"> a) the financial transactions which are subject to mandatory financial monitoring - within three working days from the day of their registration or attempt of their implementation; b) the financial transactions which are subject to internal financial monitoring, as well as <u>the information on its suspicions in relation to the activities of persons or their assets</u> provided there is reason to believe that they are connected with a crime defined by the Criminal Code of Ukraine [3], - on the day of suspicion or sufficient grounds for suspicion or attempts to conduct the financial transactions, but no later than on the next working day from the date of registration of such financial transactions; c) the financial transactions with respect to which there is reason to suspect that they are related to, or intended for financing terrorism or financing proliferation of weapons of mass destruction - on the day of their discovery, but no later than on the next working day from the date of registration of such financial transactions, as well as inform Law enforcement bodies of such financial transactions and their participants. <p>According to Subparagraph 4 Part 3 Art. 24 The Law 2015 [1] for any failure to submit, late submission of, an inadequate procedure of submission of information to, or submission of inaccurate information to the authorized agency up in the case as provided for in the legislation, the primary financial monitoring entity</p> <p>To 2000 income-tax-free minimums (up to 200 income-tax-free minimums for primary financial monitoring entities other than legal persons).</p> <p>According to the Subpara 4 Para 3 Art. 24 of The Law 2015 [1] for failure, failure submission or submission of breach of the specially authorized body of inadequate information in the cases provided by law, entities liable to a fine ranging in size 2,000 income tax exemption (for entities that are not legal entities - up to 200 times the income).</p> <p>Thus, The Law 2015 [1] was increased responsibilities entities which are not legal persons for failure, late submission, and violation of order submission or submission of false information of the State Financial Monitoring Service of Ukraine.</p> <p>In addition, for the period from 01.01.2010 to the present time in article 166-9 of the Code of Ukraine on Administrative Offences [4], which envisages responsibility for failure, late submission, violation of order submission or submission of false information the State Financial Monitoring Service of Ukraine on financial transactions subject to financial monitoring several changes that complemented and concretized the matter.</p> <p>According to the latest version of the above article Code of Ukraine on Administrative Offences [4] violation of requirements on identification, verification of client (client representative), study customer specification of customer information; failure, failure submission or submission of breach of the State</p>

	<p>Financial Monitoring Service of Ukraine submitting false information in the cases provided by law; violation of storage of official documents and other documents (including established entities electronic documents) copies for identification of persons (customers, representatives of customers) and the persons to whom entities were denied conducting financial transactions, client study, clarification of customer information, as well as all documents relating to the business relationship (financial transaction) from the client (including the results of any analysis in the implementation of measures for the verification of the customer / client-depth checks), and data on financial transactions; violation of the order suspending financial (financial) transactions (operations), punishable by a fine on officials entities and individuals - entrepreneurs, members of the liquidation committee, liquidators or authorized person Deposit Guarantee Fund of individuals from one hundred to two hundred untaxed minimum incomes.</p> <p>Failure to submit, untimely submission or submission of false information related to the analysis of financial transactions subject to financial monitoring information and copies of documents (including those that contain restricted information) upon request the State Financial Monitoring Service of Ukraine, punishable by a fines on officials of enterprises, institutions, organizations and individuals - entrepreneurs who are not reporting entities from one hundred to two hundred untaxed minimum incomes.</p> <p>In addition, starting from 29.10.2010 to 07.05.2012 acted on order of the State Financial Monitoring Service of Ukraine of 13.08.2010 No. 137 "On approval of the provision of information on tracking (monitoring) of financial transactions," registered in the Ministry of Justice of Ukraine on 12.10.2010 Reg. No. 915/18210 (in the wording of the current order from 02.04.2012 No. 423 [96]). This order was the procedure for granting entities, in addition to customized on request the State Financial Monitoring Service of Ukraine information on tracking (monitoring) client financial transactions, which transactions subject to financial monitoring, as well as the form, content and way of sending a request for information on the tracking (monitoring) financial transactions and information to this request.</p> <p>07.05.2012 enter into force the Order of the Ministry of Finance of Ukraine from April 2, 2012 of No. 423 About approval of the Procedure for provision of information concerning tracing (monitoring) of financial transactions [96], registered in Ministry of Justice of Ukraine from April 23, 2012 No. 601/20914.</p>
<p>(Other) changes since the second progress report (e.g. draft laws, draft regulations or draft “other enforceable means” and other relevant initiatives</p>	

1.3 Other Recommendations

In the last report the following FATF recommendations were rated as “partially compliant” (PC) or “non compliant” (NC) (see also Appendix 1). Please, specify for each one what measures, if any, have been taken to improve the situation and implement the suggestions for improvements contained in the evaluation report.

Recommendation 2 - ML offence (mental element and corporate liability)	
Rating: Partially compliant	
Recommendation of MONEYVAL report	<i>Review the current approach concerning criminal liability of legal persons, and consider the possibility of amending the Criminal Code to make legal persons criminally liable, in particular for money laundering offences</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	
Measures reported as of 6 December 2012 to implement the Recommendations of the report	<p>According to the Article 62 of the Constitution of Ukraine a person is presumed innocent of committing a crime and shall not be subjected to criminal punishment until his or her guilt is proved through legal procedure and established by a court verdict of guilty. No one is obliged to prove his or her innocence of committing a crime.</p> <p>Guilt constitutes a mental element of crime (together with the motive, purpose and emotional state of the person). In its turn, a mental element of crime shall be the internal aspect of crime, that is psychic activity of the person that reflects the attitude of his/her will and conscience to the socially dangerous act being committed thereby and to the consequences of the crime.</p> <p>Due to the fact that the Constitution of Ukraine provides for the possibility for bringing to criminal liability of guilty person only, a legal entity can not be found guilty.</p> <p>Therefore, making legal entities of Ukraine criminally liable for TF contradicts with the constitutional principal of guilty and personal liability of the person for criminalized act, that is impossible.</p> <p>At the same time current legislation of Ukraine provides for the possibility for bringing legal entities to civil, administrative and financial responsibility, particularly for violation of the AML/CFT requirements, terrorist financing or participation in terrorist acts.</p> <p>Thus, under the Article 23 of the Basic Law the legal entities that conducted financial transactions connected with money laundering or financed the terrorism may be liquidated under the court ruling.</p> <p>At the same time bringing to liability of legal entities is effectuated together with bringing to criminal liability of guilty individuals – heads of legal entities, officials etc.</p>
Measures taken to implement the recommendations since the adoption of the second progress report.	<p>The Law of Ukraine on May 23, 2013 No. 314-VII "On Amendments to Certain Legislative Acts of Ukraine on the Action Plan to liberalize the EU visa regime for Ukraine on the liability of legal persons" [38] to Criminal Code of Ukraine [3] and Criminal Procedure Code of Ukraine [2] amended, which provides for the possibility of applying to legal persons measures criminal law.</p> <p>According to the amended of Criminal Code of Ukraine [3] changes to the</p>

application to the legal entity measures criminal law is committing its authorized person on behalf and in the interest of the legal entity legalization (laundering) of proceeds of crime (Art. 209 of the Criminal Code of Ukraine), use proceeds from illicit traffic in narcotic drugs, psychotropic substances, their analogues and precursors, toxic or potent substances or toxic or potent drugs (Art. 306 of the Criminal Code of Ukraine [3]), active bribery in the private sector (first, second article 368³ "Bribing an official legal entity of private law, regardless of the legal form "and 368⁴" Bribing a person providing public services "of the Criminal Code of Ukraine [3]), active bribery in the public sphere (article 369" offer, promise or giving of an undue benefits an official "Criminal Ukraine [3]), trading in influence (Article 368² of the Criminal Code of Ukraine [3]).

The Law of Ukraine on May 13, 2014 No 1261-VII "On amendments to some legislative acts of Ukraine in the state anticorruption policy in connection with the Action Plan to liberalize the EU visa regime for Ukraine" [36], another grounds to apply to legal entities measures criminal law was the failure to fulfill its authorized person by law or the constituent documents of a legal entity responsibilities in taking measures to prevent corruption, which led to the commission of any of the above offenses.

Also, the basis for the application of criminal law for legal persons is committing its authorized person on behalf of the legal person of any of these crimes as terrorist act, involvement in the commission of a terrorist act, public incitement to commit a terrorist act, the creation of a terrorist group or terrorist organizations facilitate the commission of a terrorist act, the financing of terrorism (Article 258 – 368⁵ Criminal Code of Ukraine).

Events criminal law (except for terrorist offenses) may be applied by the court to enterprises, institutions or organizations other than government bodies, bodies of the Autonomous Republic of Crimea, local governments and organizations created by them in the prescribed manner, fully funded under the State or local budgets, funds of obligatory state social insurance, Deposit Guarantee Fund individuals and international organizations.

In return for the terrorist crime measures criminal law can be applied to a court of private and public rights of residents and non-residents of Ukraine, including enterprises, institutions or organizations, public authorities, the authorities of the Autonomous Republic of Crimea, local governments, organizations, they have created in the prescribed manner, foundations, and international organizations and other legal entities, established in accordance with national or international law.

Legal entities court may apply such measures criminal law:

fine;

confiscation of property;

Liquidation.

Legal entities and liquidation penalty can be applied only as main measures of criminal law, and confiscation of property - only as an extra. In applying the measures criminal law legal person is obliged to compensate inflicted damage and damage in full, and the amount received undue benefits that could be received or obtained legal personality.

Details of the legal entity for which measures may be taken of the criminal law, investigator or prosecutor made to the Unified Register of pre-trial investigation immediately after receiving notification of the person suspected of having committed in the name of and on behalf of the legal person of any of the above offenses. On making information an investigator or prosecutor not later than the next working day shall notify the legal entity. A proceeding concerning a legal entity is carried out

	<p>simultaneously with the corresponding criminal proceedings in which the person informed of the suspicion.</p> <p>Thus, Article 209 of the Criminal Code "Legalization (Laundering) of the Proceeds of Crime" provides for criminal liability of legal persons for the crime of "money laundering".</p>
Recommendation of MONEYVAL report	<i>Review the legal framework in place and measures taken so far so as to ensure that legal persons are subject to effective, proportionate and dissuasive criminal, civil or administrative sanctions for ML</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	
Measures reported as of 6 December 2012 to implement the Recommendations of the report	Under the Article 23 of the Basic Law the legal entities that conducted financial transactions connected with money laundering or financed the terrorism may be subjected to liquidation under the court ruling.
Measures taken to implement the recommendations since the adoption of the second progress report.	<p>Law of Ukraine "On Amendments to Certain Legislative Acts of Ukraine on the Action Plan to liberalize the EU visa regime for Ukraine on the liability of legal persons" [38] of the Criminal Code [3] supplemented with Article 96-3 of the Criminal Code "Reasons for application to the criminal activities of legal entities - legal nature. " According to the Article 96-3 of the Criminal Code one of the grounds for the application to the legal entity measures criminal law is a failure to fulfill its authorized person by the law or the constituent documents of a legal entity responsibilities in taking measures to prevent corruption, which led to the commission of any of the offenses provided for in Articles 209 and 306, parts one and two of Article 368-3, first and second paragraphs of Article 368-4, Articles 369 and 369-2 of the Criminal Code [3].</p> <p>Article 96-6 of the Criminal Code [3] "Types of measures criminal law applicable to legal persons" stipulates that the court may apply such criminal law measures to the legal persons:</p> <ol style="list-style-type: none"> 1) fine; 2) confiscation of property; 3) liquidation. <p>According to Article 24 of the Law 2015 [1] to legal entities that conducted financial transactions for legalization (laundering) of proceeds from crime or terrorism sponsored or proliferation may be liquidated by court order.</p>
(Other) changes since the second progress report (e.g. draft laws, draft regulations or draft "other enforceable means" and other relevant initiatives	

Recommendation 3 (Confiscation and provisional measures)	
Rating: Partially compliant	
Recommendation of MONEYVAL report	<i>The Ukrainian authorities should ensure that the legal framework explicitly provides for confiscation of instrumentalities, confiscation of property of corresponding value, as well as confiscation of income, profits or other benefits from the proceeds of crime, in the context of a ML offence</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	The above said is stated in provisions of the Draft Law of Ukraine On Introducing Amendments to the Criminal and Criminal-Procedural Codes of Ukraine on Improvement of the Confiscation Procedures (registration number № 3642 as of 22.01.2009) submitted by the Cabinet of Ministers of Ukraine for consideration to the Parliament of Ukraine.
Measures reported as of 6 December 2012 to implement the Recommendations of the report	<p>Draft Law On Amending Criminal and Criminal Procedure Codes of Ukraine on Enhancement of the Confiscation Procedures (hereinafter referred to as draft law) was elaborated by the Ministry of Justice of Ukraine to enforce the point 29 of the National Action Plan for Liberalization of the EU Visa Regime for Ukraine approved by the Decree of the President of Ukraine dated April 22, 2011 No 494/2011.</p> <p>Draft law was aimed at enhancement of the procedure of confiscation of the property used to commit a crime or in the course of commission of a crime, and the proceeds of crime.</p> <p>The Article 1 was supposed to supplement the Criminal Code of Ukraine with Section XIV-I Special Confiscation that defines the term of special confiscation and its subject.</p> <p>The Article was supposed to amend the Criminal Procedure Code in order to define the procedural mechanism to ensure possible special confiscation (the Articles 29, 125, 126, 186) and to address the issue concerning the property subjected to the confiscation (the Articles 81, 214, 248, 324, 335).</p> <p>Besides, draft law suggested amending the Articles 79 and 80 of the Criminal Procedure Code regulating the issue of keeping real evidence that may be spoilt or lose their cost very quickly, or keeping whereof requires significant funds.</p> <p>On September 22, 2011 draft Law was submitted by the Cabinet of Ministers to the Parliament of Ukraine for consideration where it was registered the same day under No 9208.</p> <p>On October 18, 2011 draft Law On Amending Criminal and Criminal Procedure Codes of Ukraine on Enhancement of the Confiscation Procedures was passed in the first reading.</p> <p>On May 14, 2012 the President of Ukraine signed a new edition Criminal Procedure Code of Ukraine.</p> <p>Taking into account the aforesaid, draft Law On Amending Criminal and Criminal Procedure Codes of Ukraine on Enhancement of the Confiscation Procedures had to be recalled and subsequently amended.</p> <p>On May 24, 2012 the Parliament of Ukraine adopted the Resolution on cancellation of this draft law.</p> <p>For the present moment the Ministry of Justice of Ukraine prepared the draft law the provisions whereof provide for implementation of special confiscation taking into account the Criminal Procedure Code adopted.</p> <p>According to the Protocol No 10 of the meeting of Coordination Centre on enforcement of Action Plan for Liberalization of the EU Visa Regime for Ukraine dated September 27, 2012, the Ministry of Justice of Ukraine is requested to submit the draft law to the Parliament according to the established procedure.</p>
Measures taken to	CCU [3] (Article 209 "Legalization (laundering) of proceeds from crime"

<p>implement the recommendations since the adoption of the second progress report.</p>	<p>provides for liability of VC in the form of deprivation of liberty, the right to occupy certain positions or engage in certain activities with the confiscation of funds or other assets from crime and forfeiture property.</p> <p>The Criminal Code of Ukraine defines the special confiscation instrument. Thus, the Art. 961 of the Criminal Code of Ukraine defines that the special confiscation instrument is compulsory uncompensated seizure by the court decision to state ownership of money, valuables and other property in cases stipulated by this Code, defines by Article 354 and Articles 364, 3641, 3652, 368 – 3692 of the Section XVII of Special Part of this Code, or socially dangerous act that falls under the signs of offense under these articles.</p> <p>The special confiscation is using in the case of commission of crime indicated in the following articles of the Criminal Code of Ukraine:</p> <ul style="list-style-type: none"> Art. 354. Bribery of officials of enterprise, authority of entity; Art. 364. Abuse of power or official position; Art. 3652. Abuse of authority of person who are providing public services; Art. 368. Acceptance of the offer, promise or receipt of undue advantage by an official; Art. 3682. Unlawful enrichment; Art. 3683. Abuse of officials legal person of private law independent from business legal structure; Art. 3684. Abuse of the person who providing public services; Art. 369. Offer, promise or receipt of undue advantage to official; Art. 3692. Undue influence. <p>According to Art. 962. Occasions of implementations of the special confiscation.</p> <ol style="list-style-type: none"> 1. The special confiscation is using if the money, valuables and other property: <ol style="list-style-type: none"> 1) obtained as a result of the offense and/or is proceeds of such property; 2) appointed by (used in) reverence for the person to commit a crime, financial and/or material support crime or reward for having done so; 3) have been the subject of a crime other than those returned by the holder (legal holder), and when it does not have - become the property of the state; 4) were identification, produced, adapted or used as a means or instrument of crime than those returned by the holder (legal holder) who did not know and could not know about their illegal use. 2. If money, valuables and other property indicated in Para 1 of Part 1 of this Article have been fully or partially converted into other property, subject to special confiscation fully or partially converted property. If the confiscation of money, valuables and other property indicated in Para 1 Part 1 of this Article, at the time of the court decision on the special confiscation is not possible due to their use or inability to discharge from lawfully acquired assets or disposal, or for other reasons, the court shall decide forfeiture of a sum of money corresponding to the value of such property. 3. The special confiscation is apply in the case if person is not subject to criminal liability for failure to reach the age of which can be criminal liability or insanity, or exempt from prosecution or punishment on the grounds provided by this Code, except exemption criminal liability in connection with the lapse of time. 4. Money, valuables and other property indicated in this article given to a person who committed a crime or socially dangerous act containing elements of a crime under this Code, other person or legal entity, subject to the special confiscation, if the person who took the property knew or should have known, that such property derived from the commission of a crime under Article 354 and Articles 364, 3641,
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	<p>3652, 368 - 3692 Section XVII the Special Part of this Criminal Code, or socially dangerous act that falls under the signs of offense under the Articles.</p> <p>5. The special confiscation shall not apply to money, property and other assets mentioned in this article, which according to the law are to be returned to the owner (rightful holder) or intended to compensate for damage caused by crime.</p>
Recommendation of MONEYVAL report	<i>The Ukrainian authorities should ensure that all the predicate offences to money laundering provide for possibility of confiscation of an offender's property, in line with the FATF requirements</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	
Measures reported as of 6 December 2012 to implement the Recommendations of the report	Predicate offences to money laundering, particularly terrorist financing, illicit production, manufacturing, acquisition, keeping, transportation, transfer or sale of drugs, psychotropic substances and the analogues thereof, power abuse, bribery, fraud, theft, smuggling, robbery together with the main punishment in the form of restriction of liberty or imprisonment provide for an appropriate confiscation of the property.
Measures taken to implement the recommendations since the adoption of the second progress report.	According to the special part of the Criminal Code of Ukraine [3] predicate offenses envisaged appointment of additional penalty of confiscation of property.
Recommendation of MONEYVAL report	<i>The Ukrainian authorities should ensure that confiscation for the property used in or intended for use in terrorist financing cases is provided for</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	Part 2 Clause 3 of Final Provisions of New AML/CFT Law amends the Criminal Code with new (separate) Article 258 ⁵ "Financing of Terrorism", according to which financing of terrorism considers as acts performed with purpose of financial or material provision of separate terrorist or terrorist group (organization), organization, preparing or committing terrorist act, involving in committing terrorist act, public statements for committing terrorist act, promoting to committing terrorist act, creating terrorist group (organization). Sanctions of new article foresee among other types of responsibility confiscation of property.
Measures reported as of 6 December 2012 to implement the Recommendations of the report	N/A
Measures taken to implement the recommendations since the adoption of the second progress report.	Sanctions Article 2585 of the Criminal Code of Ukraine [3] "terrorist financing" is assigned with the main type of punishment additional penalty of confiscation of property.

Recommendation of MONEYVAL report	<i>The Ukrainian authorities should ensure that comprehensive statistics are kept on an annual basis on the number of cases and the amounts of property frozen, seized and confiscated relating to ML, FT and criminal proceeds</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	<p>In Ukraine as of 2004 law enforcement agencies conduct quarterly statistics reports on counteraction to legalization of the proceeds from crime (form 1-LV), approved by the order of the General Prosecutor's Office of Ukraine as of 21.12.2005 № 65, by the decree of the State Tax Administration as of 16.06.2004, by the instruction of the deputy Head of Security Service of Ukraine as of 16.07.2004 № 6/4260, by the instruction of the Ministry of Interior of Ukraine as of 19.05.2004 № 406.</p> <p>In the mentioned departmental reports (form 1-LV) law enforcement agencies indicate data determined in course of pre-trial investigation, especially those that concern to:</p> <ul style="list-style-type: none"> • number of crimes, criminal cases on which have been conducted; • number of cases referred to the court; • determined amounts of legalized funds and property; • seized proceeds from crime; • seized property of the accused person; • confiscated proceeds from crime and other. <p>Moreover, from 2004 the State Court Administration of Ukraine has introduced the state statistical observation in form of reporting 1-L "Report on consideration by general local courts and courts of appeal of criminal cases under the Articles 209, 209¹, 306 of the CC of Ukraine".</p> <p>With the aim of improvement of the state statistical reporting on counteraction to legalization of the proceeds from crime and terrorist financing, the State Court Administration of Ukraine with the Order as of 29.04.2009 № 51 On approval of reporting form № 1-L "Reports of courts of the first instance on the state of consideration of cases on crimes, provided by the Articles 209, 209-1, 306 of the CC of Ukraine", has supplemented the state statistical reporting with indices providing detailed information on cases movement that have been under consideration in the courts of the first instance, characteristic of procedural state of persons on these cases, also with representation of the amounts of legalized proceeds (funds, property) from crime, determined by the resolution of the court.</p> <p>Furthermore, the paragraph 19 of the Action plan on prevention and counteraction to legalization (laundering) of the proceeds from crime and terrorist financing, approved by the decree of the Cabinet of Ministers of Ukraine and the National Bank of Ukraine as of 21.10.2009 № 1119 for 2010 provides elaboration in the 2010 of unified state statistical reporting on counteraction to legalization of the proceeds from crime and terrorist financing.</p> <p>The mentioned amendments provide bringing to it information on the state of investigation and consideration of cases on TF crimes, as well as number of cases of the named category in which confiscation of funds or other property from crime, and confiscation of property, as well as amounts of funds and the value of confiscated property are applicable to the convicted persons.</p>
Measures reported as of 6 December 2012 to implement the Recommendations of the report	<p>Since 2004 the law enforcement agencies of Ukraine are keeping quarter statistical reports on counteraction to money laundering (1-LV form). There reports contain the data clarified in the course of pre-trial investigation, including those that concern the following:</p> <ul style="list-style-type: none"> • number of crimes, criminal cases in the proceedings, • number of cases submitted to the court; • amount of the funds and property laundered;

	<ul style="list-style-type: none"> • amount of the proceeds of crime frozen; • the property of accused persons frozen; • amount of the proceeds of crime seized <p>Because of adoption of new Criminal Procedure Code that enters into force on November 19, 2012, the General Prosecutor’s Office of Ukraine, with approval with the Ministry of Interior, the Security Service of Ukraine and the State Tax Service issued the Order dated 17.08.2012 No 69 On Unified Register of Pre-Trial Investigations that approved the Regulation on Unified Register of Pre-Trial Investigations and stipulated the documents of initial registration on the following:</p> <ul style="list-style-type: none"> - criminal offence; - the results of pre-trial investigation of criminal offence; - the damages incurred, the results of reimbursement paid and seizure of the instruments of crime; - the person that committed the criminal offence and suspected in the commission thereof; - movement of criminal proceedings. <p>For the present moment Information and Analysis Department of the Ministry of Interior of Ukraine, in order to bring the forms of statistics reporting in line with the requirements of new CPC and the Order of GPO dated 17.08.2012 No 69, generalizes the list of indicators composed on the base of the documents of initial registration (statistics forms) in order to amend statistics form 1-LV On Counteraction to the proceeds of crimes revealed by the agencies of internal affairs (Order of the Ministry of Interior dated 19.05.2004 № 406).</p> <p>According to the decision of the National Security and Defense of Ukraine dated 25.05.2012 On the measures aimed at strengthening of the fight against terrorism, the Security Service of Ukraine together with other law enforcement agencies and the State Statistics Service elaborates a unified statistics reporting on counteracting to terrorism that includes, inter alia, the data on number of cases and the amount of the terrorist assets seized and confiscated.</p> <p>The State Judicial Administration keeps reporting under the form 1-L “Report of the courts of the first instance on the state of consideration of the cases on the crimes provided for by the Articles 209, 209-1, 306 of the Criminal Code of Ukraine” that reflects statistics information on the movement of cases that were considered by the courts of the first instance regarding the crimes provided for by the Articles 209, 209-1, 306 of the CC of Ukraine as well as the data on the persons with regard to whom the above mentioned cases were considered. The report under the form 1-L is submitted to the State Financial Monitoring Service on a quarter basis.</p>
<p>Measures taken to implement the recommendations since the adoption of the second progress report.</p>	<p>Under Article 214 CCP Ukraine [2] investigator, the prosecutor immediately, but not later than 24 hours after application, notification committed a criminal offense or after an independent identification him from any source circumstances that may indicate a criminal offense is committed Knitted submit relevant information to the Unified Register of pre-trial investigations and initiate an investigation. The investigator, who will carry out pre-trial investigation, determined leader pretrial investigation.</p> <p>Pre-trial investigation starts after entering data in the Unified Register of pre-trial investigations. Regulations on the Unified Register of pre-trial investigations, the procedure of forming and maintaining approved by Prosecutor General of Ukraine in coordination with the Ministry of Internal Affairs of Ukraine, Security Service of Ukraine, bodies that monitor the compliance of tax laws.</p> <p>The Unified Register of pre-trial investigations made information about:</p> <ol style="list-style-type: none"> 1) the date of receipt of the application, notification of a criminal offense or to

- identify other sources of circumstances that may indicate a criminal offense;
- 2) the name, surname (name) of the victim or applicant;
- 3) Another source from which revealed the circumstances that may indicate a criminal offense;
- 4) a summary of the circumstances that may indicate a criminal offense given to victims identified by the applicant or other sources;
- 5) preliminary legal qualification of the criminal offense with an indication of the article (part of the article) the law of Ukraine on criminal liability;
- 6) name, surname and title of the officer who made the information to the registry, and the investigator, the prosecutor, who introduced the registry information and / or pre-trial investigation began;
- 7) other circumstances stipulated by the provisions of the Unified Register of pre-trial investigations.

Cabinet of Ministers of Ukraine of 25.05.2006 N 740 [47] (as amended by the CMU from 23.09.2009 N 1007 [57] approved the Order of the Unified State Register of judgments.

Entry in the Register shall be the court of the Supreme Court of Ukraine, the high specialized, appeal and local courts, except judgments that contain information state secret, investigative judges decisions rendered in the exercise of judicial control over observance of the rights, freedoms and interests of people in criminal proceedings, court decisions in cases of adoption.

Holder Register is the SJA.

The report contains statistics on investigations and prosecutions under Articles 209, 209-1 Criminal Code of Ukraine [3], including committed as part of organized groups and criminal organizations set amounts of proceeds of crime confiscated proceeds of crime seized proceeds of crime suspects and property, as well as statistics on predicate offenses.

SJA 2004 with the courts introduced quarterly reporting form number 1-A, which contains information about the movement of criminal cases and for offenses under Articles 209, 209-1, 306 of the Criminal Code of Ukraine [3] in respect of persons whose criminal cases and materials were pending in the courts and review results (decisions taken). Overall reports are submitted to the State Statistics Service of Ukraine and State Service for Financial Monitoring of Ukraine.

According to form 1-L, formed ACD statistics are kept for consideration of criminal cases of crimes under articles 209, 209-1 and 306 of the Criminal Code of Ukraine [3] in this context:

Criminal cases of: decreeing a judgment; closure of proceedings; application of compulsory medical measures; return for further investigation; return Prosecutor in accordance with Article 249-1 Code of Ukraine [3]; direction of competent jurisdiction.

Statistics on the number of persons convicted for crimes provided by Article 209, 209-1, 306 of the Criminal Code of Ukraine [3] is next cut

- Statistics on the number of persons convicted for crimes provided by Article 209, 209-1, 306 of the Criminal Code of Ukraine [3] is in the following breakdown:

- - Number of persons;
- - Convicted of crimes;
- - Justified in committing offenses;
- - On which closed the case and of the crimes;
- - On which apply compulsory medical measures;
- - To which cases of crimes aimed at further investigation;

	<ul style="list-style-type: none"> - - For which cases involving crimes prosecutor returned in accordance with Article 249-1 Code of Ukraine [2]; - - As to which cases of crime directed by jurisdiction. <p>According to part three of article. 18 of The Law 2015 [1], SFMS of Ukraine provides accounting:</p> <ol style="list-style-type: none"> 1) information about financial transactions subject to financial monitoring; 2) additional case referrals and case referrals provided to the law enforcement or intelligence agencies, and accepted the results of their review of procedural decisions; 3) information on the results of the preliminary investigation and adopted judicial decisions in criminal proceedings which were used (used) provided case referrals, and the number of persons who have committed criminal offenses or are suspected of the commission, as well as those convicted of crimes; 4) information about confiscated assets and assets that are seized in criminal proceedings, which were used (used) provided case referrals, and the number of the persons to whom the court decision on confiscation of assets and the assets are seized; 5) sent and made requests for international cooperation in combating legalization (laundering) of proceeds from crime, terrorist financing and the financing of proliferation of weapons of mass destruction; 6) reporting entities. <p>In addition, the FIU Ukraine established under subsection to summarize the administrative data.</p>
<p>(Other) changes since the second progress report (e.g. draft laws, draft regulations or draft “other enforceable means” and other relevant initiatives</p>	

Recommendation 4 (Secrecy laws consistent with the Recommendations)	
Rating: Partially compliant	
Recommendation of MONEYVAL report	<i>Ukraine should review the current limitations which appear to inhibit the ability of law enforcement to access information in a timely manner from some of the sectors and take necessary measures to address the lack of knowledge of relevant procedures applicable in this area</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	<p>There are two clearly prescribed procedures for Ukrainian law enforcement agencies to get information that contains banking or other commercial secrecy – administrative and by court order in the framework of the criminal case.</p> <p>During 2009 – first half 2010 in line with the administrative procedure about 1 500 written requests were sent to banks on disclosing banking secrecy according to the Article 62 Part 3 of the Law of Ukraine On Banks and Banking.</p> <p>During the same period on request of law enforcement courts issued 4400 orders on lifting the bank secrecy.</p> <p>Section VIII (Final Provisions) Clause 2 (6) of Law of Ukraine as of 18.05.2010 № 2258-IV “On Introducing Amendments to the Law of Ukraine On Prevention and Counteraction to the Legalization (Laundering) of the Proceeds from Crime” (will set</p>

	in force from 20.08.2010) amends Article 6 (Part 1) (Grounds for operative and search activity) of Law of Ukraine On Operative and Search Activity with Clause 4 which prescribes case referrals of SFMS of Ukraine as one of the grounds for operative and search activity. I.e., verification of information about financial transactions containing in case referrals can be provided with assistance of operative and search means and measures.
Measures reported as of 6 December 2012 to implement the Recommendations of the report	N/A
Measures taken to implement the recommendations since the adoption of the second progress report.	<p>According to the first paragraph of Article 12 of the Law of Ukraine "On the organizational and legal framework to fight organized crime" [18] special units to combat organized crime police and the Security Service of Ukraine and their employees have rights under the laws of Ukraine "On Police" [23] "On the Security Service of Ukraine" [20] "On operative-search activity" [26], this Law and other legislative acts of Ukraine.</p> <p>In accordance with Article 12 of this Law, the implementation of measures to combat organized crime special units to combat organized crime, police and the Security Service of Ukraine are competent, in particular, on the written request of heads of special units to combat organized crime obtain from Banks and credit, customs, financial and other institutions, enterprises, organizations (regardless of ownership) information and documents about transactions, accounts, deposits, internal and external economic agreements of individuals and legal entities. Receiving banks of information containing bank secrecy, carried out in the manner and amount established by the Law of Ukraine "On Banks and Banking" [10]. Getting from the Central Securities Depository, National Bank of Ukraine and depository of information contained in the depository accounting of securities carried out in the manner and amount established by the Law of Ukraine "On the Depository System of Ukraine". [17] Documents and information must be filed immediately, and if not possible - no later than within 10 days.</p> <p>Article 62 of the Law of Ukraine "On Banks and Banking" [10] provides information on legal and natural persons, containing bank secrets disclosed by banks, in particular, the Prosecution Service of Ukraine, the Security Service of Ukraine, Ministry of Internal Affairs of Ukraine, Antimonopoly Committee of Ukraine - on their written request regarding transactions with accounts of a particular legal entity or an individual - business entity for a specific period of time.</p> <p>In turn, part 1 of Article 25 of the Law of Ukraine "On the Depository System of Ukraine" [17] provides that the information contained in the depository accounting, depository institutions provided upon written request, including the prosecution of Ukraine, the Security Service of Ukraine, Ministry of Interior Ukraine, the tax police - in relation to transactions in the accounts of a particular legal or natural person for a certain period exclusively within criminal or operational affairs.</p> <p>The right of employees of the Ministry to obtain the information necessary to perform their duties defined in paragraph 17, the first paragraph of Article 11 of the Law of Ukraine "On Police" [23], in particular, receive freely and free of enterprises, institutions and organizations irrespective of ownership and associations of citizens at the written request information (including those that make up the commercial and banking secrecy) needed in cases of crimes in the proceedings by the police.</p> <p>Employees of the Security Service of Ukraine in accordance with Article 25 of</p>

	<p>the Law of Ukraine "On the Security Service of Ukraine" [20] are entitled to receive by a written request from the head of the Security Service of Ukraine information from ministries, state committees, other agencies, enterprises, institutions, organizations, military units, individuals and holdings data and information necessary for national security of Ukraine and to use for that purpose official documentation and reporting.</p> <p>According to Article 20 of the Law of Ukraine "On Prosecution" [24] in the exercise of prosecutorial supervision over the observance and application of laws prosecutor has the right to have access to documents and materials required for the inspection, including a written request, and those containing commercial secret or undisclosed information. Writing require the submission of the prosecutor in the defined him a reasonable time of these documents and materials necessary for issuing certificates, including the operations and accounts of legal persons and other organizations to address issues related to verification.</p>
<p>Recommendation of MONEYVAL report</p>	<p><i>The Ukrainian authorities should streamline and simplify existing procedures and provide relevant training to law enforcement authorities so that they fully understand the requirements and how to comply with them in order to obtain court orders. This should include training on the procedures available to law enforcement</i></p>
<p>Measures reported as of 27 September 2010 to implement the Recommendation of the report</p>	<p>During 2008 the Training Centre of SFMS has taken measures on professional development of 175 representatives of law enforcement agencies and courts, accordingly during 2009 – 260 representatives of law enforcement agencies and courts, in particular in the part of following the procedures for obtaining of court resolutions.</p> <p>Representatives of the National Bank of Ukraine accordingly to the Resolution of joint session of collegiums of the Prosecutor’s office of Ukraine and the Board of the National Bank of Ukraine as of 16.05.2005 always participate in conducting of studies in the Academy of Prosecutor’s Office of Ukraine, during which prosecutors come to know about the procedure of obtaining of access to banks information.</p> <p>In Kyiv National University of Internal Affairs according to the program for professional training of “bachelor” and “magister” studying topic “Legal and Organizational Measures of Counteraction to the Legalization (Laundering) of the Proceeds from Crime” (4 hours of lectures and 4 hours of seminars) within studying discipline “Economic Safety” and topic “Revealing and Documenting the Legalization (Laundering) of the Proceeds from Crime” (4 hours of lectures and 4 hours of seminars) within studying discipline “Operative and Search Activity” are foreseen in 7-th semester of 4-th course within specialty “Counteraction to Economic Crime”.</p> <p>In 2009 25 officers of special subdivisions on combating with organized crime passed professional training on “Combating with the Legalization (Laundering) of the Proceeds from Crime” and specialization on the bases of Management Academy of MIA. In 2010 the mentioned specialization is planned on October on the bases of Kyiv National University of Internal Affairs (17 officers) and professional training on the bases of Academy – on December (20 officers). Besides, according to the topical plans of Management Academy of MIA, training workshops are held for heads of district subdivisions of Main Department of MIA, Department of MIA, enlisted to the career reserve for managing positions and officers of subdivisions on combating with organized crime on topic “Organization of operative and service activity in the sphere of combating with organized crime, corruption and counteraction to the legalization (laundering) of the proceeds from crime”, as well as there is planned training for 45 adjuncts who provide scientific studies on mentioned topics.</p>

	<p>For execution of Clause 2 of the Resolution of Cabinet of Ministers of Ukraine as of 13.12.2004 № 899-p relevant workshops on professional trainings for officers of internal affairs authorities are held in Training Centre of SFMS of Ukraine.</p> <p>During first half-year 2010 160 officers of territorial bodies and subdivisions including 30 officers of subdivisions on combating with organized crime passed training in Training Centre according to the Schedule of professional training on course “Combating with the legalization (laundering) of the proceeds from crime and financing of terrorism”. During whole 2010 320 officers will pass training in Training Centre.</p> <p>Besides, the representatives of internal affairs bodies participated in seminar – practicum on AML/CFT issues for specialists of regional subdivisions of law enforcement and judicial bodies (30.03.2010), practical workshop on the topic “National Assessment of Money Laundering Risks” (22-23.05.2010), seminar on AML/CFT issues held with assistance of TAIEX (08-09.07.2010), and on the topic “National Assessment of Money Laundering Risks” held by Training Centre together with World Bank (29-30.07.2010).</p> <p>Also, training guidance “Counteraction to money laundering in Ukraine. Legal and organizational principles of law enforcement activity”, “Counteraction to the legalization (laundering) of the proceeds from crime”, methodical recommendations “Revealing, disclosure and investigating the legalization (laundering) of the proceeds from crime (Article 209 of CC of Ukraine)”, developed by Kyiv National University of Internal Affairs, and typologies of the legalization (laundering) of the proceeds from crime “Properties and features of transactions related to money laundering through withdrawing cash. Tactical study and practical investigation”, approved by the Order of SFMS of Ukraine as of 25.12.2009 under № 182 were submitted to the territorial bodies and subdivisions of internal affairs in 2010.</p> <p>Order of STA of Ukraine On Organization of Professional Training of Officers of STA of Ukraine in 2009 – 2010 as of 31.08.09 № 467 approved Themes for training of officers of tax militia on service and special preparation in 2009 – 2010 studying year. According with mentioned Themes the following is foreseen: for operative officers of tax militia – methodical recommendations concerning procedure of banking secrecy disclosure, for investigators of tax militia – the Letter of Supreme Court of Ukraine as of 29.03.06 № 1-5/162 „On Banking Secrecy Disclosure”.</p>
<p>Measures reported as of 6 December 2012 to implement the Recommendations of the report</p>	<p>The Training Center of the SFMS of Ukraine conducts training for the law enforcement officials under the training course on "Combating Legalization (Laundering) of the Proceeds from Crime and Financing of Terrorism". The above mentioned category of specialists are studying the following within this training course:</p> <ul style="list-style-type: none"> - The AML/CFT legal framework for law enforcement agencies (the Ministry of Interior, GPO, Security Service of Ukraine and the tax police of the State Tax Service); - Basic directions, forms and methods of work, competence and powers of the law enforcement agencies, as well as a system of the AML/CFT measures. <p>In 2010 under this program there were trained 202 representatives of the law enforcement agencies, in 2011 - 210 persons, and in 9 months of 2012 - 136 persons. In addition, during 2012 the Centre together with the SFMS of Ukraine prepared and presented in July and placed on the website of the Centre Manual "Guidelines for law enforcement agencies in the AML/CFT area". Firstly, the Guidelines inform the law enforcement authorities on the functions, tasks and role of the SFMS of Ukraine in the AML area, particularly in the area of preparation and processing of case referrals as</p>

a result of analysis and investigation of the financial transactions. And secondly, the Guidelines provide recommendations to the competent authorities on how to implement the necessary measures to verify these case referrals and, if the suspicions are confirmed, to suppress crime.

To enforce paragraph 2 of the Directive of the Cabinet of Ministers of Ukraine dated 13.12.2004 No 899-p Training Centre of the SFMS of Ukraine holds training on professional development of the officials of the agencies of internal affairs according to the annual Schedule of professional development under the course Anti-Money Laundering and Counter Terrorist Financing.

During 2010/2011 in Kyiv National Academy of Internal Affairs according to the program for professional training of “bachelor” and “magister” topic “Legal and Organizational Measures of Counteraction to the Legalization (Laundering) of the Proceeds from Crime” (4 hours of lectures and 4 hours of seminars) within studying discipline “Economic security” and topic “Revealing and Recording the Legalization (Laundering) of the Proceeds from Crime” (4 hours of lectures and 4 hours of seminars) within studying discipline “Operative and Search Activity” were read for the students of the 4-th course within specialty “Counteraction to Economic Crime”.

In 2010-2012 the course on professional development for the officials of the state agencies involved into AML/CFT area within the disciplines Economic Security, Revealing of Economic Crimes, and Operative and Search Activity was held.

Besides, according to the topical plans, training workshops on the following topics “Organization of operative and service activity in the sphere of combating organized crime, corruption and counteraction to the legalization (laundering) of the proceeds from crime”, “Applying by the agencies of internal affairs of anti-corruptive legislation of Ukraine”, and “Acute issues of prevention and counteraction to corruption among officials” were held for heads of district units of Main Department of MIA, Department of MIA, enlisted to the career reserve for managing positions and officers of units on combating organized crime within which the issues of revealing, recording, disclosure and investigation of the crimes related to money laundering were discussed.

In the course of training aimed at professional development of the investigators of Main Department of MIA, Department of MIA, whose functional obligations include exercising procedural control over investigation of the crimes related to illicit turnover of drugs, psychotropic substances, analogues and precursors thereof, the topic “The problems of recording the crimes related to illicit turnover of drugs, psychotropic substances, analogues and precursors thereof” was studied.

In 2010 the Post-Graduate Education Centre of Scientific Management Institute of the National Academy of the Ministry of Internal Affairs held Anti-Money Laundering Training for 37 officials of anti-corruption units of Main Department on combating organized crime of MIA, in 2011 – for 20 officials, in 2012 – for 15 officials. In November 2012 training for 24 officials under this direction is planned.

During 2010-2012 the National Academy of the MIA held a range of scientific events, including round table “Money laundering typologies” where the officials of the SFMS of Ukraine, Academy of judges of Ukraine, State Securities and Stock Market Commission of Ukraine, the General Prosecutor’s Office of Ukraine, the Security Service of Ukraine, the National Security and Defense Council of Ukraine, Main Investigation Department of MIA, the State Service on Combating Economic Crimes of MIA, Main Department on Combating Organized Crime of MIA participated (04.10.2010, 14.09.2011), the workshop “Combating Laundering of the Proceeds from Illicit Turnover of Drugs” where Criminal Police of Bavaria, Munich Police, Hans Seidel Fund took part (03.10.2011), scientific and practical workshop

on Anti-Money Laundering and Counter Terrorist-Financing issues for the officials of regional units of the law enforcement and judicial bodies (30.03.2010), practical workshop on the topic “National Assessment of Money Laundering Risks” held with assistance of the World Bank (22-23.05.2010), the workshops “Counteracting to Money Laundering and Financial Crimes” (08-09.07.2010), “Money Laundering and the Predicate Crimes to Money Laundering (Cyber Crime), New Trends in ML” (04.06.2012) held with assistance of the European Commission TAIEX instrument.

The Order of the State Tax Service dated 25.07.2012 No 651 On Organization of Professional Development of the Officials of Tax Police in 2012-2013 approved the List of topics of lectures for the tax police officials on official and special preparation in 2012-2013. According to this list it is planned to study the organization of interaction between the tax police units in the area of revealing the crimes related to money laundering.

The Order of the State Tax Service dated 13.01.12 No 34 On Organization of Professional Development of the Officials of the State Tax Service of Ukraine in 2012 approved the Action Plan for training heads and officials of the tax agencies and educational plans of professional development programs for the officials of the tax agencies in 2012.

Besides, the officials of the STS and its regional units take part in the workshops, including international, on a regular basis:

International TAIEX workshop “Asset Recovery” that took place in Lviv (13-16.03.2012). This workshop was visited by the officials of the SFMS of Ukraine, the STS and law enforcement agencies of Ukraine – actors of the national AML/CFT system. The purpose of studying was acquiring special expertise and skills in the area of search, seizure and management of the assets frozen, regional and international cooperation.

International TAIEX workshop “Implementation and practical aspects of application of Directive 2009/110/EC of the European Parliament and of the Council of 16 September 2009 on the taking up, pursuit, and prudential supervision of the business of electronic money institutions” that took place in Kyiv (31.05-1.06.2012).

Scientific and practical workshop “Information resources of the State Tax Service in the AML and counter tax evasion mechanism” that took place in the National University of the State Tax Service (1.06.2012). The workshop was held in the framework of the scientific research “Enhancement of the mechanism of use of information resources of the STS of Ukraine to carry out analysis in order to reveal money laundering and tax evasion schemes”. More than 70 officials participated in this workshop. Under the results of the event the participants approved the recommendations on this issue.

The officials of the STS in Odesa, Mykolaiv, Kherson, Kirovohrad regions participated in the international TAIEX workshop “Money Laundering and the Predicate Crimes to Money Laundering (Cyber Crime), New Trends in ML” held in Odesa(04.06.2012).

Regional workshop “Enhancement of the mechanism of international cooperation in the area of prevention and counteraction to money laundering on the national level” that took place in Odesa (13-14.09.2012). The workshop was held in the framework of UNODC in the Central Asia and GUAM. This workshop was visited by the representatives of the GPO, MIA, the SFMS of Ukraine and officials of the law enforcement agencies of Azerbaijan, Georgia, Moldova, Hungary, Italy, Lithuania, the UK, the Embassy of the USA in Ukraine and international law enforcement organizations. This workshop covered the following issues:

The mechanism of international cooperation, interaction on the national level in

	<p>AML area;</p> <p>The mechanism of interagency cooperation on the national level aimed at disclosure and investigation of the crimes related to money laundering, and search and seizure of the criminal assets.</p> <p>Moreover, the officials of the STS of Ukraine visited the 14th meeting of the Coordination Council of Heads of Tax (Financial) Investigation Agencies of the State-Parties of CIS that took place on September 12, 2012 in Odesa. In the course of the meeting the issues of the agenda were considered and First Deputy Head of the STS of Ukraine – Head of Tax Police of the STS of Ukraine Andriy Holovach was appointed as Chairman of the Council mentioned.</p> <p>On September 21, 2012 the top-rank officials of the STS of Ukraine organized the international conference “Joint efforts of the competent agencies of the countries of the Eastern and Western Europe in fight against financial (tax) crimes”.</p> <p>During 2010-2011 69 officials of investigation units of the Security Service of Ukraine enhanced their professional skills. Under scientific schedule in the framework of professional development the course of lectures “Peculiarities of investigation of the crime provided for by the Article 209 of the Criminal Code of Ukraine” was read.</p> <p>The National Academy of the SSU provides the course of lectures on anti-money laundering issues for the students of the 5th course of study.</p>
<p>Measures taken to implement the recommendations since the adoption of the second progress report.</p>	<p>Training Center of the SFMS of Ukraine (hereinafter - the Center) for law enforcement professionals conducted a training program training course "Combating legalization (laundering) of proceeds from crime and terrorist financing".</p> <p>Under this training program at the Centre in 2013 trained 428 law enforcement and judicial authorities, in 2014 - 376 people, and 5 months in 2015 - 207 people.</p> <p>Under this program, training of specialists studying this category:</p> <ul style="list-style-type: none"> - Features of the investigation of criminal cases brought on the grounds of crimes under Articles 209, 209-1, 258-4, 258-5 306 of the Criminal Code of Ukraine [3]; - Practice of courts of Ukraine law on criminal liability for the legalization (laundering) of proceeds from crime; - Administrative practices (Articles 1669 and 18834 of the Administrative Code "Violation of legislation on prevention and counteraction to legalization (laundering) of proceeds from crime or terrorist financing"). <p>January 20, 2014 jointly with SFMS seminar for specialists of territorial bodies of the Ministry of income and fees Ukraine on prevention and counteraction to legalization (laundering) of proceeds from crime or financing of terrorism, which was attended by 32 people.</p> <p>Order of the DPS Ukraine from 21.12.12 №1172 «On the organization improve the professional competence of officers of the State Tax Service of Ukraine in 2013" [144] and the Ministry of income and fees Ukraine from 09.08.13 №341 «On organization improve the professional competence of employees of the territory the Ministry of Revenues and Duties of Ukraine of the second half of 2013 "[145] approved schedule training managers and specialists of the State Tax Service and the educational and thematic plans of professional training programs for the employees of the State Tax Service of Ukraine in 2013 for directions.</p> <p>In 2013, at the Center of retraining and professional cadres of STS of Ukraine passed training in "Organization of combating laundering of proceeds of crime" 27 staff units to combat money proceeds from crime of revenues and fees. the Ministry of Revenues and Duties of Ukraine the Order of 21.03.14 №189 «On organization improve the professional competence of officers of income and charges in 2014" approved schedule training managers and specialists of the Ministry of</p>

Revenues and Duties of Ukraine and educational and thematic plans vocational training programs for the employees of the Ministry of Revenues and Duties of Ukraine for 2014 for directions.

In 2014 at the Department of the Center of retraining and professional cadres of the Ministry of income and fees Ukraine have training in "Organization of combating laundering of the proceeds of crime" 22 worker units to combat laundering of the proceeds of crime, of income and charges.

Order of DFS from 14.02.15 №87 «About the organization improve the professional competence of employees of DFS in 2015." [149] approved schedule training managers and specialists of DFS and educational and thematic plans of professional training programs for the employees of DFS for 2015 year trends.

In 2015, at the Department of the Center for retraining and training executives in the public service planned fiscal training in "Organization of combating laundering of proceeds of crime" 23 staff units to combat money proceeds from crime of DFS.

By training professionals involved State Financial Monitoring Service of Ukraine and the National Commission for State Regulation of Financial Services Markets.

DFS Ukraine is taking steps to strengthen the dialogue with the EU to combat fraud in order to prevent illegal trade, including trade in excise goods, including tobacco.

The signing of the Understanding on Cooperation between the Ministry of income and fees and Olaf Ukraine to combat illegal movement of tobacco products (06.06.2013 city. Brussels) was the legal basis for further close cooperation in combating illegal tobacco and intensification of actions in that field.

The signing and entry into force of the agreements allows active participation in the activities envisaged by the Action Plan to fight against smuggling of cigarettes and alcohol products on the Eastern border, developed by the European Commission (June 2011) and the provisions of which were supported by the Ukrainian side.

During the meeting Minister revenues and fees AV Klimenko Ukraine with Director General Giovanni Kessler Olaf m. Kyiv, held September 30, 2013, Mr. Kessler praised Ukraine's efforts to prevent smuggling of tobacco products, and expressed satisfaction with the focus of both parties to obtain concrete results of cooperation.

Cooperation with Olaf in combating illegal movement of tobacco products actively developed before the signing of the Arrangement.

During 2013 committed the most serious steps to intensify the bilateral dialogue on combating trafficking of tobacco products.

On an ongoing basis the cooperation and coordination of efforts in this area with the liaison officer Olaf which is located in the city Kiev.

Olaf provides information on movement across the customs border of Ukraine of tobacco products in the "transit" as in container traffic, and by road, to test the legality of such operations and so on.

According to the agreement Ukraine and Olaf exchanged (in December 2013) to promote contact persons and accelerate effective and confidential transmission of information. These persons are authorized to sign documents in the framework of mutual administrative assistance in customs matters.

Main directions and mechanisms of cooperation

The main directions of cooperation:

1. combating illegal tobacco products.
2. Cooperation in the field of detection and investigation of cases of illegal importation of goods for tax evasion and violations related to the prohibitions and restrictions.

- Mechanisms of cooperation:
1. Participation in multilateral operations that are initiated or coordinated by Olaf.
 2. Conducting joint investigations.
 3. Exchange of operational and proactive information on possible violations of the customs legislation of foreign trade operations.
 4. a working meeting at expert level and DFS Olaf.
 5. Participation in international conferences, seminars, educational trainings organized or conducted under the auspices of Olaf.

Chronology of events
(2012-2014 years)

2012

23-27 April (Warsaw, Poland) - participated in the international conference "North-East Euro III." The meeting of European experts on counterfeiting, organized by the Central Bureau of Investigation Chief Police Enlistment Poland supported by Olaf.

May 29 (Kyiv) - meeting of the delegations of the State Customs Service of Ukraine and Olaf as part of a joint investigation of possible cases of illegal movement of agricultural products (garlic) of Chinese origin within the EU and Ukraine.

24-27 September (m. Vilnius, Lithuania) - the participation of the State Customs Service in the 17 the International Conference Task Force on combating illegal tobacco products, which is organized annually Olaf.

02-05 October (c. Odessa, Ukraine) - the participation of the State Customs Service in the International Workshop on combating crimes related to counterfeit euro currency, organized with the support of Ministry of Interior of Ukraine Olaf.

13-14 November (m. Lyon, France) - the joint participation of the State Customs Service of Ukraine and Olaf the meeting by summarizing international operation in combating illicit trafficking in counterfeit goods "Black Poseidon", organized by Interpol.

Every month, or as needed - meetings with liaison officers of Olaf in Ukraine, Mr. Mariusz Kovalchuk, to discuss issues of cooperation with the Customs Service Olaf, include on cooperation in combating the illegal movement of tobacco products.

2013

March 19-20 (Bucharest, Romania) - participated in the workshop on the preparation and holding of international customs operation in Romania, Moldova and Ukraine «ROMOLUK (RUMOLUK)" aimed at combating illegal cross-border movement of tobacco products. Organizers Olaf and the National Customs Administration Romania.

May 13 (m. Kyiv) - working meeting of representatives of the Department to combat smuggling and customs offenses Department of customs the Ministry of Revenues and Duties of Ukraine Olaf representatives as part of a joint investigation into possible illicit pesticides Chinese origin (with the possible illegal transfer to the EU).

June 6 (m. Brussels, Belgium) - signing agreements on cooperation between the Ministry of income and fees Ukraine and the European Office to Combat Fraud Office (Olaf) to combat illegal movement of tobacco products.

October 2 (m. Kyiv) - a working meeting of representatives of the Department to combat smuggling and customs offenses Department of customs the Ministry of Revenues and Duties Olaf representatives as part of a joint investigation into possible illicit pesticides Chinese origin.

11-14 November (m. Bucharest, Romania) - part Representative Office to combat smuggling and customs offenses Department of customs the Ministry of Revenues and Duties of Ukraine at the 18th International Conference task force on combating trafficking of tobacco products, which is organized annually Olaf.

Every month, or as needed - meetings with liaison officers in Ukraine Olaf Mariusz Kovalchuk, to discuss issues of cooperation with Olaf, include on cooperation in combating the illegal movement of tobacco products.

2014

February 14 (m. Brussels, Belgium) - a working meeting of representatives of the Department to combat smuggling and customs offenses the Main Operations Directorate the Ministry of Revenues and Duties of Ukraine Olaf representatives as part of a joint investigation into possible illicit pesticides Chinese origin.

March 27 - meeting of the Ministry of income and fees from Ukraine Director General Giovanni Olaf Keslerom.

One of the issues discussed during the meeting was the establishment of effective mechanisms to control costs money allocated Ukraine as international financial assistance.

During the meeting, invited to discuss the creation of a working group, which structure should include representatives of law enforcement bodies of Ukraine and the relevant European institutions counteract financial crime. The creation of such a working group for the implementation of expertise and other measures to prevent possible abuses and fraud in the use of funds allocated to Ukraine, as a European Union financial support and other international donors.

The proposed form of cooperation with Ukraine Olaf showed a willingness to cooperate with the European Union, other countries and international organizations towards further deepening socio-economic relations. Since this form of cooperation demonstrates Ukraine's readiness to open and transparent relations with foreign partners, it can be one of the guarantees of reliability in the relations between our country and the EU. For its part the creation of such a working group will be one of the factors that from the point of view of the European Commission can contribute to careful monitoring the use of the money allocated for EU institutional reforms in Ukraine.

According to the results of that meeting agreed to study this project Olaf, its agreement with the European Commission and the subsequent removal of the discussion of the Ukrainian side.

+Today is expected to coordinate their positions on the creation of the working group of the European Commission.

6-9 October (m. Prague, Czech Republic) - provided part DFS representative in the Annual Conference Task Force to combat illegal movement of cigarettes annually organized Olaf.

Every month, or as needed - meetings with liaison officers Olaf in Ukraine, Mr. Mariusz Kovalchuk, to discuss issues of cooperation with Olaf, including on cooperation in combating the illegal movement of tobacco products.

The Mission to assist the Border MOLDOVA AND UKRAINE (EUBAM)

Representatives of the customs authorities of Ukraine take part in educational events held eubam mission as planned trainings for 10 phase (period: 01/12/2013 - 01/12/2015). Plan training formed the European side to the needs of service partners.

Total for 2013 in cooperation with EUBAM organized training of more than 170 representatives the Ministry of Revenues and Duties of Ukraine. Classes are held both at the central and regional levels.

During the period of stay of Mission EUBAM (2005) conducted a number of joint operations involving customs and law enforcement agencies of Ukraine and Moldova and experts Mission EUBAM, aimed at strengthening counter smuggling, fight against illegal migration and other offenses on the Ukrainian-Moldovan border. Joint operations play a positive role in combating customs and other offenses at the border, strengthens partnerships customs authorities of Ukraine with foreign partners.

In 2013, a successful operation "Ovidius" and «Pontus Euxinus».

During 2014 DFS representatives participated in the events held under the EUBAM Mission of EUBAM Training Plan for 2014, as well as in the meetings of the Advisory Board of Mission, monthly coordination meetings, working groups.

On a monthly basis, held meetings on development projects and preparing regular reports on common border security assessment for the reporting periods of 2014.

In 2014 held 2 joint international joint operations with border "Olvia" and "Hit".

24-25 July 2014 at the headquarters of the Mission EUBAM (Odesa) DFS delegation met with representatives of the EUBAM to discuss the situation around the ARC and its impact on foreign economic activity of Ukraine and Moldova.

During the meeting, participants were awarded the feasibility of using the experience of the Mission EUBAM, obtained under the settlement of the Transnistrian conflict.

12-14 August 2014 EUBAM Mission delegation made a study visit to the zone of Kherson Customs. During the visit the Mission EUBAM recommendations on customs control on the administrative border of the Autonomous Republic of Crimea.

REPUBLIC OF BELARUS

January 22, 2015 at crossings "new Yarylovychi - nowa huta "Chernihiv customs bilateral meeting between DFS representatives of law enforcement departments of customs administrations of Ukraine and Belarus.

The event discussed the planning and organization of practical measures at the Ukrainian-Belarusian border area, improving cooperation in the prevention, detection and investigation of customs offenses, as well as agreed and signed the following documents:

- Plan practical measures of customs authorities

Ukraine and Belarus in law enforcement in 2015;

- Protocol on cooperation between the State fiscal authorities of Ukraine and the State Customs Committee of Belarus in combating customs offenses related to the movement of goods by air.

THE REPUBLIC OF MOLDOVA

March 20, 2012 in Odessa. Heads of customs services of Moldova and Ukraine signed a joint action plan in law enforcement between the state customs service of Ukraine and the customs service under the ministry of finance of the republic of Moldova for 2012-2014.

To improve the skills of workers and the effectiveness of operational activity in the fight against money laundering taken part in the international seminar on "Improving national law enforcement practices of direct interagency international cooperation to detect and investigate money laundering" (Baku, Azerbaijan) organized the educational seminar on "Combating theft of budget funds and state enterprises with the use of" conversion centers ", their further legalization parties CO and ZO" invitation specialists Prosecution, SFMS, National Bank, National Academy and

GUS MIA (Kyiv) and developed guidelines for documenting criminal groups involved in embezzlement of budget funds and their legalization conversion.

Also, the National Academy of Internal Affairs of Ukraine conducted training sessions with employees of public bodies in the area of prevention and counteraction to legalization (laundering) of proceeds from crime or terrorist financing by discipline "economic security", "detection of crimes in the economic sphere", "Operational Activities" and a workshop with representatives of SFMS of Ukraine, State Commission on Securities and Stock Market, the Prosecutor General of Ukraine, the SBU, the National Security Council, DDSBEZ, GUBOP MIA of Ukraine.

Main Investigation Department of MIA of Ukraine conducted the study of the criminal proceedings on crimes related to the legalization (laundering) of proceeds from crime and fictitious business. In proceedings given written instructions in accordance with Art. 39 CPC of Ukraine [2], including the measures regarding the establishment of authorized funds and property acquired through crime. By the results of the study conducted internal investigations, to persons who have committed violations response measures taken and progress pretrial investigation taken to controls. In addition to the investigative units of territorial-PG Ministry of Internal Affairs sent instructions to the need to study in the state of pre-trial investigation in criminal proceedings for offenses specified categories and identify the causes that affect the length of the investigation and their closure, organization and implementation of measures aimed at ending pre-trial investigation.

To increase the efficiency of pre-trial investigation of crimes, including under Article 209 of the Criminal Code of Ukraine [3] Main Investigation Department of MIA of Ukraine drafted algorithm of actions of police officers in criminal proceedings Ukraine to search the property of a suspect (accused) imposition of a detention and ensure its preservation.

Considered and approved by the Cabinet of Ministers of Ukraine "On establishment of the interdepartmental commission on return to state ownership of money and property derived from corruption offenses", developed by the Ministry of Justice of Ukraine.

In the National Academy of Internal Affairs of Ukraine conducted the following thematic scientific conferences, seminars, round tables, namely:

Round Table "Using the operative technique in exposing bribery", with the participation of DOTS GSBEP, GUBOP MIA of Ukraine;

Round Table "Combating Corruption in public procurement", with the participation of DDSBEZ, GUBOP Interior Ministry of Ukraine, State Financial Inspection of Ukraine;

round table "Legal problems of economic entities in modern conditions", with the participation of the National Academy of Management, Ukrainian State University of Finance and International Trade;

round table "Legal basis using forensic tools to investigate criminal proceedings", with the participation of NTU of Ukraine "Kyiv Polytechnic Institute" DNDEKTS MIA of Ukraine NDEKTS at the Interior Ministry of Ukraine, Kyiv National University of Culture and Arts;

round table "victim logical prevention of certain types of crimes", scientific-practical conference "Combating Police modern types of crime: international experience";

Scientific-theoretical seminar "Actual problems of investigation of crimes" involving SU Interior Ministry of Ukraine in. Kiev, SU Interior Ministry of Ukraine in Kyiv oblast;

round table "Operational-search activities and covert investigative (detective) actions in the fight against crime", with the participation of GUS, DDSBEZ, corticosteroids, DOTZ, GUBOP, NASB MIA of Ukraine;

Round Table "Actual problems of combating human trafficking in Ukraine and in the world";

round table "Topical issues of interaction of operational services with other investigative units and investigation";

Scientific Seminar "Combating Corruption in public procurement", with the participation of GUBOP, GSBEP MIA of Ukraine;

round table "investigative work of the operational divisions of MIA of Ukraine."

foreign states and international organizations which are aimed at prevention of legalization (laundering) of proceeds from crime or terrorist financing, on revealing illegal activities of entities, including of fictitious companies involved in schemes of legalization (laundering) of proceeds from crime or terrorist financing, and to establish methods of financial schemes and mechanisms of specified unlawful activity and documentation of violations, the National Academy of Internal Affairs of Ukraine is the initiated and commissioned relevant departments of the Interior Ministry of Ukraine of scientific research in accordance with the annual plans of sun and ROC, the results of which are implemented in law and practice educational process, including within international cooperation agreements. Thus, according to the annual plan and the sun ROC National Academy in 2014 with the said issues provided research to prepare:

guidelines "Interaction pretrial investigations and operational units of the Bank during the investigation of criminal offenses";

guidelines "Features of covert investigative (detective) of action and their use results in the investigation of crimes in the sphere of economic activity";

textbook "Banking Security: legal and organizational principles of law enforcement";

Enforcement methods "Identifying and investigating crimes involving the use of access to bank accounts";

guidelines "Combating ATS crimes related to human trafficking";

guidelines "Organization documenting criminal offenses related to illegal drug sales in the Ukrainian segment of the Internet network";

guidelines "Interaction operating units of banks with the security services in the fight against crime";

textbook "The organization and modern problems of fight against corruption and organized crime";

textbook "Operational and technical documentation of crimes in the economic sphere."

In addition, rapid unplanned conducted the study, according to the requests of public authorities, commissions MIA of Ukraine and orders services industry, including:

guidelines on: identifying and documenting crimes committed in the financial services market with spending of credit unions; features detection and documentation of criminal offenses and investigation of criminal proceedings related to trafficking in persons and offenses against morality;

analytical reviews on: prevention of organized crime;

organization of the action plan for 2014 on prevention and counteraction to legalization (laundering) of proceeds from crime or terrorist financing.

Also, as part of the exchange of results of scientific studies on relevant topics that are implemented in legislative work, law enforcement practices and learning process.

	So, this year the National Academy of Internal Affairs of Ukraine defended dissertation "The legal and organizational basis of operational units to prevent money laundering in banks", "Criminal legal description of the financing of terrorism". Approved dissertation on the topic "Legal and organizational principles of financial investigations in the field of combating money laundering", "Countering the operational units of the tax police legalization (laundering) of proceeds from crime", "Theoretical and legal bases Shadow Economy of Ukraine."
(Other) changes since the second progress report (e.g. draft laws, draft regulations or draft “other enforceable means” and other relevant initiatives	

Recommendation 6 (Politically exposed persons)	
Rating: Non compliant	
Recommendation of MONEYVAL report	<i>As regards Recommendation 6, the Ukrainian authorities should implement the FATF requirements for PEPs as soon as possible. This should include: - a clear and explicit definition for PEPs consistent with the FATF Glossary</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	The AML/CFT Law (Article 1 part 1 (29)) identifies definition of politically exposed persons as natural persons, who are or were entrusted to execution of determined public functions in foreign states, especially: <ul style="list-style-type: none"> - head of state, head of government, ministers and their deputies; - parliament’s representatives; - members of superior court, constitution court or other courts of high level whose resolutions don’t subject to appeal except as under exclusive circumstances; - members of court of auditors or boards of central banks; - ambassadors extraordinary and plenipotentiary, charges d’affaires and high level officials of armed forces; - members of administrative, managerial or supervisory bodies of state enterprises with strategic importance.
Measures reported as of 6 December 2012 to implement the Recommendations of the report	The Law of Ukraine “On the grounds for prevention and counteraction to corruption” as of 07.04.2011 No 3206-VI (Article 4) identifies that the entity of liability for corruption offences shall be persons authorized to perform state functions or functions of self government authorities, in particular: the President of Ukraine, the Chairman of Verkhovna Rada of Ukraine, his/her first deputy head and deputy head, the Prime Minister of Ukraine, First Deputy Prime Minister of Ukraine, Vice Prime Minister of Ukraine, ministers, other Heads of central executive bodies which are not the members of the Cabinet of Ministers of Ukraine, and their deputy Heads, the Head of the Security Service of Ukraine, the Prosecutor General of Ukraine, the Chairman of the National Bank of Ukraine, the Chairman of the Accounting Chamber of Ukraine, the Ombudsman, the Chairman of the Verkhovna Rada of the Autonomous Republic of Crimea, the President of the Autonomous Republic of Crimea; MPs of Ukraine, MPs of the Verkhovna Rada of the Autonomous Republic of

	Crimea, members of local councils; civil servants, local government officials.
Measures taken to implement the recommendations since the adoption of the second progress report.	<p>Paragraph 19 of Article 1 of the Law 2015 [1] stipulates that foreign public officials is individuals who perform or performed during the last three years by public functions in foreign countries, namely:</p> <ul style="list-style-type: none"> • Head of State, Head of Government, ministers and their deputies; • members of parliament; • Chairman and members of the boards of central banks; • members of the Supreme Court, Constitutional Court and other judicial bodies whose decisions are not subject to appeal, appeal except in exceptional circumstances; • Ambassador, charge d'affaires and heads of central military command; • the heads of the administrative, management or supervisory bodies of public enterprises of strategic importance; • Leaders of the governing bodies of political parties represented in parliament. <p>Paragraph 25 of Article 1 of the Law of 2015 [1] stipulates that national public figures is the individuals who perform or performed during the last three years by public functions in Ukraine, namely:</p> <p>President of Ukraine, Prime Minister of Ukraine, members of the Cabinet of Ministers of Ukraine;</p> <p>first deputy and deputy ministers, heads of other central executive authorities, their first deputies and deputies;</p> <p>MPs of Ukraine;</p> <p>Chairman and members of the Board of the National Bank of Ukraine, members of the National Bank of Ukraine;</p> <p>chairman and judges of the Constitutional Court of Ukraine, Supreme Court of Ukraine and high specialized courts;</p> <p>members of the High Council of Justice, members of the High Qualification Commission of Judges of Ukraine, members of the qualification commission of prosecutors;</p> <p>Prosecutor General of Ukraine and his deputies;</p> <p>Head of the Security Service of Ukraine and his deputies;</p> <p>Chairman of the Antimonopoly Committee of Ukraine and his deputies;</p> <p>Chairman and members of the Accounting Chamber;</p> <p>members of the National Council on Television and Radio Broadcasting of Ukraine;</p> <p>Ambassadors;</p> <p>Chief of General Staff - Chief of the Armed Forces of Ukraine, heads of the Land Forces of Ukraine, Ukraine Air Forces, Naval Forces of Ukraine;</p> <p>civil servants whose positions are assigned to the first or second category posts;</p> <p>heads of regional territorial bodies of central executive bodies, heads of prosecutors, heads of regional territorial bodies of the Security Service of Ukraine, Chairman and judges of appellate courts;</p> <p>the heads of the administrative, management or supervisory bodies of state and public enterprises, economic associations, the state share in the authorized capital exceeds 50 per cent;</p> <p>Leaders of the governing bodies of political parties and their central statutory bodies.</p>

	<p>Paragraph 13 of Article 1 of the Law 2015 [1] stipulates that workers performing political functions in international organizations - is officials of international organizations holding or hugging during the last three years managerial positions in such organizations (directors, heads of boards or their deputies), or perform any other managerial function at the highest level, including in international intergovernmental organizations, members of international parliamentary assemblies, judges and senior officials of international courts.</p>
Recommendation of MONEYVAL report	<p>- a requirements on financial institutions to put in place appropriate risk management systems to determine whether a potential customer, a customer or the beneficial owner is a politically exposed person</p>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	<p>The Article 6 part 4 (2) of the AML/CFT Law determines with regard to politically exposed persons or their associates – while establishing business relations with the client and in the process of customer service the reporting entity according to internal procedures ensure establishing the fact whether the client is classified as politically exposed person or associates or persons acting on their behalf (associates to politically exposed persons are members of family and other close relatives, legal persons the sufficient share or control in which belongs to politically exposed persons or their close associates).</p> <p>Moreover, according to the Article 11 part 1 of the AML/CFT Law, reporting entity is obliged to conduct risks management of legalization (laundering) of the proceeds from crime or terrorist financing taking into account results of identification of client, services providing to client, analysis of transactions conducted by them, and their compliance with financial state and content of client’s activity.</p> <p>Thus, the AML/CFT Law determines requirements for financial institutions regarding establishment of certain risks management system for identifying of belonging of prospective client, client or beneficiary owner to political exposed persons.</p>
Measures reported as of 6 December 2012 to implement the Recommendations of the report	N/A
Measures taken to implement the recommendations since the adoption of the second progress report.	<p>Part four of Article 6 of 2015. [1] The obligation to initial financial monitoring entity to establish a high risk, particularly regarding national and foreign public officials and officials performing political functions in international organizations or related entities, which fact of belonging to a client or a person acting on their behalf established entities.</p> <p>However, paragraph 2 of the fifth paragraph of Article 6 of the Law 2015 [1] states that the related persons are persons with whom the family members of national and foreign public officials and officials performing political functions in international organizations are called business and entities trailer ultimate shareholders (controllers) by such figures or their family members or persons with whom such figures have business or personal relationships.</p> <p>Therefore, entities shall establish a high risk entity - the client end ultimate shareholders (controllers) which are national and foreign public figures and leaders performing political functions in international organizations.</p>
Recommendation of MONEYVAL report	<p>- a requirement to obtain senior management approval for establishing business relationships with PEPs. This should also include where a customer has been accepted and the customer or beneficial owner is subsequently found to be, or subsequently becomes a PEP; and</p>

Measures reported as of 27 September 2010 to implement the Recommendation of the report	According to the Article 6 part 4 (2) of the AML/CFT Law the entity while establishing business relationship with politically exposed persons and related to it persons shall obtain permission of head of the entity.
Measures reported as of 6 December 2012 to implement the Recommendations of the report	N/A
Measures taken to implement the recommendations since the adoption of the second progress report.	<p>According to the fifth part of Article 6 of 2015. [1] entities required to make high-risk customers, such additional activities, including:</p> <ul style="list-style-type: none"> on national and foreign public officials and officials performing political functions in international organizations, their close persons or related persons (related persons are persons with whom the family members of national and foreign public figures and figures, perform political functions in international organizations have business or personal relationships, as well as legal entities trailer ultimate shareholders (controllers) by such figures or their family members or persons with whom such figures have business or personal relationships) : a) to exercise according to internal documents on financial monitoring fact of belonging Customer or a person acting on his behalf to the said categories of customers during the identification and verification in the course of their service, and whether they end ultimate shareholders (controllers) or managers of legal entities; b) establish with permission of reporting entities doing business with them; <ul style="list-style-type: none"> a) before or during a business relationship take measures to ascertain the source of funds of persons on the basis of documents obtained from them and / or information from other sources, if such information is a public (open), confirming the sources of their assets, rights to such assets, etc; g) to carry out the recommendations of the subject of state financial monitoring pursuant to this Law [1] performs functions of state regulation and supervision of reporting entities, the primary financial monitoring financial transactions participants or beneficiaries of which are the following persons in the manner prescribed for high-risk customers; e) carry out at least once a year refinement of customer information. <p>The provisions of paragraph 5.6 of the Financial Monitoring financial institutions approved by the State Commission for Regulation of Financial Services Markets of Ukraine dated 05.08.2003 № 25 [131] (registered with the Ministry of Justice of Ukraine on 15.08.2003 № 715/8036), provided if during initial identification or study client (person acting on its behalf) institution established client relationship to public figures or associated persons, or to a charitable or non-profit organization, it must get permission management or the person who performs it required, to establish business relationship with the client.</p>
Recommendation of MONEYVAL report	- <i>a requirement to take reasonable measures to establish the source of wealth and the source of funds of customers and beneficial owners identified as PEPs</i>
Measures reported as of 27 September 2010 to implement the	According to the AML/CFT Law the reporting entity is obliged to take measures regarding politically exposed persons or their associates, in particular for identification of sources of money of such persons (Article 6 part 4 (2) (b)).

Recommendation of the report	
Measures reported as of 6 December 2012 to implement the Recommendations of the report	<p>According to the Law of Ukraine “On principles of prevention and counteraction to corruption” as of 07.04.2011 No 3206-VI (Article 12) “1. Persons referred to in the paragraph 1, subparagraph “a” of paragraph 2 of the part 1 of Article 4 of this Law shall annually submit by 1st April by the place of work (service) the declaration of assets, income, expenses and financial obligations for the past year according to the form attached to this Law.</p> <p>Persons who were unable to submit by April 1 by the place of work (service) the declaration of assets, income, expenses and financial obligations for the past year due to being on leave due to pregnancy and childbirth or to care for a child, due to a temporary disability, stay outside Ukraine, due to detention, shall submit such declaration for the year till 31 December. Persons who failed to submit declaration of assets, income, expenses and financial obligations for the last year due to the abovementioned reasons and are dismissed from the job are obliged to submit such declaration until termination of the employment contract.</p> <p>2. The data mentioned in the declaration of assets, income, expenses and financial obligations for the past year of the President of Ukraine, the Verkhovna Rada of Ukraine, MPs of Ukraine, Prime Minister of Ukraine, the Cabinet of Ministers of Ukraine, the President and judges of the Constitutional Court of Ukraine, President and judges of the Supreme Court of Ukraine, chairmen and judges of high specialized courts of Ukraine, the Prosecutor General of Ukraine and his deputy heads, the National Bank of Ukraine, the Chairman of the Accounting Chamber of Ukraine, the Chairman and members of the High Council of Justice, members of the Central election Commission, the Ombudsman, Chairman and members of the High Qualifications Commission of judges of Ukraine, heads of other state bodies and their deputies, members of collegial bodies of state power (commissions, councils), heads of local governments and their alternates shall be published within 30 days of their submission by publishing in official publications of relevant state agencies and local governments.</p> <p>3. If the person referred to in the paragraph 1 and paragraph 2 (a) of Article 4 of part 1 of this Law, opened foreign currency account in non-resident bank then he/she within ten days shall be obliged to notify the state tax service in the place of residence, indicating account number and location of non-resident bank.</p> <p>4. Procedure for record keeping and use of information specified in the declaration of assets, income, expenses and financial obligations, and information provided by the paragraph 3 of this article, shall be approved by the Cabinet of Ministers of Ukraine according to the requirements established by law.</p> <p>5. Candidate for position stated in the paragraph 1 and paragraph 2 (a) of Article 4 of this Law before appointment or election for corresponding position shall submit under procedure established by law the declaration of assets, income, expenses and financial obligations over the past year in the form attached to this law.” Moreover, Article 172⁶ (Violation of financial control requirement) of the Code of Ukraine on Administrative Offences established administrative responsibility for violation of these requirements.</p>
Measures taken to implement the recommendations since the adoption of the second progress report.	<p>According to the Law 2015 [1] entities shall respect the national and foreign public officials and officials performing political functions in international organizations, their close persons or related persons (related persons are persons with which family members of national and foreign public officials and officials performing political functions in international organizations have business or personal relationships, as well as legal entities, ultimate shareholders (controllers) of which there are figures or</p>

	<p>their family members or persons with whom such figures have business or personal relationships) before or during a business relationship take measures to ascertain the source of funds of persons on the basis of documents obtained from them and / or information from other sources, if such information is a public (open), confirming the sources of their assets, rights to such assets so on. (Paragraph "c" of part two of Article 5, paragraph 6).</p>
Recommendation of MONEYVAL report	<p><i>- a requirement to conduct enhanced ongoing monitoring on a business relationship with the PEP</i></p>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	<p>The AML/CFT Law determines with regard to politically exposed persons or their associates – while establishing business relations with the client and in the process of customer service the reporting entity according to internal procedures ensure establishing the fact whether the client is classified as politically exposed person or associates or persons acting on their behalf (associates to politically exposed persons are members of family and other close relatives, legal persons the sufficient share or control in which belongs to politically exposed persons or their close associates) is obliged taking into account recommendations of relevant entity of state financial monitoring, to carry out monitoring of transactions, participants or beneficiaries of which are politically exposed persons or related to them persons, in the procedure, determined for clients of high risk (Article 6 part 4 (2) (c)).</p>
Measures reported as of 6 December 2012 to implement the Recommendations of the report	<p>N/A</p>
Measures taken to implement the recommendations since the adoption of the second progress report.	<p>According to the Law 2015 [1] reporting entities shall respect the national and foreign public officials and officials performing political functions in international organizations, their close persons or related persons (related persons are persons with which family members of national and foreign public officials and officials performing political functions in international organizations have business or personal relationships, as well as legal entities trailer ultimate shareholders (controllers) by such figures or their family members' her or persons with whom such figures have business or personal relationships):</p> <ul style="list-style-type: none"> a) to exercise according to internal documents on financial monitoring fact of belonging Customer or a person acting on his behalf to the said categories of customers during the identification and verification in the course of their service, and whether they end ultimate shareholders (controllers) or managers of legal entities; b) establish with permission of reporting entity doing business with them; a) before or during a business relationship take measures to ascertain the source of funds of persons on the basis of documents obtained from them and / or information from other sources, if such information is a public (open), confirming the sources of their assets, rights to such assets, etc; g) to carry out the recommendations of the subject of state financial monitoring pursuant to this Law [1] performs functions of state regulation and supervision of reporting entities, the primary financial monitoring financial transactions participants or beneficiaries of which are the following persons in the manner prescribed for high-risk customers; e) carry out at least once a year refinement of customer information. (part two of Article 5, paragraph 6).
Recommendation of MONEYVAL report	<p><i>In addition, corruption causes an uneasiness, Ukraine should explicitly extending the provisions to domestic PEPs</i></p>

Measures reported as of 27 September 2010 to implement the Recommendation of the report	N/A
Measures reported as of 6 December 2012 to implement the Recommendations of the report	<p>On April 7, 2012 the Parliament of Ukraine approved the Law of Ukraine “On the principles of prevention and counteraction of corruption” No 3206-VI, which came into force on July 1, 2011. This law is a basic anti-corruption legal act which assigned general grounds for prevention and counteraction of corruption in public and private sector of public relations, compensation of corruption damage, renewal of violated rights, freedoms or interests of natural persons, rights or interests of legal persons, state interest.</p> <p>Furthermore the Law of Ukraine “On Introducing Amendments to Some Legal Acts of Ukraine regarding Responsibility for Corruption Offences” No 3207-VI came into force on 01.07.2011. This Law assigned corpus delicti of corruption crimes and administrative offenses, was adopted and entered into force. These laws implemented national legislation with provisions of the UN Convention against Corruption, Civil and Criminal Law Convention on Corruption.</p> <p>Under the Article 4 of the Law of Ukraine “On the principles of prevention and counteraction of corruption” the persons liable for corruption offences include the President of Ukraine, the Chairman of Verkhovna Rada of Ukraine, his/her first deputy head and deputy head, the Prime Minister of Ukraine, First Deputy Prime Minister of Ukraine, Vice Prime Minister of Ukraine, ministers, other Heads of central executive bodies which are not the members of the Cabinet of Ministers of Ukraine, and their deputy Heads, the Head of the Security Service of Ukraine, the Prosecutor General of Ukraine, the Chairman of the National Bank of Ukraine, the Chairman of the Accounting Chamber of Ukraine, the Ombudsman, the Chairman of the Verkhovna Rada of the Autonomous Republic of Crimea, the President of the Autonomous Republic Crimea.</p> <p>Respectively, these individuals shall be subjected to the limitations set by this law. Moreover, if these individuals opened a foreign currency account in non-resident bank then within ten days they shall notify the state tax service in the place of residence, indicating account number and location of non-resident bank</p> <p>As well such individuals are obliged to submit annually the declaration of assets, income, expenses and financial obligations.</p> <p>Information from the declaration of assets, income, expenses and financial obligations for the past year of the President of Ukraine, the Chairman of Verkhovna Rada of Ukraine, MPs, the Prime Minister of Ukraine, members of the Cabinet of Ministers, the President and judges of the Constitutional Court of Ukraine, President and judges of the Supreme Court of Ukraine, chairmen and judges of high specialized courts of Ukraine, the Prosecutor General of Ukraine and his deputies, the National Bank of Ukraine, the Chairman of the Accounting Chamber of Ukraine, the Chairman and members of the High Council of Justice, members of the Central election Commission, the Ombudsman, Chairman and members of the High Qualifications Commission of judges of Ukraine, heads of other state bodies and their deputies, members of collegial bodies of state power (commissions, councils), heads of local governments and their deputies shall be published within 30 days of their submission by publishing in official publications of relevant state agencies and</p>

	<p>local governments.</p> <p>Furthermore, the Article 216 (part 4) (Investigative Jurisdiction) of the Criminal Procedure Code of Ukraine stipulates that the pre-trial investigation of criminal offenses committed by officials who hold responsible position according to Article 9 (part 1) of the Law of Ukraine “On Civil Service”, or by persons of 1-3 category positions, or by judges and officials of law enforcement agencies, is within the competence of the investigators of the State Bureau of Investigations of Ukraine. Pursuant to the Section X of the paragraph 2 (1) (Final Provisions) of the Criminal Procedure Code of Ukraine those provisions will enter into force from the initiation date of the State Bureau of Investigations of Ukraine, but not later than within five years from the date of enactment of this Code.</p> <p>Besides, the Article 172-6 of the Code of Ukraine on Administrative Offences stipulates the responsibility for violation of the requirements on financial control. Thus, failure to provide or untimely submission of the declaration on the property, incomes, expenses and financial obligations envisaged by the Law of Ukraine “On the principles of prevention and counteraction of corruption” shall be fined to the amount within the range from 10 to 25 tax-free minimums of citizens incomes. Failure to notify or untimely notification of the opening of foreign currency account in the non-resident bank shall be fined to the amount within the range from 10 to 25 tax-free minimums of citizens incomes.</p>
<p>Measures taken to implement the recommendations since the adoption of the second progress report.</p>	<p>April 26, 2015 entered into force the Law of Ukraine "On Prevention of Corruption" [13] aimed at a comprehensive reform of the system of preventing corruption in accordance with international standards and good practices of foreign countries.</p> <p>According to Article 4 of the Law of Ukraine "On Prevention of Corruption" [13] to the circle of responsibility for corruption offenses include the President of Ukraine, Verkhovna Rada of Ukraine, his First Deputy and Deputy Prime Minister of Ukraine, First Vice-Prime Prime-Minister of Ukraine, Vice Prime Minister of Ukraine, ministers and other heads of central executive bodies that are not members of the Cabinet of Ministers of Ukraine and their deputies, the Chairman of the Security Service of Ukraine, the Prosecutor General of Ukraine, the National Bank of Ukraine, The Chairman of the Accounting Chamber Ukraine Parliamentary Commissioner for Human Rights, Chairman of the Verkhovna Rada of the Autonomous Republic of Crimea, Head of the Autonomous Republic of Crimea.</p> <p>In these persons, respectively, subject to the restrictions laid down this law.</p> <p>However, these are required in case the entity declaration or a member of his family exchange account in a banking institution corresponding non-resident entity is obliged to declare within ten days shall notify the National Agency in accordance with its procedure, indicating the account number and location of non-resident banks.</p> <p>In these individuals also extends the annual filing obligation of property, income, expenses and financial obligations.</p> <p>The information referred to in the declaration of assets, revenues, expenses and financial obligations in the past year included the Unified State Register of declarations of persons authorized to perform state or local government that is formed and the National Agency for the Prevention of Corruption (hereinafter - National Agency).</p> <p>National Agency provides open round the clock access to the Unified State Register of declarations of persons authorized to perform state functions or local government, the official website of the National Agency.</p> <p>Access to the Unified State Register of declarations of persons authorized to perform state functions or local government, the official website of the National</p>

Agency is provided by the ability to view, copy and print the information, as well as a set of data (electronic document), organized in a format allows its automatic processing electronic means for reuse.

Information about the person in the Unified State Register of declarations of persons authorized to perform state functions or local government persists throughout the execution time of that person's state functions or local government, and for five years after termination of its specified functions, except the last declaration, filed by a person who is preserved in perpetuity.

Law of Ukraine on October 10, 2014 № 1698-VII «On the National anti-corruption bureau of Ukraine" [12] established specialized law enforcement anti-corruption body - the National Anti-Corruption Bureau of Ukraine.

The main functions of the National Bureau Act referred pretrial investigation of corruption and corruption-related crimes committed by senior officials authorized to perform state functions or local government, or are of special danger to society. In this case the National Bureau of competence does not extend to the private sector, and then this body will not interfere in the business.

Law to the jurisdiction of the National Bureau assigned pre-investigation of corruption and corruption-related crimes in the presence of at least one of the following conditions:

the crime by a public official level;

or if the size of the object of the crime or offense caused damage exceeding a certain limit (five hundred or more minimum wage established for the relevant year);

or commit active forms of undue advantage on official foreign state or international organization or against an official high-level corruption crimes investigation which referred to the jurisdiction of the National Office.

Act 2015 [1] put on the duties to reporting entities of due diligence to national public figures.

Ministry of Internal Affairs of Ukraine pursuant Part 1, Art. 19 of the Law of Ukraine "On Principles of Prevention and Combating Corruption" [14] (partially repealed), to form a negative public perception of corruption and public involvement in anti-corruption activities 07/02/2013 on the website of MIA of Ukraine (www.mvs.gov.ua) and 09/02/2013 Web site GUBOP MIA of Ukraine (www.guboz.gov.ua) published information of the authorized entity in the field of anti-corruption measures in 2012. Action against Corruption and the parties prosecuted for corruption.

Pursuant n. 2 orders of the President of Ukraine of March 16, 2013 № 1-1 / 579 and the corresponding order of the Cabinet of Ministers of Ukraine (on March 22, 2013 № 11134/1 / 1-13) enhanced work to educate the public on the results of measures to combating corruption and the parties prosecuted for corruption. On the work done every six months by the 5th of last month of the reporting period, informed the Ministry of Justice of Ukraine (ref. № 34/1567 of 04.06.2013).

Memorandum of Cooperation between the Ministry of Internal Affairs of Ukraine and NGOs operating at MIA (from 17.01.2013), issued orders Interior Ministry of Ukraine of 06.02.2013 № 1848 / sp "On cooperation agencies and departments of the Interior, Interior Troops, universities institutions of civil society organizations that operate in the Interior Ministry."

In order to disseminate knowledge about anti-corruption legislation among the public, involving civil society (non-governmental) organizations take part in the round table "State anti-corruption policies: evaluation of civil society" (the Verkhovna Rada of Ukraine on fight against organized crime and corruption, 03.2013) "Public participation in the implementation of programs to prevent and

combat corruption for 2011-2015" (Ministry of Justice of Ukraine, 04/29/2013) "The implementation of European standards in legislation and legislation of Ukraine" (Institute of Legislation of the Verkhovna Rada of Ukraine, 17.05. 2013) and the conference on "Public policy Combating Corruption" (05/20/2013).

Formed new composition of the Public Council under the Ministry of Interior of Ukraine, which included representatives of 25 civil society organizations (Minutes of 27.01.2013) and approved its work plan (protocol number 2 from 02.08.2013).

Information on the activities of the Public Council hosted on the website of Ministry of Interior of Ukraine (www.mvs.gov.ua) in the "Public Council".

05/20/2013 Public Council held International Conference on "Public policy Combating Corruption", which was attended by government representatives and NGOs. The representative of Ukraine GUBOP Interior Ministry made a presentation on the theme: "Activity of the Interior to implement the state policy to combat corruption."

In addition, according to the Law of Ukraine "On Principles of Prevention and Combating Corruption" [14] within the competence of MIA of Ukraine cooperates with international and non-governmental organizations in combating and preventing corruption, namely the Ministry is involved in the execution and implementation of measures envisaged by the Istanbul Plan Action against corruption Group of States against Corruption (GREKO), including Transparency International Ukraine (Creative Union "TORO") which in partnership with the Anti-Corruption Council of Ukraine, Ukrainian Institute for Public Policy Foundation "Open Society" Centre for Political and Legal Reforms NGO "Philosophy of Heart" Information and Legal Centre "Our Right" carries out public monitoring of the implementation of the State program to prevent and combat corruption in 2011-2015, approved by the Cabinet of Ministers of Ukraine on November 28, 2011 № 1240 (as amended by Decree of the Cabinet of Ministers of Ukraine of 29.04.2015 № 265 [45]).

February 21, 2014 the Verkhovna Rada of Ukraine adopted the Law of Ukraine № 746-VII «On Amendments to the Criminal and Criminal Procedural Codes of Ukraine on the implementation of the national legislation the provisions of Article 19 of the UN Convention against Corruption" [39].

It is appropriate departmental acts of Internal Affairs of Ukraine (anti-corruption program in the Ministry of Interior for 2011-2015 (Order of the Interior Ministry of Ukraine of 08.07.2011 № 409), anti-corruption measures in the Plan of the Ministry of Interior for 2011-2015 (Order of MIA of Ukraine 18.08.2011 № 583), the Action Plan of the Ministry of Internal Affairs of Ukraine to implement the tasks and activities specified in Annex 2 to the State Programme on Prevention and Combating Corruption for 2011-2015 (Order of the Ministry of Ukraine of 23.01.2012 № 45).

Pursuant to the Resolution of the Cabinet of Ministers of Ukraine of 01.15.2014 "On Amendments to the Cabinet of Ministers of Ukraine of November 28, 2011 № 1240" (as amended by Decree of the Cabinet of Ministers of Ukraine of 29.04.2015 № 265 [45]) was prepared and amended the order Ministry of Ukraine of 23.01.2012 № 45 "On the organization of the State Programme on preventing and Combating Corruption for 2011-2015" (order of the Interior Ministry of Ukraine of 23.01.2012 № 45).

Also, today the Ministry within the competence organized performance of the Cabinet of Ministers of Ukraine on July 2, 2014 p. № 647-p "On the urgent measures to combat corruption" [61].

MIA processed within the competence of the Draft Law of Ukraine "On principles of state anti-corruption policy in Ukraine (Anti-corruption Strategy) for 2014 - 2017" [11] (Reg. 4284 of 14.07.2014), developed by the Cabinet of Ministers of Ukraine.

29.04.2014 under the joint initiative of the Ministry and Deputy Chairman of Council of Europe Office in Ukraine Ministry employees took part in a working meeting with representatives of the Council of Europe to analyze the current situation regarding legislative and institutional support anti-corruption infrastructure in Ukraine and the state of preparation of the package of reforms, aimed at combating corruption.

In order to disseminate knowledge about anti-corruption legislation among the public, involving civil society (non-governmental) organizations to participate in round tables: "The new anti-corruption strategy for Ukraine: expectations, problems and prospects" (03.18.2014) "On the implementation of GRECO recommendations on combating corruption with the participation of the World Bank "(04/09/2014), the meeting of the Working Group on the development of public finance management, including the reduction of corruption in the management of public finances with experts Support Programme for Improvement in Governance and Management of the EU (Sigma) (17.04.2014), the international conference "Ukraine's place in the global movement to combat money laundering" (24/04/2014).

In order to improve anti-corruption legislation worked out and approved without comment the draft Law of Ukraine "On Amendments to Article 12 of the Law of Ukraine" On Principles of Prevention and Combating Corruption "[14] developed by the National Agency of Ukraine on Civil Service (ref. To 06.03 .2014 № 3541 / EB).

Also, processed and approved without comment the draft Law of Ukraine "On Amendments to the Law of Ukraine" On prevention and counteraction to legalization (laundering) of proceeds from crime or terrorist financing ", as informed by the State Service for Financial Monitoring of Ukraine (ref. № 8375 / EB on 05/07/2014);

elaborated the draft Law of Ukraine "On lustration in Ukraine" (Reg. № 4678-1 from 04.15.2014, submitted NDU Kaplin SM [154]);

Draft Law of Ukraine "On the National Bureau of Investigation anti-corruption" (Reg. № 4573 [155] of 03.26.2014 and register. № 4573-1 from 07.04.2014);

Draft Law of Ukraine "On amendments to some legislative acts of Ukraine in connection with the reorganization of income and charges" (Reg. № 4589 [156] of 03.27.2014);

Draft Law of Ukraine "On National Service to combat corruption" (Reg. № 4573 1 [157] submitted NDU Pashinsky SV) Draft Law of Ukraine "On National Service to combat corruption" (Reg. № 4700 [158], filed NDU Pashinsky SV);

Draft Law of Ukraine "On Amendments to Art. 11 of the Law of Ukraine "On Principles of Prevention and Combating Corruption" (on mandatory determine the mental state of the person who applies for positions related to the functions of state and local governments) (Reg. № 4663 [159] submitted by NDU Zarubinsky AA);

Draft Law of Ukraine "On amendments to some legislative acts of Ukraine to implement the provisions of the Criminal Procedure Code of Ukraine [2] (Reg. № 4712 [160], filed MP Palamarchuk NDU).

Draft Law of Ukraine "On the State program of urgent measures to combat crime in 2014-2016 years" (Reg. № 4783 [161] on 04/25/2014, submitted by MP Mishchenko, Ukraine and SG Volkov AV);

Draft Law of Ukraine "On principles of state anti-corruption policy in Ukraine (Anti-Corruption strategy) for 2014-2017 years," submitted by the Cabinet of Ministers of Ukraine (reg. № 4284 from 14.07.2014), the adoption of which agreed without comment.

Pursuant to the letter of the Ministry of Justice of Ukraine has prepared proposals for the content of the new Law of Ukraine "On Police" [23] and "On operative-search activity" [26].

Processed and agreed draft Cabinet of Ministers of Ukraine "On Approval of plan of measures on realization in Ukraine Initiative" Partnership "Open Government" in the years 2014-2015. "

Approved a draft decree of the Government on empowerment of the Government Commissioner on anticorruption policy in terms of implementation of the state anti-corruption policy, the results informed the Ministry of Justice of Ukraine.

In 2014, employees of the Ministry took part in a number of measures to tackle corruption:

January 17, 2014 in the intergovernmental meeting, which resulted in agreed and endorsed interaction of operational units GUBOP Interior Ministry of Ukraine and the Department of Homeland Security and combating corruption of state penitentiary service of Ukraine to organize the requirements of applicable anti-corruption laws;

02/12/2014 in teaching and methodical seminar on the theme: "Peculiarities of training and audits compliance with budget legislation and to combat corruption in this sphere", made speech on "The interaction of specially authorized subjects in the field of preventing and combating corruption";

02.28.2014 in the working group on the implementation of the Ukraine initiative "Partnership" Open Government "in 2014-2015, during the meeting considered proposals of study results Group on Preventing and Combating Corruption Coordination Council on implementation of the initiative and discussed proposals the draft Action Plan on the implementation of this initiative;

03.18.2014 in a special meeting with leading experts Ukraine in combating corruption, which represent the position of the Government, the business community and civil society on "new anti-corruption strategy for Ukraine: expectations, problems and prospects". In that event, also attended by representatives of non-governmental monitoring organization Transparency International Ukraine, the Secretariat of the Committee for the fight against organized crime and corruption Verkhovna Rada of Ukraine, the representative of the Government Agent for Anticorruption Policy and employees of the Department anti-corruption legislation and the legislation of Justice Ministry of Justice;

04.07.2014 in the meeting of the "round table" discussion on the draft law "On the National Bureau of Investigation (Anti-Corruption Bureau)";

04.09.2014 on implementing the recommendations of GRECO against corruption involving representatives of the World Bank;

17.04.2014 in the meeting of the Working Group on the development of public finance management, including the reduction of corruption in the management of public finances with experts Support Programme for Improvement in Governance and Management of the EU (Sigma);

14/04/2014 secured participation in the meeting with the mission of the World Bank (WB Representation in Ukraine) to harmonize Program (Matrix) and systemic reform of the "first Development Policy Loan";

in the international conference on "Ukraine's place in the global movement to combat money laundering", held with the participation of international experts on money laundering and asset recovery, global organization of parliamentarians against corruption in Ukraine, the Center for Combating Corruption and other anti-corruption NGOs;

04.24.2014 in the meeting of the GUAM Working Group on Fighting Corruption and illegal money laundering, which took place at the premises of the MFA of Ukraine;

29.04.2014 a working meeting with representatives of the Council of Europe to analyze the current situation regarding legislative and institutional support anti-

corruption infrastructure in Ukraine and the state of preparation of the package of reforms aimed at combating corruption;

21.05.2014 in the round table on "Interaction prosecutor, investigator and police operational units during the covert investigation (search) action in the criminal proceedings on crimes of corruption";

28.05.2014 in the meeting of the "round table" in the Verkhovna Rada of Ukraine on "international resources to fight corruption in Ukraine". The event was chaired by Committee Chairman V. Chumak.

Also, in the meeting of the "round table" was attended by president of "Eastern Europe" Victor Lyakhov, Executive Director of the Center for Social and Economic Research CASE Ukraine Dmitry Boyarchuk, director of the Foundation "Open Society" Ivan Sikora, Director of USAID «Board: accountability, responsibility, democracy "Edward Rakhimkulov and representatives of law enforcement agencies. After the "round table" participants discussed the relevance of their programs and discussed future prospects in Ukraine;

05.26.2014 in the meeting of the Council on investigation methods and trends in laundering of proceeds from crime and terrorist financing, which took place at the DSFMU;

03.06.2014 in the meeting with the delegation of International Monetary Fund program "Ukraine: 2014 Mission complex diagnostic examination system of government, the judiciary and anti-corruption." The purpose of the meeting was to conduct a diagnostic examination of measures against corruption in Ukraine. During the meeting it was stated about readiness to give extensive advice and focus on three main areas: combating corruption, the efficiency of the judicial system and improve the business climate. Participants discussed the problems arising in the law enforcement agencies of Ukraine while documenting corruption and money laundering, and possible solutions;

12.06.2014 in the round table, held in the World Bank in the framework of the program "Law Enforcement and Governance in the forest sector of the eastern region of action of the European Neighborhood and Partnership Instrument 2" on the problems of combating corruption in the forest sector.

Besides 25.06.2014 prepared materials and took part in the meeting of Ukrainian part of the Subcommittee number 6 "Justice, Freedom and Security" Committee on Cooperation between Ukraine and the EU agenda: Question 6. Corruption (letter of the Ministry of Justice of Ukraine № 123- 26/95 from 11.06.2014);

06.26.2014 in the meeting of the Working Group on the development of public finance management to discuss proposals expert mission Programme Support for Improvement in Governance and Management of the EU (SIGMA) to the agenda: Question 9. Reducing corruption in the management of public finances (letter of the Ministry of Finance of Ukraine number 31-12140-05213 / 15855 of 06/23/2014);

1 to 4 July 2014 in the international seminar on "International practice to create a specialized agency for removal and management of confiscated assets" and "Money laundering and other financial crimes. Detection and investigation of financial crimes in the stock, foreign exchange markets and the insurance sector "within the tool technical assistance of the European Commission TAITEX;

08.07.2014 in the meeting of the "round table" with representatives of central government Ukraine involved in the self-assessment on corruption threats in the areas of security and defense of Ukraine, which was held at the conference hall of the NATO Liaison Office in Ukraine;

in the second meeting of anti-corruption forum on the topic "Fighting corruption at the border" where representatives of government, the public, the media discussed the

	<p>fight against smuggling and combating corruption at the customs border, as well as public participation, public control prevented corruption risks in the supervisory bodies at the customs border.</p> <p>In addition, this year the issue of increasing the efficiency of the fight against corruption were discussed at the coordination meeting of heads of law enforcement bodies of Ukraine "On the State of preventing and combating crime and corruption in the state" (11.19.2013), "On state detection and investigation of fraud, including corruption nature committed by officials of the executive authorities, local government, law enforcement and judicial authorities "(03/13/2014).</p> <p>Also, at the National Academy of Internal Affairs conducted scientific-practical seminar "Problems of administrative and legal anti-corruption" (20/03/2014), Dnipropetrovsk State University of Internal Affairs on the initiative of Ukrainian public organization "All-Ukrainian public movement" "Ukrainian Choice" conducted scientific practical conference "Actual issues of fighting corruption in the current development state" (02/11/2014).</p>
<p>(Other) changes since the second progress report (e.g. draft laws, draft regulations or draft “other enforceable means” and other relevant initiatives</p>	

Recommendation 7 (Correspondent banking)	
Rating: Non compliant	
<p>Recommendation of MONEYVAL report</p>	<p><i>Ukraine would benefit by making requirements on correspondent relationships more explicit in NBU Resolution No. 189 rather than just relying on the information that is required in the questionnaire. In particular this should include explicit requirements on the following:</i></p> <ul style="list-style-type: none"> - <i>to gather sufficient information about a respondent to understand fully the nature of the respondent’s business and to determine from publicly available information the reputation of the and the quality of supervision, including whether it has been subject to a money laundering or terrorist financing investigation or regulatory action</i>
<p>Measures reported as of 27 September 2010 to implement the Recommendation of the report</p>	<p>The AML/CFT Law prescribes that in order to reduce AML/CFT risks the reporting entity shall take preventive measures with regard to certain categories (types) of clients, in particular: in regard to foreign financial institutions on which the reporting entity management had taken a decision to establish business (correspondent) relations to ensure collection of information on nature of financial institution activity and its financial condition, reputation, including whether this institution has been subject to enforcement measures taken by the agency providing regulation and supervision over its activity in AML/CFT sphere (Article 6 part 4 (1)). Moreover, Regulation of the NBU No 189 (paragraph 3.9, 3.10) provide that: when entering into correspondent relations the bank shall clarify if the correspondent bank takes actions aimed at prevention and combating legalization (laundering) of the proceeds obtained from crime. The bank is not recommended to enter into correspondent relations with banks that do not take actions aimed at prevention and combating legalization (laundering) of the proceeds obtained from crime.</p>

<p>Measures reported as of 6 December 2012 to implement the Recommendations of the report</p>	<p>According to the Article 6 (part 4) of the Basic Law the bank shall be obliged to take following measures concerning foreign financial institutions with correspondent relations established within the procedure defined by the relevant entity of the state financial monitoring:</p> <ul style="list-style-type: none"> a) to ensure collection of information on nature of financial institution activity and its financial condition, reputation, including whether this institution has been subject to enforcement measures taken by the agency providing regulation and supervision over its activity in AML/CTF sphere; b) to ascertain what measures are taken by the institution for prevention and counteraction to legalization (laundering) of the proceeds of crime or terrorist financing; c) to ascertain on the basis of received information the sufficiency and efficiency of measures taken by foreign institution to combat money laundering or terrorist financing; d) to open correspondent accounts for foreign financial institutions and in foreign financial institutions under senior manager approval. <p>Paragraph 3.5 of the Resolution of the NBU No 189 determine that the risk assessment shall provide a determination of the customer's risk with taking into account such basic components of the risk: the risk by the customer's type, service risk and geographic risk. Bank shall give the high risk level to the non-resident bank (except the banks incorporated in the European Union member countries and those participating in FATF) with which the correspondent relations are established.</p> <p>Paragraph 5.4. of the Resolution of the NBU No 189 determine that the correspondent accounts for the non-resident banks and with the non-resident banks shall be opened with permission of the chief executive officer of the bank/manager of the foreign bank branch.</p> <p>Regulation for opening and functioning of correspondent bank accounts in foreign and national currency in empowered banks of Ukraine approved by the Board of the National Bank of Ukraine as of 26.03.1008 No 118 determine that opening correspondent bank accounts for the resident banks and non-resident banks in foreign currency and non-resident banks in national currency shall be one according to the laws of Ukraine, in particular, the Law of Ukraine "On banks and banking", "On Prevention and Counteraction to Legalization (Laundering) of the Proceeds of Crime or Terrorist Financing", "On Payment Systems and Money Transfer in Ukraine" and other laws of Ukraine and legal acts of the National Bank of Ukraine.</p> <p>As well, according to provisions of the Rules of registration of correspondent accounts of banks, approved by the Board of the NBU of as of 15.08.2001 No 343, the NBU sets the registration procedure for correspondent accounts of banks and provides control of correspondent relations between banks (including changes in correspondent relationships and close of correspondent accounts).</p> <p>Banks which according to the regulations of the NBU have the right to open and maintaining accounts of correspondent banks and have open correspondent accounts within 10 days from the date of signing the agreement on establishing correspondent relations shall complete a set of documents about open correspondent account and provide information to the NBU. Among other documents bank shall provide a copy of agreement on establishing correspondent relations, a copy of the document issued by the correspondent bank concerning opening a correspondent account that contains the account number, currency name and date of opening account, copy of license of the corresponding bank - non-resident bank (except banks in the A group countries) or similar official document that gives the right to carry out banking activities in the country of registration certified by the seal of</p>
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	<p>the bank.</p> <p>If the correspondent bank (non-resident) not listed in “The Bankers’ Almanac” (UK) or located in the jurisdiction or under the jurisdiction of the country, which is in the list of offshore zones or the country that hasn’t acceded to the international AML/CTF agreements, as well as concerning the financial sector of which there are negative findings of international organizations that conduct assessment of countries and/or their financial sectors to meet the core international standards in this area, then the bank shall provide additionally: a copy of the audit report on reliability of the financial accountability of correspondent bank with copies of balance sheet and income statement of the bank for the last fiscal year, certified according to the laws of the host country; the documents that confirm that the correspondent bank has a permanent office in the place of its registration, as well as information on registration data, licenses, statutory documents and ratings of the correspondent bank - non-resident, which is required for its identification as a banking institution (if applicable).</p>
Measures taken to implement the recommendations since the adoption of the second progress report.	
Recommendation of MONEYVAL report	- <i>to ascertain that the respondent institutions AML/CFT systems are adequate and effective; and</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	The AML/CFT Law establish responsibility of the reporting entity to determine which measures are taken by institution for prevention and counteraction to legalization (laundering) of the proceeds from crime or terrorist financing (Article 6 part 4 (b)).
Measures reported as of 6 December 2012 to implement the Recommendations of the report	N/A
Measures taken to implement the recommendations since the adoption of the second progress report.	<p>According to part four of Article 6 of 2015. [1] entities shall establish a high risk, especially with foreign financial institutions (other than financial institutions which are registered in the states - members of EU states - a member of the development financial Action Task Force on Money Laundering (FATF), which established correspondent relations.</p> <p>In addition, pursuant to part five of Article 6 of 2015. [1] entities obliged to high-risk customers such additional measures, particularly regarding foreign financial institutions, which are established correspondent relations in the manner specified relevant entities of state financial monitoring pursuant to this Law [1] performs functions of state regulation and supervision of entities:</p> <p>a) ensure the collection of information about its reputation and whether the foreign financial institution has been the subject of enforcement (sanctions) by the authority which performs state regulation and supervision of its activities on prevention and counteraction to legalization (laundering) the proceeds from crime and terrorist financing;</p> <p>b) establish what activities are carried out in a foreign financial institution for the</p>

	<p>prevention and counteraction to legalization (laundering) of proceeds from crime, terrorist financing and the financing of proliferation of weapons of mass destruction;</p> <p>c) to ascertain on the basis of information received adequacy and effectiveness of the measures implemented by foreign financial institutions to combat the legalization (laundering) of proceeds from crime, terrorist financing and the financing of proliferation of weapons of mass destruction;</p> <p>d) open correspondent accounts of foreign financial institutions and foreign financial institutions with the permission of the reporting entity.</p>
Recommendation of MONEYVAL report	- <i>to obtain approval from senior management before establishing new correspondent relationships</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	The AML/CFT Law establish responsibility of the reporting entity to open correspondent accounts to foreign financial institutions and in foreign financial institutions under senior manager approval (Article 6 part 4 (d)).
Measures reported as of 6 December 2012 to implement the Recommendations of the report	N/A
Measures taken to implement the recommendations since the adoption of the second progress report.	Act 2015 [1] establishes the obligation of reporting entities to obtain permission of the head entity of reporting entities to foreign financial institutions to open correspondent accounts for foreign financial institutions and foreign financial institutions (paragraph "d" of paragraph 1 of 5 Article 6).
(Other) changes since the second progress report (e.g. draft laws, draft regulations or draft “other enforceable means” and other relevant initiatives	

Recommendation 8 (New technologies & non face-to-face business)	
Rating: Partially compliant	
Recommendation of MONEYVAL report	<i>Ukraine should ensure that there is an explicit requirement which requires financial institutions to have policies and procedures in place to address any specific risks associated with non-face-to-face business relationships or transactions. This is particularly important as Ukraine’s financial sector grows and channels such as non-face-to-face business are begun to be used more by financial institutions</i>
Measures reported as of 27 September 2010 to implement the Recommendation	The AML/CFT Law establish responsibility of the reporting entity to take relevant measures to restrict risk of misuse of services provided with use of new technologies and ensure conduction of non-face to face financial transaction (Article 6 part 2 (27)).

of the report	
Measures reported as of 6 December 2012 to implement the Recommendations of the report	N/A
Measures taken to implement the recommendations since the adoption of the second progress report.	<p>Law 2015 [1] establishes the obligation of initial financial monitoring to manage risks associated with the introduction or use of new and existing information products, business practices or technologies, including those that provide financial transactions without direct contact with customers (paragraph 23 of Part 2 of Article 6).</p> <p>The provisions of paragraph 4.8 of the Financial Monitoring financial institutions approved by the State Commission for Regulation of Financial Services Markets of Ukraine dated 05.08.2003 № 25 [131] (registered with the Ministry of Justice of Ukraine on 15.08.2003 № 715/8036) established that the rules which determine procedure and terms of measures to prevent the use of the institution and its separate units for legalization (laundering) of proceeds from crime or financing of terrorism must include a list of measures to reduce risks when establishing business relations and conduct financial transactions made without establishment of direct contact with the client, or related to the use of new technologies, or other financial transactions with a high degree of risk.</p>
(Other) changes since the second progress report (e.g. draft laws, draft regulations or draft “other enforceable means” and other relevant initiatives	

Recommendation 12 (DNFBP - R. 6, 8-11)	
Rating: Non compliant	
Recommendation of MONEYVAL report	<i>Specific AML/CFT requirements relating to Recommendations 6, 8, 9 and 11 should be extended to all DNFBP sectors</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	<p>Under the AML/CFT Law following representatives of DNFBP sectors shall be the reporting entities: notaries, lawyers, estate agents, business entities executing trading in cash of precious metals and precious stones, auditors, business entities providing legal and accounting services (Article 8 part 5).</p> <p>Therefore, the Article 6 tasks, duties and rights of the reporting entity extend to stated reporting entities.</p>
Measures reported as of 6 December 2012 to implement the Recommendations of the report	N/A
Measures taken to	Law 2015 [1] to categories of reporting entities involved representatives of non-

<p>implement the recommendations since the adoption of the second progress report.</p>	<p>financial sector as notaries, lawyers, law offices and associations, real estate dealers, dealers in precious metals and precious stones, auditors, business entities providing legal services and accounting (paragraph 7 of Article 5). So, as defined in Article 6 tasks, duties and rights of subjects of primary financial monitoring applies to these subjects.</p>
<p>Recommendation of MONEYVAL report</p>	<p><i>Ukraine should also take steps to examine ways of to ensure the effectiveness of compliance with these AML/CFT requirements in these sectors</i></p>
<p>Measures reported as of 27 September 2010 to implement the Recommendation of the report</p>	<p>The AML/CFT Law establish AML/CFT requirements in sectors of DNFBPs through carrying out of proper regulation and supervisory. Thus, Article 14 part 1 (4, 5 and 8) of the AML/CFT Law provide that AML/CFT state regulation and supervision is carried out concerning:</p> <ul style="list-style-type: none"> - business entities that organize lotteries or any other gambling, business entities providing trade in precious metals and precious stones and articles of them, auditors, auditor companies, business entities providing accounting services, State Treasury of Ukraine, Main Control and Revision Office of Ukraine – by the Ministry of Finance of Ukraine - notaries, lawyers, and other persons providing legal services – by the Ministry of Justice of Ukraine; - other reporting entities for which the Law does not define the state authorities regulating and supervising their activity – by the Specially Authorized Agency. <p>According to the AML/CFT Law these state agencies shall:</p> <ul style="list-style-type: none"> - ensure AML/CFT supervision the activity of the relevant reporting entities especially by means of conduction of scheduled and unscheduled inspections, including on-site inspections; - ensure provision of AML/CFT methodological, methodical and other assistance to the reporting entities; - ensure regulation and supervision considering AML/CFT policies, procedures and control systems, risk assessment in order to detect the compliance of measures taken by reporting entities and reduce risks within the activity of relevant reporting entities; - demand from the reporting entities to executing AML/CFT legislation requirements, and if revealing cases of violation the legislation to take measures prescribed by the laws; - conduct inspections for organization of professional training of personnel and heads of the divisions responsible for financial monitoring execution; - take actions according to legislation in order to avoid access to the management of reporting entities, direct or indirect significant participation in such entities of persons who have a record of conviction for mercenary crime or terrorism that have not been quashed and expunged in procedure determined by the law; - in cases prescribed by the legislation take actions on prevention forming statutory funds of the relevant reporting entities at the expense of the funds sources of which are impossible to confirm. <p>According to the New AML/CFT Law these state agencies shall:</p> <ul style="list-style-type: none"> - ensure supervision in the sphere of prevention and counteraction to the legalization (laundering) of the proceeds from crime or terrorist financing the activity of the relevant reporting entities including conduction of inspections, scheduled and unscheduled inspections

	<p>including on-site inspections;</p> <ul style="list-style-type: none"> - ensure provision of methodological, methodical and other assistance to the reporting entities in the area of prevention and counteraction to legalization (laundering) of the proceeds or terrorist financing; - ensure regulation and supervision considering policies, procedures and control systems, risk assessment in the sphere of prevention and counteraction to the legalization (laundering) of the proceeds from crime or terrorist financing in order to detect the compliance of measures taken by reporting entities and reduce risks within the activity of relevant reporting entities; - demand from the reporting entities to fulfill the legislation requirements in the sphere of prevention and counteraction to the legalization (laundering) of the proceeds from crime or terrorist financing, if revealing cases of violation the legislation to take measures prescribed by the laws; - conduct inspections for organization of professional training of personnel and heads of the divisions responsible for financial monitoring execution; - take measures according to legislation in order to avoid access to the management of reporting entities, direct or indirect significant participation in such entities of persons who have a record of conviction for mercenary crime or terrorism that have not been quashed and expunged in procedure determined by the law; - in cases prescribed by the legislation take measures on prevention forming statutory funds of the relevant reporting entities at the expense of the funds sources of which are impossible to be confirmed.
<p>Measures reported as of 6 December 2012 to implement the Recommendations of the report</p>	<p>N/A</p>
<p>Measures taken to implement the recommendations since the adoption of the second progress report.</p>	<p>Law 2015 [1] establishes requirements in AML/CFT sectors DNFBPs through a proper regulation and supervision.</p> <p>Article 14 of the Law [1] (4,5 and 8) determines that state regulation and supervision is carried out on:</p> <ul style="list-style-type: none"> • entities that conduct lotteries or any other gambling businesses, which trade in precious metals and precious stones and their products, auditors, audit firms, individuals - entrepreneurs who provide accounting services accounting (except for persons providing services in an employment relationship) - Ministry of Finance of Ukraine; • notaries, lawyers, law offices and associations and entities providing legal services (except for persons providing services in an employment relationship) - Ministry of Justice of Ukraine; <p>business entities that provide mediation services when dealing with the sale of immovable property - Specially authorized body.</p> <p>Under The Law 2015 [1] AML/CFT these governments should:</p> <ul style="list-style-type: none"> • exercise oversight on prevention and counteraction to legalization (laundering) of proceeds from crime, terrorist financing and the financing of proliferation weapons of mass destruction by the relevant entities, in particular through scheduled and unscheduled inspections, including off-site, in the manner prescribed by the relevant

entities of state financial monitoring pursuant to this Law [1] serves as the regulation and supervision of reporting entities.

Supervision of the requirements of legislation regulating relations in the sphere of combating legalization (laundering) of proceeds from crime, terrorist financing and the financing of proliferation of weapons of mass destruction, banks classified as insolvent on which procedure introduced temporary administration or liquidation carried out deposit Guarantee Fund of individuals in accordance with its procedure;

ensure the provision of methodological, methodical and other assistance to entities on prevention and counteraction to legalization (laundering) of proceeds from crime, terrorist financing and the financing of proliferation of weapons of mass destruction (including providing explanations on the application of law in this area);

to regulate and supervise considering risk assessment in the area of prevention and counteraction to legalization (laundering) of proceeds from crime, terrorist financing and the financing of proliferation of weapons of mass destruction in order to determine whether the measures taken by reporting entities to restrictions (decrease) risks during their activities;

require from reporting entities meet the requirements of legislation regulating relations in the sphere of combating legalization (laundering) of proceeds from crime, terrorist financing and the financing of proliferation of weapons of mass destruction, and in case of violations of the law to take action, by law. The application to entities and / or their officers under this Act [1] sanctions presentation requirements and monitoring their implementation determined by the relevant entities of state financial monitoring pursuant to this Law [1] carrying out state regulation and supervision of reporting entities;

check for compliance officers training and vocational training for other employees of reporting entities involved in financial monitoring in prevention and counteraction to legalization (laundering) of proceeds from crime, terrorist financing and the financing of proliferation of weapons of mass destruction

- inform the specially authorized agency to fulfill its tasks on violations of legislation on prevention and counteraction to legalization (laundering) of proceeds from crime, terrorist financing and the financing of proliferation reporting entities and the measures taken to entities and / or their officials for violations of the law committed in this area;

- every year, but not later than January next year to provide specially authorized summary of compliance with reporting entities on which they carry out the functions of regulation and oversight of legislation in the area of prevention and counteraction to legalization (laundering) of proceeds from crime, terrorist financing and the financing of proliferation of weapons of mass destruction, including the violations and the measures taken to entities and / or officials for their elimination and / or prevention of future activities;

- ensure storage of information received from reporting entities and state financial monitoring and law enforcement agencies;

coordinate with specially authorized projects of any legal acts on issues related to implementation of this Law;

specially authorized agency to submit information, including documents, required to carry out its tasks (except for information on the private life of citizens) in accordance with the Law;

take action according to the laws on checks impeccable business reputation of persons who carry out or manage intend to acquire a substantial part (or are final beneficiaries) in reporting entities;

use according to the legislation measures to prevent the management reporting

entities persons who have not been canceled or withdrawn in the manner prescribed by law convictions for acquisitive crime or terrorism;

use in cases established by legislation, measures to prevent capital formation relevant reporting entities the funds origin of which can not be verified on the basis of official documents or copies certified by the established procedure;

use information specially authorized signs of possible abuse reporting entities of legislation in the area of prevention and counteraction to legalization (laundering) of proceeds from crime, terrorist financing and the financing of proliferation of weapons of mass destruction to determine whether the relevant violations;;

file (if available) special authorized body about the termination of the entities for which they carry out the functions of regulation and supervision.

The provisions of paragraphs 6, 7, 9, 10, 14 and 15 of this Article shall apply to reporting entities of state financial monitoring, unless specifically authorized body.

Ministry of Infrastructure of Ukraine developed a number of legal acts:
1. Order of 03.08.2012 № 156-G "On authorizing officers of the internal investigation and prevention of corruption and economic crimes to draw up protocols on administrative violations" [137].

2. Order of 26.11.2012 № 707 [134] "On approval of the preventive measures to countries which do not fulfill or improperly fulfill recommendations of international intergovernmental organizations involved in combating the legalization (laundering) of proceeds from crime or financing of terrorism ", registered with the Ministry of Justice of Ukraine on 11.12.2012 № 2059/22371.

3. Order of 26.11.2012 № 708 "On approval of the Ministry of Infrastructure of Ukraine Commission on the application of sanctions for violations of the Law of Ukraine" On prevention of legalization (laundering) of proceeds from crime or financing of terrorism "and / or regulatory and legal acts regulating activities in the area of prevention and counteraction to legalization (laundering) of proceeds from crime ", registered with the Ministry of Justice of Ukraine on 12.13.2012 № 2069/22381 [135].

4. Order of 01.02.2013 № 59 "On establishment of the Commission of the Ministry of Infrastructure of Ukraine of sanctions for violations of the Law of Ukraine" On prevention and counteraction to legalization (laundering) of proceeds from crime or financing of terrorism "and / or regulations acts regulating activities in the area of prevention and counteraction to legalization (laundering) of proceeds from crime. »

5. Order of 01.04.2013 № 199 "On Approval of the Financial Monitoring reporting entities, state regulation and supervision of exercising Ministry of Infrastructure of Ukraine", registered in the Ministry of Justice of Ukraine on 19.04.2013 № 650/23182 [136].

6. The joint order of the Ministry of Finance of Ukraine and the Ministry of Infrastructure of Ukraine of 26.03.2013 №426 / 184 "On approval of the exchange of information between the State Financial Monitoring Service of Ukraine and the Ministry of Infrastructure of Ukraine to improve the supervision of compliance reporting entities legislative requirements on prevention and counteraction to legalization (laundering) of proceeds from crime or terrorist financing», registered with the Ministry of Justice of Ukraine on 12.04.2013 № 609/23141.

Ministry of Infrastructure in the period from 13.06.2010 to 31.12.2012 held two scheduled inspections from 01.01.2013 to 31.12.2013 - 9 planned inspections from 01.01.2014 to 08.01.2014 - 2 exit routine inspection.

Along with this, 31/07/2014 Law of Ukraine "On State Budget of Ukraine for 2014" [30] has been supplemented by Article 31, which included the possibility of inspections of enterprises, institutions and organizations, individual entrepreneurs

	supervisory authorities (other than the State Fiscal Service of Ukraine) In August - December 2014 only with the permission of the Cabinet of Ministers of Ukraine or the application entity for its verification. In the future Law of Ukraine 28.12.2014 № 76-VIII «On amendments and ceasing invalid some legislative acts of Ukraine" [35] a moratorium on inspections extended for the period from January to June 2015. The Ministry of Infrastructure was suspended inspections of controlled reporting entities.
(Other) changes since the second progress report (e.g. draft laws, draft regulations or draft “other enforceable means” and other relevant initiatives	

Recommendation 15 (Internal controls, compliance & audit)	
Rating: Partially compliant	
Recommendation of MONEYVAL report	<i>Clear provision should be made for compliance officer of the non-banking financial institutions to be designated at management level</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	<p>The Order of the SFMS of Ukraine as of 15.10.2009 № 147 On Introducing Amendments to the Requirements to Qualification of an Employee of the Reporting Entity, Responsible for Carrying Out of Financial Monitoring in the AML/CFT Area, registered by the Ministry of Justice of Ukraine dated on 22.12.2009 № 1238/17254 entered into force on January 1, 2010.</p> <p>Provisions of the Order (paragraph 5) prescribe the appointment for the position of compliance officer at the level of leadership of the reporting entity.</p> <p>Under the Article 7 part 1 of the AML/CFT Law person responsible for financial monitoring (hereinafter – compliance officer) shall be appointed at the position at the managerial level of reporting entity.</p>
Measures reported as of 6 December 2012 to implement the Recommendations of the report	<p>Under paragraph 2.3 of the Regulation on conducting financial monitoring by the financial institutions approved by the Directive of the State Financial Services Market Regulation Commission dated 05.08.2003 N 25, the Compliance officer shall be appointed on the level of management in order to ensure control and enforce the requirements of the AML/CFT legislation.</p> <p>These issues are regulated by paragraph 3 of the Section II of the Regulation No 995, under which the Compliance officer shall be appointed on the level of management of the reporting entity and shall be employed in this reporting entity as principal place of business.</p> <p>The Article 7 of the Basic Law stipulates the legal status of the Compliance officer, namely the compliance officer shall be appointed on the level of management of the reporting entity.</p>
Measures taken to implement the recommendations since the adoption of the second progress report.	<p>Part 1 of Article 7 of 2015. [1] provides that the compliance officer is appointed for the post at the level of the reporting entity.</p> <p>Paragraph 2.3 of the Regulations on the implementation of financial monitoring by financial institutions approved by the State Commission for Regulation of Financial Services Markets of Ukraine dated 05.08.2003 № 25 [131], (registered with the Ministry of Justice of Ukraine on 15.08.2003 № 715/8036) determined that the compliance officer appointed ex officio at the level of institutions.</p> <p>According to paragraph 3 of Section II of Regulation number 995 [165] SSMNC</p>

	compliance officer appointed ex officio at the level of reporting entity and should work in the entities for the main job.
Recommendation of MONEYVAL report	<i>Authorities should alter the existing legislation, requiring financial institutions (except for banks) to maintain an adequately resourced and independent audit function to test compliance with AML/CFT rules</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	<p>The AML/CFT Law prescribes that compliance officer is obliged to perform the inspection of any reporting entity division and its personnel on compliance with the rules of internal financial monitoring and execution financial monitoring programs (Article 7 part 2 (3)).</p> <p>The Article 6 part 2 (19) of the new AML/CFT Law requires reporting entity to conduct annually internal inspections of activity for adherence AML/CFT legislation requirements.</p>
Measures reported as of 6 December 2012 to implement the Recommendations of the report	<p>The Law of Ukraine dated 02.06.2011 p. No 3462-VI supplemented the Law of Ukraine On Financial Services and State Regulation of the Financial Services Markets with the Article 15¹ Internal Audit (Control) that provides for the following:</p> <ol style="list-style-type: none"> 1. Higher management body or Steering council of the financial institution shall establish in its structure a unit or appoint an independent official responsible for carrying out the internal audit (control). 2. The internal audit (control) provides for the following: <ol style="list-style-type: none"> 1) supervision over the current activities of the financial institution; 2) control over compliance with the laws, regulations of the agencies regulating the financial services markets and decision of the management bodies of the financial institution; 3) examination of the results of current financial activities of the financial institution; 4) analysis of the information on the activities of the financial institution, professional activities of its officials, the cases of power abuse by top-rank officials of the financial institution; 5) fulfillment of other provided by the law functions related to the oversight and control over the activities of the financial institution. 3. Structural unit or an independent official conducting internal audit (control) shall be accountable to the steering council, and where the legislation does not require compulsory establishment of the steering council, shall be accountable to higher management body of the financial institution and shall report thereto. The structural unit conducting internal audit (control) shall be organizationally independent on other structural units of the financial institutions. 4. The legislation regulating some financial services markets may set up the peculiarities of organization and conducting the internal audit (control). <p>Conducting of internal inspections of a reporting entity and its structural units is provided for by the Section IX of the Regulation on conducting financial monitoring by the financial institutions approved by the Directive of the State Financial Services Market Regulation Commission dated 05.08.2003 N 25. Such inspections shall be carried out at least once for a year.</p> <p>The National Securities and Stock Market Commission approved the Regulation on the Peculiarities of Organization and Conducting Internal Audit (Control) in the Professional Actors of the Stock Market dated 19.07.2012 No 996, regulating the organization and conducting of internal audit (control) in the professional actors of the securities market (hereinafter referred to as the licensees) in order to ensure the authenticity and comprehensiveness of the information used by the licensee,</p>

	<p>compliance with regulations, including internal, while conducting the transactions with securities and/or financial derivatives, efficient use of resources and risk management in its activities and compliance with the legislation in the area of financial monitoring.</p> <p>This Regulation is aimed at exercising supervision over the current activities of the licensees and control over compliance thereby with the laws, legal acts regulating the stock market and the decision of the management bodies of the professional actor. It also ensures an independent assessment of the adequacy of the policy and methods used by the professional actor.</p> <p>Besides, acting Regulation No 996 provides for that the internal examination of the activities of the reporting entity shall be carried out solely by the official(s) of the internal audit unit.</p>
<p>Measures taken to implement the recommendations since the adoption of the second progress report.</p>	<p>In accordance with paragraph 19 of Article 6 of 2015. [1]reporting entities shall be carried out in the manner prescribed by reporting entities of state financial monitoring pursuant to this Law shall perform the functions of state regulation and supervision of the respective of the reporting entities, internal audits of its activities in compliance with the requirements of legislation on prevention and counteraction to legalization (laundering) of proceeds from crime, terrorist financing and the financing of proliferation of weapons of mass destruction or independent audit of its operations (except banking) in this area.</p> <p>Regulations on the peculiarities of organization and internal audit (control) in PSMPs approved SSMNC decision of 19 July 2012 № 996 and registered with the Ministry of Justice of Ukraine on 20.09.2012 № 1628/21940 (hereinafter - the Regulation № 996) [115] governed by the particular organization and internal audit (control) in professional stock market participants (hereinafter - licensees) to ensure the accuracy and completeness of the information used by the licensee compliance with external and internal legal acts during the operations with securities and / or derivatives derivatives optimal use of resources and risk management in its activities and enforcement of financial monitoring.</p> <p>This legal act aims to oversee the daily operations of a professional securities market participants and monitoring compliance with laws, regulations, carrying out state regulation of the securities market and decisions of the management professional user.</p> <p>Also, the above provisions aimed at independent assessment of the adequacy of the policies introduced and methods of the professional user.</p> <p>In addition, the Regulation number 995 [165] provides that the internal audit of the entity of initial monitoring is carried out employee (s) of internal audit unit or a separate official conducting the internal audit (control) the licensee.</p> <p>Paragraph 9.1 of the Regulation of the Financial Monitoring financial institutions approved by the State Commission for Regulation of Financial Services Markets of Ukraine dated 05.08.2003 № 25 [131], (registered with the Ministry of Justice of Ukraine on 15.08.2003 № 715/8036) established that the verification of Employees institutions (separate divisions) that provide financial transactions for compliance with legislation on prevention and counteraction to legalization (laundering) of proceeds from crime or terrorist financing, implementation rules and programs carried out at least once a year according to plan inspections approved by the agency head.</p> <p>Infrastructure Ministry Order of 01.04.2013 № 199 [136], registered with the Ministry of Justice of Ukraine on 04.19.2013 № 650/23182, approved the Regulation of the Financial Monitoring reporting entities, state regulation and supervision of exercising Ministry of Infrastructure Ukraine. The provisions of</p>

paragraph 2.2 of the Financial Monitoring entity before the date of the first financial transaction must appoint an officer responsible for financial monitoring (hereinafter - responsible employee).

In accordance with the provisions of paragraph 2.16 of the Financial Monitoring compliance officer powers to the subject, inter alia, include: inspection of any division of the entity and its employees to comply with the legislation on prevention and counteraction to legalization (laundering) of proceeds from crime or terrorist financing, internal financial monitoring (further - Rules) and the implementation of programs of financial monitoring (further - Program);

inspection of any division of the entity and its employees to comply with the legislation on prevention and counteraction to legalization (laundering) of proceeds from crime or terrorist financing, internal financial monitoring (further - Rules) and the implementation of programs of financial monitoring (further - Program);

organization development and submission for approval and implementation, implementation rules and programs;

facilitate the authorized representatives of relevant state financial monitoring audits of subject (unit subject) to comply with legislation on prevention and counteraction to legalization (laundering) of proceeds from crime or terrorist financing.

In accordance with the provisions of paragraph 2.17 of the Financial Monitoring compliance officer of the entity (unit subject) shall at least once a month to inform the head of the subject revealed financial transactions subject to financial monitoring, and measures taken to implement of the legislation on prevention and counteraction to legalization (laundering) of proceeds from crime or terrorist financing, by providing the last written reference freeform.

The certificate must contain, in particular, information regarding the results of audits of internal financial monitoring system.

In turn, the financial monitoring program, which relies on the implementation of the compliance officer shall include such measures with the relevant terms (terms) of their implementation and the definition of persons responsible for their implementation, namely, conducting internal audits of (sub unit object) for compliance with the legislation on prevention and counteraction to legalization (laundering) of proceeds from crime or terrorist financing.

To date in connection with the entry into force of the new basic law by the Ministry of Infrastructure of Ukraine take measures for the development and adoption of the revised order of the Ministry of Infrastructure of Ukraine "On Approval of the Financial Monitoring reporting entities, state regulation and supervision of exercising Ministry of Infrastructure Ukraine. "

As for the national mail operator, according to the inspection plan separate units UDPPZ "Ukrposhta" for financial monitoring, approved by the Director General UDPPZ "Ukrposhta", this company conducted internal reviews of separated units:

Year	Experienced Unit
2011	Lviv Directorate UDPPZ "Ukrposhta"; Chernivtsi Directorate UDPPZ "Ukrposhta"; Poltava management UDPPZ "Ukrposhta"; Vinnytsia directorate UDPPZ "Ukrposhta".
2012	Kyiv Regional Directorate UDPPZ "Ukrposhta"; Cherkasy Directorate UDPPZ "Ukrposhta"; Kharkov directorate UDPPZ "Ukrposhta"; Kirovohrad Directorate UDPPZ "Ukrposhta";

		Rivne UDPPZ management "Ukrposhta"; Odessa UDPPZ management "Ukrposhta".
	2013	Kiev city administration UDPPZ "Ukrposhta"; Ivano-Frankivsk Directorate UDPPZ "Ukrposhta"; Khmelnysky Directorate UDPPZ "Ukrposhta"; Dnipropetrovsk UDPPZ management "Ukrposhta"; Chernihiv Directorate UDPPZ "Ukrposhta".
	2014	Zhytomyr Directorate UDPPZ "Ukrposhta"; Sumy management UDPPZ "Ukrposhta"; Ternopil Directorate UDPPZ "Ukrposhta"; Transcarpathian Directorate UDPPZ "Ukrposhta"; Kiev city administration UDPPZ "Ukrposhta".
	2015	Poltava management UDPPZ "Ukrposhta"; Sumy management UDPPZ "Ukrposhta".
Recommendation of MONEYVAL report	<i>Authorities, especially SCFSRM and SCSSM, should place more efforts in raising the institutions' perception on the role and the importance of the internal audit function</i>	
Measures reported as of 27 September 2010 to implement the Recommendation of the report	Under the new AML/CFT Law internal audit of reporting entities is obligatory.	
Measures reported as of 6 December 2012 to implement the Recommendations of the report	<p>The representatives of the SFMS of Ukraine are regularly involved in the organization of training events for the reporting entities. During 2010 - 9 months in 2012 the officials have taken part in more than 300 educational events. During these events special attention was given to the role and importance of the internal audit.</p> <p>Under the Section IX of the Regulation on conducting financial monitoring by the financial institutions approved by the Directive of the State Financial Services Market Regulation Commission dated 05.08.2003 N 25, verification of employees of the institutions (subdivisions) engaged in financial transactions for compliance with the AML/CFT legislation, the implementation of rules and programs shall be carried out at least once a year according to the plan of audits approved by head of the institution.</p> <p>Compliance officer of the institution (separated subdivision) shall compile an annual plan of audits of the institution's units and provide it for approval to the head of the institution prior to the beginning of the year. If necessary, during the current year adjustments are made to that plan and submitted for approval to the head of the institution.</p> <p>Plan of audits should include terms of inspections, title of the units planned to be inspected, the issues to be verified, and the person that will carry out the above mentioned actions.</p> <p>Compliance officer shall be entitled to involve to the audits on these issues any employees of separate or structural units, give binding instructions and guidance within their competence, and require help from them while taking certain actions.</p> <p>Under the results of the audit act shall be compiled to be signed by the person / persons who carried out inspection. The Act shall include conclusions and, if necessary, proposals to address deficiencies identified by the audit.</p> <p>The act of audit after being signed shall be submitted to the head of the institution who, if necessary, shall take appropriate measures.</p> <p>Familiarization of the head of the institution with the act of audit shall be confirmed by</p>	

	<p>his/hersignature.</p> <p>It should be notedthat while conducting training activities for thefinancial institutions, special attention is paid tointernalaudits of theinstitution.</p> <p>The National Securities and Stock Market Commission regularly pays attention to raising awareness of the professional actors of the stock market on the role and necessity of internal audit. Thus, in the II quarter of 2012 the workshop for the professional actors of the securities market was held, during which the above mentioned issues were highlighted.</p> <p>Besides, draft Regulation No 996 of the NSSMC before being approved was made public on the official web-site of the NSSMC for discussion. After being registered, it will be made public in official publications.</p>
<p>Measures taken to implement the recommendations since the adoption of the second progress report.</p>	<p>Position Title IX of the Financial Monitoring financial institutions approved by the State Commission for Regulation of Financial Services Markets of Ukraine dated 05.08.2003 № 25 [131], (registered with the Ministry of Justice of Ukraine on 15.08.2003 № 715/8036) of the Financial Monitoring financial institutions determined that checking of employees institutions (separate divisions) that provide financial transactions for compliance with legislation on prevention and counteraction to legalization (laundering) of proceeds from crime or terrorist financing, implementation rules and programs carried out at least once a year according to plan inspections approved by the agency head.</p> <p>The compliance officer of the institution (separate subdivision) shall make annual plan audits departments and agencies to provide it for approval to the beginning of the year the head of the institution. If necessary, during the current year adjustments are made to that plan and submitted for approval to the plan adjusted to the head of the institution.</p> <p>Plan inspections should include inspection dates, names of units are scheduled to check the areas covered by the test, a person, which will be held on these measures.</p> <p>The compliance officer shall have the right to engage inspections on these issues any employees or separate business unit, give them instructions and guidance within their jurisdiction, binding and require their assistance while taking certain actions.</p> <p>The audit is an act signed by the person / entity who / which performed / carried out checks. The act specified conclusions and, if necessary, proposals to address deficiencies identified by the audit.</p> <p>Act after its signing checks sent to heads of institutions to inform and if necessary take measures.</p> <p>Introduction chief executive officer of the act confirmed by the signature verification.</p> <p>At the same time, the State Commission for Regulation of Financial Services Markets of Ukraine during 2012 - 1st quarter 2015 taken part in more than 368 training events, including seminars, round tables, where attention was paid to the issue of internal audits of institutions.</p> <p>April 29, 2014 to the provisions of number 996 [115] were amended SSMNC decision number 577 of 04.29.2014 "On Amendments to the decision of the National Commission on Securities and Stock Market on July 19, 2012 № 996" [116].</p> <p>Before the adoption of the draft amendments were published on the official website SSMNC for discussion.</p>
<p>Recommendation of MONEYVAL report</p>	<p><i>Requirements for financial institutions to put in place screening procedures to ensure high standards when hiring staff (apart from the requirements for the compliance officer and certain senior management positions)) should be implemented, through an explicit legal requirement, or through the internal acts or procedures of the financial institutions. In practice, only banks have shown to have</i></p>

	<i>internal screening procedures</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	According to the Article 6 part 8 of the AML/CFT Law appropriate requirements should be established in by-laws of the state regulators.
Measures reported as of 6 December 2012 to implement the Recommendations of the report	<p>Authorities on compliance with professional requirements to leadership positions while hiring and exercising current control of professional activities belong to the competence of the National Financial Services Market Regulation Commission. Paragraph 19 of the first part of the Article 28 of the Law of Ukraine On Financial Services and State Regulation of Financial Markets determines professional requirements to top managers and chief accountants of financial institutions and requires dismissal of persons who do not meet qualification requirement.</p> <p>Besides, the regulations of the NFSMRC provide for the qualification requirements for the directors and chief accountants of non-bank financial institutions, including:</p> <ul style="list-style-type: none"> - Directive of the NFSMRC On Approval of the Professional requirements to directors and chief accountants of the financial institutions dated 13.07.2004 N 1590; - Directive of the NFSMRC On Approval of the Regulation on training of the officials and heads of the financial institutions responsible for internal financial monitoring dated 16.09.2003 No 55; - Directive of the NFSMRC On Approval of the Regulation on training, re-training, professional development and taking exams by the persons undertaking business activities on the financial services markets dated 25.12.2003 No 183. <p>Paragraph 2.13 of the Regulation No 189 stipulates that in order to ensure the due level of staff preparation for prevention of the criminal proceeds legalization/terrorism financing the bank shall elaborate and implement the Program of training and professional development of bank employees (hereinafter - the Training Program).</p> <p>The Training Program shall be compiled with taking into account the fact that the basic condition of successful activity of the bank with regard to prevention of the criminal proceeds legalization/terrorism financing is direct participation of each employee (within his/her competence) in the process in question. In accordance with the Training Program every year the bank shall elaborate plans of training and professional development of the bank employees and ensure the booking of results with regard to the knowledge acquired by the bank employees.</p> <p>The Training Program shall, inter alia, include the following:</p> <p>a) measures aimed at organization of training the employees depending on their official duties in the following areas:</p> <ul style="list-style-type: none"> - familiarization of the employees with the laws of Ukraine and international documents, recommendations of the Basel Committee on Banking Supervision related to prevention of the criminal proceeds legalization/terrorism financing; - adoption of internal documents of the bank on financial monitoring execution by the employees; - practical training for implementation of the internal documents of the bank on financial monitoring execution; <p>b) measures aimed at organization of professional development of the bank employees in the issues connected with prevention of the criminal proceeds legalization/terrorism financing in the following areas:</p>

	<p>- scrutiny of the recent experience in detection of customers' financial transactions liable to be linked with the criminal proceeds legalization/terrorism financing (their typology, schemes);</p> <p>- familiarization with the means and techniques of study of the customers and verification of the information related to identification of them.</p> <p>Section 9 of the Regulation No 189 stipulates that the Compliance officer of the bank shall meet the following qualifying requirements:</p> <p>he/she shall be a member of the bank board whose candidature has been agreed with the National Bank in accordance with the established procedure (this does not apply to the Compliance officer of a foreign bank branch/separate unit of the bank);</p> <p>he/she shall have formal higher education in economics or science of law, or specialized education in management;</p> <p>his/her service record in the banking system shall be not less than three years, or that on the position of a manager of a bank or a bank subdivision - not less than one year, or else the length of service in the field of prevention of the criminal proceeds legalization/terrorism financing - not less than three years;</p> <p>he/she shall have irreproachable business reputation.</p> <p>The following circumstances can testify to absence of the irreproachable business reputation of the nominee for the position of Compliance officer of the bank:</p> <p>availability of a conviction not cancelled and not expunged according to the procedure established by law;</p> <p>existence of a fact of application to the person in question of administrative discipline for violation of the laws of Ukraine related to the banking and/or the issues of prevention of the criminal proceeds legalization/terrorism financing, if one year has not elapsed since the day of the discipline application end;</p> <p>after indicting the person for commission of crime the elements of crime have not been defined but there have been detected infringements of the Law, Banking Law or subordinate legislation acts of the National Bank;</p> <p>default on obligations to repay the debt to any bank or other legal entity/individual;</p> <p>unlawful acts in the past resulting in the bankruptcy or liquidation of a bank or other legal entity;</p> <p>dismissal due to the command issued by the National Bank or at request of other state authority (including that of other country);</p> <p>dismissal under authority of Items 2-4, 7, 8, of the first part of Article 40 and Article 41 of the Labor Code of Ukraine (during the last five years);</p> <p>deprivation of rights to hold certain offices or occupational ban according to the procedure provided by the Criminal Code of Ukraine.</p> <p>The bank shall verify the information submitted by the candidate for the position of the Compliance officer of the bank with regard to compliance thereof with the qualifying requirements. The bank shall do such verification on the basis of the original documents submitted by the candidate or duly attested copies thereof and, if necessary, on the basis of the information obtained from state authorities, banks, financial institutions, other legal entities, as well as on the basis of results of the measures taken with the purpose of collecting the information on the candidate from other sources, if such information is public (open).</p>
<p>Measures taken to implement the recommendations since the adoption</p>	<p>The appointment of the officer responsible for financial monitoring, rights and obligations, the basic requirements for the qualification of compliance officer, training institutions to identify financial transactions subject to financial monitoring established by the Regulations on the implementation of financial monitoring by</p>

<p>of the second progress report.</p>	<p>financial institutions approved by order of the Commission Regulation of Financial Services Markets of Ukraine dated 05.08.2003 № 25 [131], (registered with the Ministry of Justice of Ukraine on 15.08.2003 № 715/8036).</p> <p>Thus, the requirements for appointment of compliance officer of the institution (separated subdivision) established under section 2 of the Regulations, in particular under paragraph 2.8 compliance officer must have an impeccable reputation and meet eligibility requirements established by law. Goodwill compliance officer of the institution (separated unit) must meet the following requirements:</p> <ul style="list-style-type: none"> - Compliance officer (separate subdivision) shall have no outstanding or withdrawn in accordance with legislation conviction for committing an intentional crime; - Not to be deprived by a court to hold certain positions and engage in certain activities. <p>If the last ten years the person has been a leader, a member of the governing body or chief accountant of the legal entity - participant of financial services, declared bankrupt, or it used measure of influence (sanction) the body which regulates the relevant market of financial services, in the form of removal from the leadership Management entity that provides financial services, cancellation license for relevant activity, such person may be appointed compliance officer (separated subdivision) agreed with the Commission (the State Commission for Regulation of Financial Services Markets of Ukraine).</p> <p>However, by regulations the State Commission for Regulation of Financial Services Markets of Ukraine set requirements for ongoing improvement of skills and knowledge of all employees involved in the implementation of financial monitoring and permanent (at least once every three year) training of staff responsible institutions and their leaders.</p> <p>Paragraph 9 of the Regulations on the procedure for teaching staff and heads of departments of financial institutions responsible for internal financial monitoring, approved by the State Commission for Regulation of Financial Services Markets of Ukraine dated 16.09.2003 № 55 [132] and registered with the Ministry of Justice of Ukraine 23.10.2003 № 965 / 8286, stipulates that the training of officers responsible for financial internal monitoring carried out on the basis of the standard curriculum on the corresponding specialization affirmed by the Commission in consultation SFMS of Ukraine.</p> <p>Item 7 of the Regulations on training staff and heads of departments of financial institutions responsible for internal financial monitoring provided that the employee responsible for internal financial monitoring conducted for all employees of the financial institution and persons who are newly recruited to the financial institution, according to study subparagraphs 2.3 and 2.4 of the Financial Regulations monitoring by financial institutions approved by the Financial Services Commission of 05.08.2003 № 25 [131], registered with the Ministry of Justice of Ukraine on 15.08.2003 № 715/8036.</p> <p>SSMNC decision number 1464 of 08.13.2013 [117] approved the Regulations on certification of experts on the stock market, which stipulates that, except for managerial positions, subject to certification experts who carry out actions related to the direct exercise of professional activity in the stock market.</p> <p>Along with this, in the above Regulation states that in case of a legal entity that carries out professional activities in the stock market, branch offices, branches and other separate units of certification also, besides managerial positions, subject to certification experts who carry out actions related 'directly connected with the professional activity on the stock market.</p>
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	<p>For certification of a person who submits to SSMNC documents to obtain the certificate should have professional qualification certificate from the relevant activity, not by a court to be deprived of the right to occupy certain positions and engage in certain activities, have no criminal record has been canceled, not withdrawn in accordance with legislation including for crimes and for crimes of economic activity and have an impeccable reputation.</p> <p>Normative legal acts SSMNC establishes requirements for professional participants of the stock market for certified specialists, namely:</p> <p>Exchanges - Licensing Terms professional stock market (stock market) - the organization of trade on the stock market, approved by the SSMNC number 818 of 05.14.2013 and registered with the Ministry of Justice of Ukraine on 06.01.2013 № 856/23388 [118];</p> <p>for securities traders - Licensing Terms professional stock market (stock market) - activity on trading in securities approved by SSMNC number 819 of 14.05.2013 and registered with the Ministry of Justice of Ukraine on 01.06.2013 № 857/23389 [119];</p> <p>for depository institutions - Licensing Terms professional stock market (stock market) - depository activities and clearing activities approved by SSMNC number 862 of 21.05.2013 and registered with the Ministry of Justice of Ukraine on 06.06.2013 № 897/23429 [120];</p> <p>for asset management - Licensing Terms professional stock market (stock market) - to manage assets of institutional investors (asset management), approved by the SSMNC number 1281 of 07/23/2013 and registered with the Ministry of Justice of Ukraine 12.09. 2013 for № 1576/24108 [122].</p>
<p>(Other) changes since the second progress report (e.g. draft laws, draft regulations or draft “other enforceable means” and other relevant initiatives</p>	

Recommendation 16 (DNFBP - R.15 & 21)	
Rating: Non compliant	
Recommendation of MONEYVAL report	<i>Apart from the requirement to implement internal rules for financial monitoring, the other requirements of Recommendation 15 are not applied by the DNFBP. Ukraine should adopt the necessary measures to implement Recommendation 15 in relation to DNFBP</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	The Articles 6 and 8 of the AML/CFT Law implement requirements of Recommendation 15 and 21 in relation to DNFBPs.
Measures reported as of 6 December 2012 to implement the	N/A

Recommendations of the report	
Measures taken to implement the recommendations since the adoption of the second progress report.	Requirements for application DNFBPS Recommendations 15 and 21 provided for in Articles 6, 11 and 12 of 2015 [1] and Article 1669 of the Code of Ukraine on Administrative Offences [4].
Recommendation of MONEYVAL report	<i>DNFBPs should be required to give special attention to business relationships or transactions with persons from countries which do not or insufficiently apply the FATF Recommendations</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	<p>According to the Article 6 part 5(2) of the AML/CFT Law reporting entities, in particular DNFBPs, shall take relevant preventive measures directed on: enhancement of the client identification prior to establishing business relations with persons or companies from states, where FATF Recommendations are not applied or are applied insufficiently; systematical notification on financial transactions with clients from relevant countries; notification of the non-financial sector that transactions with natural or legal persons in the relevant countries could bear ML/TF risk.</p> <p>Also, the Article 14 part 5 of the AML/CFT Law provide that the entities of state financial monitoring shall compose the list of countries which do not or insufficiently apply recommendations of international, intergovernmental organization, the activity of which is directed on combating money laundering or terrorist financing, and shall define and elaborate the procedure for taking relevant preventive measures: pay special attention while coordinating the establishment of the branches, offices or subsidiaries of the reporting entities in such countries; notify non-financial sector reporting entities on ML/TF risk while conducting financial transactions with natural or legal persons in relevant country; restriction of the business relations or financial transactions with the relevant country or persons in such country.</p> <p>Elaborated by the entities of state financial monitoring Procedure of applying of relevant preventive measures regulating activity of DNFBP will be also applying in DNFBP by establishment of business relations and carrying out of financial transactions with persons, who are the citizens of countries which do not or insufficiently apply FATF Recommendation.</p>
Measures reported as of 6 December 2012 to implement the Recommendations of the report	<p>According to the Order of the Ministry of Finance of Ukraine dated 17.01.2012 No 24 On the procedure for the application of preventive measures to the countries that do not or improperly comply with the recommendations of international, intergovernmental organizations the reporting entities regulated and supervised by the SFMS of Ukraine shall take the following measures to the customers from high risk countries:</p> <ul style="list-style-type: none"> - provide enhanced identification; - collect the necessary information about the nature of their activities, financial condition, reputation; - take measures to verify the reliability and completeness of the information received from the customer; - pay special attention to high risk financial transactions of the customer. <p>The reporting entities may impose additional preventive measures for risky countries and customers from these countries, depending on the specifics of their activities. The reporting entities are authorized to refuse the transaction if the financial transaction contains the indicators set up by the Basic Law.</p> <p>The Regulation on conducting financial monitoring by the reporting entities</p>

regulated and supervised by the SFMS of Ukraine approved by the Order of the SFMS of Ukraine dated 5.08.2010 No 128 stipulates the following. If a reporting entity has subsidiaries, other structural units and affiliated companies abroad (including on the territory of the countries that fail to meet or insufficiently meet the FATF Recommendations), the Rules shall contain the list of the AML/CFT measures that corresponds to the domestic legislation of the countries aforesaid. The Rules should provide for the obligation of the reporting entity to inform the SFMS of Ukraine if it is impossible for its subsidiaries, other structural units and affiliated companies located abroad to take the AML/CFT measures and to mention the reasons of the failure to meet the requirements.

The Rules shall contain the list of preventive measures aimed at enhancement of the customers identification prior to establishment of business relations with persons and companies of these countries; ensure regular notification on the financial transactions with the customers of the appropriate countries; provide for warning of the representatives of the non-financial sector that the transactions with legal entities and individuals of these countries may be of high ML/FT risk.

Under the FATF Public statement dated June 22, 2012 and to enforce the requirements of the Resolution of the Cabinet of Ministers of Ukraine dated 25.08.2010 No 765 On the Procedure of Determining the Countries (Territories) that do not apply or improperly apply the Recommendations of AML/CFT International, Intergovernmental Organizations, the SFMS of Ukraine compiled the List of the countries (territories) that do not meet or improperly meet the recommendations of AML/CFT international, intergovernmental Organizations (Order of the SFMS of Ukraine dated 01.10.2012 № 139).

According to paragraph 4.10 of the Regulation on conducting financial monitoring by the reporting entities regulated and supervised by the Ministry of Justice, approved by the Order of the Ministry of Justice dated 29.09.2010 No 2339/5, where the reporting entity identified in the course of servicing the customer that his/her/its financial transactions are conducted with assistance of the individuals and legal entities from the countries that do not allow taking the AML/CFT measures, the reporting entity shall do the following:

- carry out customer identification under the rules for high risk customers;
- warn the customer that the financial transactions with the above mentioned individuals and legal entities may be of high ML/TF risk;
- consider the issue concerning submission of the appropriate information to the SFMS of Ukraine.

Furthermore, under paragraph 4 of the Regulation On the procedure for the application of preventive measures to the countries that do not or improperly comply with the AML/CFT recommendations of international, intergovernmental organizations, approved by the Order of the Ministry of Justice dated 29.09.2010 No 2337/5, the reporting entities shall take the following measures to the high risk customers:

- provide enhanced identification;
- collect the necessary information about the nature of their activities, financial condition, reputation;
- take measures to verify the reliability and completeness of the information received from the customer;
- pay special attention to high risk financial transactions of the customer.

The reporting entities may impose additional preventive measures for risky countries and customers from these countries, depending on the specifics of their activities.

Paragraph 3.10 of the Regulation on conducting financial monitoring by the

	<p>reporting entities regulated and supervised by the Ministry of Finance of Ukraine approved by the Order of the Ministry of Finance of Ukraine dated 22.03.2011 No 392 stipulates the following. If a reporting entity has subsidiaries, other structural units and affiliated companies abroad (including on the territory of the countries that fail to meet or insufficiently meet the FATF Recommendations,) the Rules shall contain the list of the AML/CFT measures that corresponds to the domestic legislation of the countries aforesaid. The Rules should provide for the obligation of the reporting entity to inform the Ministry of Finance and the SFMS of Ukraine if it is impossible for its subsidiaries, other structural units and affiliated companies located abroad to take the AML/CFT measures and to mention the reasons of the failure to meet the requirements.</p> <p>The Rules shall contain the list of preventive measures aimed at enhancement of the customers identification prior to establishment of business relations with persons and companies of these countries; ensure regular notification on the financial transactions with the customers of the appropriate countries; provide for warning of the representatives of the non-financial sector that the transactions with legal entities and individuals of these countries may be of high ML/FT risk.</p> <p>According to the Order of the Ministry of Finance of Ukraine dated 11.03.2011 No 338 On the procedure for the application of preventive measures to the countries that do not or improperly comply with the recommendations of international, intergovernmental organizations the reporting entities shall take the following measures to the customers from high risk countries:</p> <ul style="list-style-type: none"> - provide enhanced identification; - collect the necessary information about the nature of their activities, financial condition, reputation; - take measures to verify the reliability and completeness of the information received from the customer; - pay special attention to high risk financial transactions of the customer. <p>The reporting entities may impose additional preventive measures for risky countries and customers from these countries, depending on the specifics of their activities. The Order of the Ministry of Economic Development and Trade dated 12.08.2011 No 34 approved the Procedure for applying preventive measures to the countries (territories) that fail to meet or unduly meet the recommendations of international, intergovernmental organizations involved into AML/CFT area that stipulates the process for applying preventive measures by the reporting entities to the countries (territories) that fail to meet or unduly meet the recommendations of international, intergovernmental organizations involved into AML/CFT area and to the customers thereof.</p> <p>The Ministry of Infrastructure, in order to ensure effectiveness of the compliance with the AML/CFT requirements, elaborated draft Regulation on conducting financial monitoring by the reporting entities, regulated and supervised by the Ministry of Infrastructure of Ukraine, the provisions of which bind the reporting entities to amend the List of countries (territories) that take no part in the AML/CFT international cooperation.</p>
<p>Measures taken to implement the recommendations since the adoption of the second progress report.</p>	<p>According to the first paragraph of the fourth part Chapter. 6 of 2015 [1] entities, including DNFBPS obliged to set a high risk, particularly regarding customer clients residence (residence registration) which is the state, which does not apply or apply insufficiently recommendations of the Financial Action Task Force on Money Laundering (FATF) and other international organizations operating in the field of prevention and counteraction to legalization (laundering) of proceeds from crime and terrorist financing.</p>

According to part of the seventh chapter article 6 of 2015 [1], the implementation of measures envisaged by the law on prevention of legalization (laundering) of proceeds from crime, terrorist financing and the financing of proliferation of weapons of mass destruction, provided directly to entities, its affiliates and other separate units subsidiaries, including those located in states in which the recommendations of the Financial Action Task Force on Money Laundering (FATF) does not apply or apply insufficiently, to the extent permitted by the legislation of that State.

Entities on the branches and other separate units and subsidiaries located in countries where the recommendations of the Financial Action Task Force on Money Laundering (FATF) does not apply or apply insufficiently obliged to assess counter-measures money laundering and terrorist financing undertaken in these countries.

If the implementation of these measures not authorized by the law of that State, entities shall inform the relevant entities of state financial monitoring pursuant to this Law shall perform the functions of state regulation and supervision of reporting entities, the appropriate precautions which entities will be taken to limit the risks of the activities of branches and other separate units and subsidiaries for legalization (laundering) of proceeds from crime or terrorist financing.

Simultaneously entities shall take appropriate preventive measures aimed at: enhanced client verification to establish business relationships with persons or companies such states; Message specially authorized body on financial transactions with customers of the States; warning non-financial sector representatives that the operations of natural or legal persons in the States could contain the risk of money laundering, proceeds of crime or financing of terrorism or financing of proliferation of weapons of mass destruction.

Also according to the fifth part of Article 14 of Law 2015 [1], the entities of state financial monitoring define and develop a procedure for applying appropriate precautions to states that do not perform or improperly fulfill the recommendations of international intergovernmental organizations involved in combating legalization (laundering) of proceeds from crime or financing of terrorism or financing of proliferation of weapons of mass destruction: in particular for increased attention during the approval of the establishment in countries such branches, representative offices or subsidiaries entities; prevent entities non-financial sector that real persons or entities in the State may have a risk of money laundering, proceeds of crime or financing of terrorism or financing of proliferation of weapons of mass destruction; limiting business relationships or financial transactions with the State or by persons in such a state and so on.

According to paragraph 3.10 of the Regulation of the Financial Monitoring reporting entities, state regulation and supervision of which carries Ministry of Finance of Ukraine, approved by the Ministry of Finance of Ukraine of 22.03.2011 № 392 [84] in the case of a business branch , other subdivisions and subsidiaries located outside the territory of Ukraine (including in countries that do not apply or insufficiently apply the recommendations of the Financial Action Task Force on Money Laundering (FATF) Rules should contain a list of measures for combating legalization (laundering) of proceeds from crime or terrorist financing to the extent not inconsistent with legislation in those countries. The rules should include mandatory to inform the Ministry and subject SFMS in case of failure of its branches and other separate units and subsidiaries that are outside Ukraine, measures for counteraction to legalization (laundering) of proceeds from crime or terrorist financing, and specifying the reasons for inability to implement them.

Rules should contain a list of measures for combating legalization (laundering) of

	<p>proceeds from crime or terrorist financing to the extent not inconsistent with legislation in those countries. The rules should include mandatory to inform the Ministry and subject SFMS in case of failure of its branches and other separate units and subsidiaries that are outside Ukraine, measures for counteraction to legalization (laundering) of proceeds from crime or terrorist financing, and specifying the reasons for inability to implement them.</p> <p>According to the order of the Ministry of Finance of Ukraine of 11.03.2011 № 338 "On the procedure for the application of preventive measures against countries that do not perform or improperly fulfill the recommendations of international intergovernmental organizations" [82] for customers from risky countries reporting entities should take the following measures:</p> <ul style="list-style-type: none"> provide them with enhanced identification; ensure the collection of necessary information on the content of their activities, financial condition, reputation; take steps to verify the accuracy and completeness of information received from the client; to focus on customer financial transactions that has a high risk of legalization (laundering) of proceeds from crime or terrorist financing. <p>Entities may impose additional safety measures to risky countries and customers from these countries depending on the specifics of their activities.</p> <p>Order of the Ministry of Infrastructure of Ukraine of 26.11.2012 № 707 [134], registered with the Ministry of Justice of Ukraine on 11.12.2012 № 2059/22371, approved the Regulations on preventive measures to countries which do not fulfill or improperly fulfill recommendations of international intergovernmental organizations, involved in combating legalization (laundering) of proceeds from crime or terrorist financing.</p> <p>Subject to paragraphs 5 and 6 above provisions for risky clients of postal operators should take the following measures:</p> <ul style="list-style-type: none"> provide them with enhanced identification; ensure the collection of necessary information on the content of their activities, financial condition, reputation; take steps to verify the accuracy and completeness of information received from the client; to focus on customer financial transactions that has a high risk of legalization (laundering) of proceeds from crime or terrorist financing. <p>Postal operators may impose additional safety measures to risky countries and customers from these countries depending on the specifics of their activities.</p> <p>Postal operators have the right to refuse financial transaction if the financial transaction containing elements such that under the Law is subject to financial monitoring.</p> <p>On the refusal of such transaction postal operators must inform SFMS within one working day, but not later than the next business day after the refusal.</p> <p>Paragraph 7 of the Regulation provides that postal operators have the right to suspend financial transactions with the user risky countries if the transaction has signs provided for in Articles 15 and 16 of the Law [1], and required the same day to report SFMS.</p>
<p>(Other) changes since the second progress report (e.g. draft laws, draft regulations or</p>	

draft “other enforceable means” and other relevant initiatives	
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Recommendation 17 (Sanctions)	
Rating: Partially compliant	
Recommendation of MONEYVAL report	<i>The authorities should review the sanctions with a view to establishing effective, proportionate and dissuasive sanctions to deal with natural or legal persons which fail to comply with AML/CFT requirements and that the range of sanctions is broad and proportionate to the severity of the situation</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	The Article 23 of the AML/CFT Law establish responsibly of legal persons for violation of requirements provided by the Law and considerably increases sanctions amount. Also, AML/CFT Law provide amendments to the Code of Ukraine on Administrative Offences on improvement of provisions on responsibility of officials – reporting entities for violation of AML/CFT legislation.
Measures reported as of 6 December 2012 to implement the Recommendations of the report	N/A
Measures taken to implement the recommendations since the adoption of the second progress report.	<p>Article 24 of the Law 2015 [1] establishes liability for violation of its requirements.</p> <p>Entities of state financial monitoring sanctions applied in the order specified by regulations relevant actors.</p> <p>Standards of regulatory legal acts determined that in determining the amount of the fine takes into account the circumstances of the breach and its consequences.</p> <p>In the case of two or more disorders (including repeat violations) of the Law and / or regulatory acts penalties imposed within the larger fines established by type of infringement the crimes committed.</p> <p>However, repeated (repeated) violation entities of the Law of 2015 [1] and / or normative legal acts regulating activities in the area of prevention and counteraction to legalization (laundering) of proceeds from crime, terrorist financing and proliferation financing weapons of mass destruction, that is a violation committed within three years after the date of discovery of state financial monitoring pursuant to this Law shall perform the functions of state regulation and supervision of reporting entities, the same violation for which to subject initial financial monitoring of the decision to apply sanctions under this Law, pulls (pull) the imposition on the subject of initial financial monitoring fine within larger.</p> <p>Moreover, in case of two or more of any repeated violations committed by entities, it can further be penalized in the form of cancellation of license or other special permit for certain activities.</p> <p>Along with this, for violations by banks and branches of foreign banks with the Law 2015 [1], normative acts of the National Bank of Ukraine regulating activity in the field of prevention and counteraction to legalization (laundering) of proceeds from crime, terrorist financing and financing weapons proliferation mass destruction, the National Bank of Ukraine has the right to apply sanctions in accordance with and in the manner prescribed by the Law of Ukraine "On Banks and Banking" [10] and</p>

	<p>normative acts of the National Bank of Ukraine.</p> <p>At the same time, the Law of Ukraine "On Amendments to Certain Legislative Acts of Ukraine regarding liability associated with the bank people" [34] make amendments to paragraph 9 of Article 73 of the Law of Ukraine "On Banks and Banking" [10], which increased sanctions for bank executives (of up to five thousand untaxed minimum incomes) and banks (in accordance with the provisions approved by the Board of the National bank of Ukraine, but of not more than 1 percent of the amount of the registered capital)</p> <p>However, Law 2015 [1] amended Article 1669 of the Code of Ukraine on Administrative Offences [4], which extended the range of articles and disposition of persons who can be brought to administrative responsibility for violations in the area of prevention and counteraction to legalization (laundering) of proceeds from crime, terrorist financing and the financing of proliferation of weapons of mass destruction.</p> <p>In addition, Article 35 of the Code of Ukraine on Administrative Offences [4], provided that circumstances aggravating responsibility for an administrative offense is repeated within one year of committing homogeneous offense for which the person has been subjected to administrative penalty; the offense by a person who has previously committed a crime.</p>
<p>Recommendation of MONEYVAL report</p>	<p><i>The scope of articles 73 and 74 of the Law on Banks and Banking regarding the possibility to impose fines on bank officials and managers should be harmonised</i></p>
<p>Measures reported as of 27 September 2010 to implement the Recommendation of the report</p>	<p>With respect to officials of financial institutions state regulators conclude protocols on administrative offence concerning officials of financial institutions for following offences (Article 166⁹ of the Code of Ukraine on Administrative Offences).</p> <p>Under the Article 73 of the Law of Ukraine on Banks and Banking in case a bank or other persons, which can be subject to inspection of the National Bank of Ukraine in accordance with the present Law, violate banking legislation, regulatory legal acts of the National Bank of Ukraine or perform risky operations, which threaten the interests of the depositors or other creditors of the bank, the National Bank of Ukraine shall the right to take adequate enforcement measures, including:</p> <ol style="list-style-type: none"> 1) written warning to terminate violation and to take necessary measures in order to correct the situation, to reduce unjustified expenses of the bank, to limit unjustified high interest payments on the attracted funds, to reduce or alienate inefficient investment; 2) calling of the general meeting of the participants, the Supervisory Council, Management (Board of Directors) of the bank to agree the action plan for financial rehabilitation or a reorganization of the bank; 3) signing of a written agreement with the bank, under which the bank or a person determined by the agreement shall be obliged to take measures to eliminate violations and improve the financial position of the bank etc; 4) issuing of instructions on: <ol style="list-style-type: none"> a) suspension of dividends payment or the capital distribution in any other form; b) imposing for the bank of increased economic norms; c) increase of reserves for covering of possible losses with credits and other assets; d) limitation, termination or suspension of some high risk transactions performed by the bank; e) prohibiting to extend blank credits; f) imposing of fines on: <ul style="list-style-type: none"> bank managers in amount up to one hundred untaxed minimum personal incomes; banks under the provisions approved by the Board of the National Bank of Ukraine but in amount not more than 1 percent of the sum of the registered authorized fund.

	<p>g) temporary prohibition to the holder of essential participation in the bank to use its voting right of acquired shares (pays) in case of gross or systemic violation by this person of the requirements of the present Law or regulatory legal acts of the National Bank of Ukraine;</p> <p>h) temporary removal of the bank official from his/her office until the violation is eliminated, in case of gross or systemic violation by this person of the requirements of the present Law or regulatory legal acts of the NBU;</p> <p>i) bank reorganization;</p> <p>g) appointment of provisional administration.</p> <p>In case of violation of the present Law or regulatory legal acts of the NBU which caused a significant loss of assets or income and brought about the signs of insolvency of a bank, the NBU shall have the right to revoke the license and initiate the procedure for the bank liquidation under the provisions of the present Law.</p> <p>In case a corpus delicti was not found in actions of the manager of a bank or an individual or representative of a legal entity – holder of essential participation, which was accused of committing of a crime, but the requirements of the present Law or regulatory legal acts of the NBU were violated, or in case this person was found guilty of committing of profit-oriented crime with imposing of penalty without imprisonment, the NBU shall have the right to issue a Resolution on discharging of such a person from his/her office or prohibit him/her to use his/her voting right of acquired shares (pays).</p> <p>A person, which on the basis of the Resolution of the National Bank of Ukraine was discharged from his/her office or temporarily prohibited to use his/her voting right of acquired shares (pays), can be rehabilitated only on the basis of the preliminary permit of the NBU.</p> <p>A Resolution of the National Bank of Ukraine on appointment of a provisional administration shall be an executive document.</p> <p>Under the Article 74 of the Law of Ukraine on Banks and banking foresee fines imposed on managers and officials of a bank, individuals – holders of essential participation in accordance with the procedure envisaged by the Code of Ukraine On Administrative Offences.</p> <p>The procedure for taking of enforcement measures, envisaged by the present Law, as well as the amount of financial sanctions imposed on banks and other legal entities, subject to supervisory activity of the NBU, shall be established by laws of Ukraine and regulatory legal acts of the NBU.</p> <p>Particularly, with the purpose of improvement of the system of enforcement measures for violation of bank legislation, the Board of the NBU adopted Resolution of the NBU No. 369.</p>
<p>Measures reported as of 6 December 2012 to implement the Recommendations of the report</p>	<p>Article 73 of the Law of Ukraine On Banks and banking provides for the right of the National Bank of Ukraine (NBU) imposed on bank managers penalty of up to 100 tax free minimum incomes of citizens.</p> <p>Such measures the NBU applies for violation of banking legislation, regulations of the NBU, its requirements established under the section 66 of the Law of Ukraine “On Banks and banking” or risk activity that threaten the interests of depositors and other creditors.</p> <p>According to Article 74 of the Law On Banks and banking fines shall be imposed on bank management and officials, as well as on the individuals being in possession of a qualifying holding, pursuant to the procedure envisaged by the Code of Ukraine on Administrative Offences.</p> <p>The Code of Ukraine on Administrative Offences establishes administrative responsibility for, in particular, the following offenses: violation of banking</p>

	<p>legislation, regulations of the NBU or conducting risk transactions that threaten the interests of depositors and other creditors (Article 166⁵ of the Code); violation of legal entity termination procedure (Article 166⁶ Code); resistance to the temporary administration or the liquidation of the bank (section 166⁷ of the Code); violation of providing financial services procedure (section 166⁸ of the Code); violation of the AML/CTF legislation (Article 166⁹ of the Code); failure to execute legal requirements of the state financial monitoring entities officials (section 188³⁴ of the Code).</p> <p>Pursuant to the powers of the NBU defined by the Code in the cases of the above mentioned offenses, we consider that the Article 73 and 74 of the Law of Ukraine on Banks and banking require further reciprocal clerence.</p> <p>It should be mentioned that pursuant to the Code and Articles 73 and 74 of the Law of Ukraine on Banks and banking:</p> <p>by the Resolution of the NBU as of 29.12.2001 No 563 the Regulation on imposing administrative fines was approved;</p> <p>by the Resolution of the NBU as of 17.08.2012 No 346 the Regulation on applying by the National Bank of Ukraine actions for violation of banking legislation, which defines the grounds and procedures of implementing the NBU of special control regime for banks and branches of foreign banks, applying enforced measures, financial sanctions for violations by banks, branches of foreign banks and other individuals covered by the supervisory functions of the NBU, the banking legislation and the NBU regulations, was approved.</p>
<p>Measures taken to implement the recommendations since the adoption of the second progress report.</p>	<p>Regulations on the order imposing administrative fines, approved by the National Bank of Ukraine of 29.12.2001 № 563 [76], based on Articles 72, 73 and 74 of the Law of Ukraine "On Banks and Banking" [10], Articles 255, 257, 234 3, 221 of the Code of Ukraine on Administrative Offences [4] establishes the procedure for preparation and submission of the appropriate official or body authorized to consider cases on administrative offenses protocols on administrative offenses, and establishes the procedure for imposing fines under Articles 163-14, 166- 5, 166-6 (parts three and four), 166-20 of the Code of Ukraine on Administrative Offences [4].</p> <p>Paragraph 2.2 named Regulations provides that the National Bank of Ukraine shall take measures to bring to administrative responsibility for breaches under Articles 163-12, 163-14, 166-5, 166-6 (parts three and four), 166-8, 166 -9, 166-20 and 188-34 of the Code of Ukraine on Administrative Offences [4].</p>
<p>Recommendation of MONEYVAL report</p>	<p><i>In addition, the Law on Banks and Banking should be adequately amended so that the withdrawal of a bank license does not only cover cases when the violations induced “a significant loss of assets or income”</i></p>
<p>Measures reported as of 27 September 2010 to implement the Recommendation of the report</p>	<p>The Article 23 part 5 of the new AML/CFT Law provide termination or cancel the license for repeated violations of the current Law requirements or AML/CFT normative-legal acts.</p>
<p>Measures reported as of 6 December 2012 to implement the Recommendations of the report</p>	<p>The list of reasons to recall the bank license was set up by the Article 20 of the Law on Banks and Banking.</p> <p>The Law of Ukraine On the System of Guarantee of the Individuals’ Deposits that entered into force on September 22, 2012, excluded the Article 20 of the Law on Banks and Banking and stipulated a new procedure and reasons to recall the bank licese.</p> <p>Thus, according to the Article 77 of a new edition of the Law on Banks and Banking a bank may be liquidated under the decision of the bank’s owners; if the bank license has been recalled by the National Bank of Ukraine on its own initiative or under suggestion of the Individuals’ Deposits Guarantee Fund.</p>

	<p>The National Bank of Ukraine shall take decision to recall the bank license and liquidate the bank under suggestion of the Individuals' Deposits Guarantee Fund within 5 days from the day of receipt of such suggestion of the Fund.</p> <p>The Article 44 of the Law of Ukraine On the System of Guarantee of the Individuals' Deposits provides for that the Individuals' Deposits Guarantee Fund shall submit the suggestion to the National Bank of Ukraine to recall the bank license and liquidate the bank:</p> <ol style="list-style-type: none"> 1) in accordance with the regulation plan; 2) at the end of the term of provisional administration of the bank and/or failure to enforce the regulation plan; 3) in other cases provided by the Law. <p>Besides, the Article 75 of the Law on Banks and Banking stipulates that the National Bank of Ukraine is binding to take the decision to include the bank to the category of problematic banks provided it meets at least one criteria set forth in this article for regular violation by the bank of the AML/CFT legislation.</p> <p>The National Bank of Ukraine may impose the following provided for by the Article 23 of the Law On Banks and Banking sanctions for violation by the bank of the above mentioned Law and/or other regulations under the procedure prescribed by the Regulation on imposition by the National Bank of Ukraine of the sanctions for violation of the AML/CFT legislation, approved by the Resolution of the NBU dated 15.06.2011 No 192:</p> <ul style="list-style-type: none"> - restrictions, provisional freezing or recalling of the license or other special permission to undertake certain business activities; - provisional dismissal of the top rank official of the bank.
<p>Measures taken to implement the recommendations since the adoption of the second progress report.</p>	<p>According to Article 77 of the Law of Ukraine "On Banks and Banking" [10] National Bank of Ukraine has the right to revoke the banking license on its own initiative if:</p> <ol style="list-style-type: none"> 1) found that the documents provided to obtain a banking license, contain false information; 2) the bank has not executed any banking transactions within a year after receiving a banking license; 3) found systematic violations of bank legislation in the area of prevention and counteraction to legalization (laundering) of proceeds from crime or financing of terrorism, threatening the interests of depositors or other creditors of the bank.
<p>Recommendation of MONEYVAL report</p>	<p><i>There is no evidence for appropriate sanctioning regime and practice over the foreign exchange offices and money transfer providers. The authorities should review the situation and take necessary measures in this respect</i></p>
<p>Measures reported as of 27 September 2010 to implement the Recommendation of the report</p>	<p>The procedure of application and types of enforced measures (sanctions) to the bank for violation of requirements:</p> <p>a) bank legislation and/or normative-legal acts of the NBU on financial monitoring (hereinafter – bank legislation) – is regulated by norms of the Provision on applying by the NBU of enforced measures for violation of bank legislation, approved by the Resolution of the Board of the NBU as of 28.08.2001 № 369.</p> <p>According to the Article 73 of the Law of Ukraine On Banks and Banking and Resolution of the NBU №369 for violation of the bank legislation there is provided the right of the NBU to take to equally committed violation such enforced measures as:</p> <ul style="list-style-type: none"> - written warning; - imposing a fine: <p style="padding-left: 40px;">to the bank: in the amount of 0,01 % from the sum of registered statutory capital (for each violation). The total sum of fine</p>

	<p>for the same type violations, revealed in course of inspection shall not be more than 1% from the sum of registered statutory capital of the bank;</p> <p>to managers of the bank: in the amount up to 100 untaxed minimum incomes of citizens;</p> <ul style="list-style-type: none"> - restriction, stopping or suspension of individual kinds of conducted by the bank transactions with high level of risk; - keeping away of official of the bank from the position; <p>The procedure of application and kinds of enforced measures (sanctions) to the bank for violation of requirements of the AML/CFT Law is regulated by norms of the Resolution of the NBU as of 17.03.2003 No. 108 On the Procedure of Imposing by the NBU of Fines for Violation by Banks of Requirements of the AML/CFT Law.</p> <p>Application to the bank of such sanction is performed under the certain appeal of the NBU.</p> <p>The NBU conducts selection of adequate enforced measures applying to banks considering:</p> <ul style="list-style-type: none"> - character of performed by the bank violations; - reasons, which caused arise of revealed violations; - general financial state of the bank and the level of capital sufficiency; - volume of possible negative outcomes for creditors and depositors. <p>Moreover, the following factors are also taken into consideration:</p> <ul style="list-style-type: none"> - repeatability of committed violations (for which relevant sanctions to the bank or its officials have been earlier applied); - relation of number of branches and facts of revealing of violations in their activity to general number of branches of the bank, subjected to inspection (such relation indicates the system of revealed offences). <p>Also, in each case it is clarified:</p> <ul style="list-style-type: none"> - what negative outcomes arose or could arise as the result of commitment by the bank of such violation (violations); - how violation influenced on risks of bank application in order to legalize the proceeds from crime; - what measures are taken by the bank to avoid and not to admit such violation in the future. <p>It should be mentioned that under subparagraph 2.1 of the Instruction on the procedure of organization and carrying out of currency exchange transactions at the territory of Ukraine, No. 502 to open currency exchange offices for carrying out currency exchange have right the following:</p> <p>bank, which had obtained bank license and written permission of the NBU to conduct non-trading transactions with currency valuables;</p> <p>financial institutions, which obtained general license of the NBU for carrying out of currency exchange transactions.</p> <p>Thus, the inspection of currency exchange office is conducted in course of inspection of the bank, which had opened such exchange office.</p>
<p>Measures reported as of 6 December 2012 to implement the Recommendations of the report</p>	<p>Under the Article 14 of the Basic Law the state regulation and supervision in AML/CTF sphere upon banks, payment organizations and members of payment systems being bank institutions is carried out by the National Bank of Ukraine</p> <p>According to the Article 47 of the Law on Banks and Banking the bank has the right to provide financial services to its clients (except banks) including through concluding agency agreement with legal entities (commercial agents). The list of financial services that the bank is entitled to provide to its clients (except banks) through concluding</p>

agency agreements shall be established by the National Bank of Ukraine. The bank shall report to the National Bank of Ukraine on agency agreements concluded by it. The National Bank of Ukraine shall maintain register of commercial agents of banks and establish requirements thereto. The bank has the right to conclude agency agreement with legal entity that meets the requirements established by the National Bank of Ukraine.

To regulate the issues related to the activities of the international payment systems of Ukraine, money transfer systems between the individuals without opening of account, the payment organizations whereof are resident banks, the Resolution of the NBU dated 25.09.2007 № 348 approved the Regulation on Functioning of Domestic and International Payment Systems in Ukraine (hereinafter referred to as Regulation No 348).

The Regulation No 348, particularly, specifies the procedure of registration by the National Bank of Ukraine of agreements on membership or participation (hereinafter – agreements on membership/participation) in international payment systems, concluded by banks, non-banking financial institutions, which have a money transfer license of special authorized executive body in the sphere of regulation of financial services markets, national mail operator, payment organizations of domestic payment systems and other organizations, founders (participators) of which are banks and non-banking financial institutions (hereinafter – legal entities), with non-resident payment organizations of international payment systems or non-resident institutions authorized by them.

Besides, violation, by banks or other persons, which can be the object of National Bank's inspection, of the requirements of this Regulation shall give the National Bank a right to take measures in compliance with legislation of Ukraine. In case of revealing the facts of activity of payment organizations of payment systems related to money transfer without compliance with the rules of payment system, the National Bank shall inform corresponding state authorities thereof (paragraph 11 of the Chapter I of the Regulation No 348).

According to paragraph 1.1. of the Chapter I of the Instruction on the procedure of organization and carrying out of currency exchange transactions on the territory of Ukraine No. 502, approved by the Resolution of the NBU dated 12.12.2002 № 502, exchange office shall be a structural unit opened by bank (financial institution), including on the basis of agent agreements with legal persons – residents, and national mail operator, where currency exchange transactions are provided for natural persons – residents and non-residents according to this Instruction and other regulations of NBU.

The paragraph 1.3 of the Instruction of NBU № 502 prescribes that a bank (financial institution) shall have the right to conduct currency exchange transactions in the amount that is not equal and does not exceed UAH 150000 in case of presentation document that proves person's identity and confirms his/her residence.

Currency exchange transactions in the amount that equals or exceeds UAH 150000 are conducted with identification of natural person pursuant to legislation of Ukraine.

In case of violation by banks and their agents of Instruction № 502 banks shall be liable according to Article 73 of the Law on banks (paragraph 9.2 of chapter 9 of Instruction No 502).

Thus, inspection of the banks being the participants and members of the payment systems, provide the currency exchange services, is carried out within complex inspection of the bank. The measures taken caused considerable reduction of exchange offices number:

Number of exchange offices

		Reporting date	Agent exchange offices
		01.01.2008	772
		01.01.2009	684
		01.01.2010	569
		01.01.2011	357
		01.01.2012	44
		01.09.2012	11
Measures taken to implement the recommendations since the adoption of the second progress report.	On 01.01.2013 the foreign currency exchange points operating on the basis of agency agreements with the banks, no.		
(Other) changes since the second progress report (e.g. draft laws, draft regulations or draft “other enforceable means” and other relevant initiatives			

Recommendation 21 (Special attention for higher risk countries)	
Rating: Non compliant	
Recommendation of MONEYVAL report	<i>The financial institutions should be explicitly required to give special attention to business relationship and transactions with persons from or in countries which do not or insufficiently apply FATF recommendations</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	<p>The new AML/CFT Law foresees the obligation of reporting entity to take relevant preventive measures aimed at: enhancing customer identification before establishing business relations with persons or companies from or in such countries which do not or insufficiently apply FATF recommendations; systematical reporting on financial transactions with customers of relevant countries; warning of non-financial sector representatives about that transactions with natural or legal persons in relevant countries could contain ML/FT risk (Article 6 part 5 (2)).</p> <p>Also, the Article 14 part 5 of the new AML/CFT Law provide that the entities of state financial monitoring shall compose the list of countries which do not or insufficiently apply recommendations of international, intergovernmental organization, the activity of which is directed on combating money laundering or terrorist financing, and shall define and elaborate the procedure for taking relevant preventive measures: pay special attention while coordinating the establishment of the branches, offices or subsidiaries of the reporting entities in such countries; notify non-financial sector reporting entities on ML/TF risk while conducting financial transactions with natural or legal persons in relevant country; restriction of the business relations or financial transactions with the relevant country or persons in such country etc.</p> <p>Moreover, the Cabinet of Ministers of Ukraine approved by its Resolution as of</p>

	<p>August 28, 2010 No 765 the Procedure of determination of countries (territories) that do not address or improperly address recommendations of AML/CFT international, intergovernmental organizations.</p>
<p>Measures reported as of 6 December 2012 to implement the Recommendations of the report</p>	<p>The new AML/CFT Law foresees the obligation of reporting entity to take relevant preventive measures aimed at: enhancing customer identification before establishing business relations with persons or companies from or in such countries which do not or insufficiently apply FATF recommendations; systematical reporting on financial transactions with customers of relevant countries; warning of non-financial sector representatives about that transactions with natural or legal persons in relevant countries could contain ML/FT risk (Article 6 part 5 (2)).</p> <p>The Article 14 part 5 of the new AML/CFT Law also provides for that the entities of state financial monitoring shall compose the list of countries which do not or insufficiently apply recommendations of international, intergovernmental organization, the activity of which is directed on combating money laundering or terrorist financing, and shall define and elaborate the procedure for taking relevant preventive measures: pay special attention while coordinating the establishment of the branches, offices or subsidiaries of the reporting entities in such countries; notify non-financial sector reporting entities on ML/TF risk while conducting financial transactions with natural or legal persons in relevant country; restriction of the business relations or financial transactions with the relevant country or persons in such country etc.</p> <p>Moreover, the Cabinet of Ministers of Ukraine approved by its Resolution as of August 28, 2010 No 765 the Procedure of determination of countries (territories) that do not meet or improperly meet recommendations of AML/CFT international, intergovernmental organizations.</p> <p>Under the FATF Public statement dated June 22, 2012 and to enforce the requirements of the Resolution of the Cabinet of Ministers of Ukraine dated 25.08.2010 No 765 On the Procedure of Determining the Countries (Territories) that do not apply or improperly apply the Recommendations of AML/CFT International, Intergovernmental Organizations, the SFMS of Ukraine compiled the List of the countries (territories) that do not meet or improperly meet the recommendations of AML/CFT international, intergovernmental Organizations (Order of the SFMS of Ukraine dated 01.10.2012 № 139).</p>
<p>Measures taken to implement the recommendations since the adoption of the second progress report.</p>	<p>According to paragraph 5.7 of the Regulation of the Financial Monitoring financial institutions approved by the State Commission for Regulation of Financial Services Markets of Ukraine dated 05.08.2003 № 25 [131] (registered with the Ministry of Justice of Ukraine on 15.08.2003 № 715/8036), if during Customer service institution established that its financial operations are carried out with the participation of persons or entities from countries whose legislation does not allow the implementation of measures envisaged by the legislation to prevent legalization (laundering) of proceeds from crime or terrorist financing, the institution must:</p> <ul style="list-style-type: none"> conduct customer identification by the rules for high-risk customers to establish business relations with him; notify the client that the real persons or entities in these countries may pose a risk of money laundering, proceeds of crime or terrorist financing; to decide on sending messages SFMS of these operations.
<p>Recommendation of MONEYVAL report</p>	<p><i>The Ukrainian authorities should amend laws and regulations to provide for a clear obligation for examining, as far as possible, the purpose and background of financial transactions with persons from or in countries that do not implement or insufficiently implement FATF recommendations, if they have no apparent economic or visible</i></p>

	<i>lawful purpose</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	<p>Article 6 part 2 (3 and 24) of the AML/CFT Law establishes obligations for reporting entities, in particular: ensure detection of financial transactions, subjected to financial monitoring, prior to its execution, in the process of its execution, in the day of suspicions arise, after execution, or in attempted transaction or if the client refused its conduction;</p> <p>verify purpose and nature of future business relations with clients.</p> <p>Under the Article 11 part 1 of the AML/CFT Law reporting entity shall be obliged to manage ML/TF risks considering of the results of customer identification, services provided to customer, analysis of conducted customer's transactions and their correspondence to financial condition and nature of the client's activity.</p> <p>According to the Article 16 part 1 (1) of the AML/CFT Law a financial transaction shall be subjected to internal financial monitoring if it has one or more indicators designated by this Article or contains other risks, complex or unusual character of financial transaction or aggregate of connected financial transactions without apparent economic or visible lawful purpose.</p>
Measures reported as of 6 December 2012 to implement the Recommendations of the report	N/A
Measures taken to implement the recommendations since the adoption of the second progress report.	<p>According to paragraph 4 of Article 6 of 2015. [1] entities shall establish a high risk, especially with such clients:</p> <ul style="list-style-type: none"> customers, place of residence (residence registration) which is the state, which does not apply or insufficiently apply the recommendations of the Financial Action Task Force on Money Laundering (FATF) and other international organizations operating in the field of prevention and counteraction to legalization (laundering) of proceeds from crime and terrorist financing; foreign financial institutions (other than financial institutions which are registered in the states - members of the European Union states - members of the Financial Action Task Force on Money Laundering (FATF), which established correspondent relations. <p>Paragraph 5 of Article 6 of 2015. [1] entities obliged to high-risk customers such additional measures against foreign financial institutions, which are established correspondent relations in the manner specified by the appropriate state regulator:</p> <ul style="list-style-type: none"> a) ensure the collection of information about its reputation and whether the foreign financial institution has been the subject of enforcement (sanctions) by the authority which performs state regulation and supervision of its activities on prevention and counteraction to legalization (laundering) the proceeds from crime and terrorist financing; b) establish what activities are carried out in a foreign financial institution for the prevention and counteraction to legalization (laundering) of proceeds from crime, terrorist financing and the financing of proliferation of weapons of mass destruction; c) to ascertain on the basis of information received adequacy and effectiveness of the measures implemented by foreign financial institutions to combat the legalization (laundering) of proceeds from crime, terrorist financing and the financing of proliferation of weapons of mass destruction; d) open correspondent accounts of foreign financial institutions and foreign financial institutions with the permission of the subject of initial financial monitoring. <p>Furthermore, paragraph 2 of Part 1 of Article 6 of the Law 2015 [1] stipulates that</p>

	<p>entities obliged to identification, verification of customer (customer representative), study the customer and clarification of customer information in cases specified by law.</p> <p>Paragraph 5 of Article 1 of the Law 2015 [1] determined that the study of the client - the process of receiving entities in the identification and / or in the customer service information on the financial situation of the client and the content of its activities, the assessment of the financial condition of the client definition identity of the client or a person acting on behalf of national or foreign public figures, figures that perform political functions in international organizations or related persons, to ascertain the place of residence or place of residence or place of temporary stay in Ukraine (all data on address of residence (stay): name of the country, region (oblast), district , city (village, town), street (alley), number of building (building), apartment number).</p> <p>Entities under the Law of 2015 [1] shall:</p> <ul style="list-style-type: none"> detect financial transactions subject to financial monitoring before, during the day becoming aware of them after or during attempts to or after refusal of client by their conduct, particularly using automation. Features and terms of identifying reporting entities financial transactions depending on their specific activities may be established by regulations of state financial monitoring pursuant to this Law perform the functions of state regulation and supervision of reporting entities; provide in their efforts to develop risk management and risk criteria (paragraphs 2.3 of Article 6); manage risk based on the results of identification, verification and study customer services provided by the client, analyzing operations conducted by him, and their compliance with the financial condition and the content of the client (Article 11).
<p>Recommendation of MONEYVAL report</p>	<p><i>Authorities should make sure that there is an appropriate legal basis which enables to apply appropriate counter measures, for all financial institutions and in all cases where transactions, businesses or other relationships involve countries that continue not to apply or insufficiently apply the FATF Recommendations</i></p>
<p>Measures reported as of 27 September 2010 to implement the Recommendation of the report</p>	<p>Under the Article 6 part 5 (2) the reporting entity shall take relevant preventive measures directed on: enhancement of the client identification prior to establishing business relations with persons or companies from such countries; systematical notification on financial transactions with clients from relevant countries; notification of the non-financial sector that transactions with natural or legal persons in the relevant countries could bear ML/TF risk.</p> <p>Moreover, new AML/CFT Law provide that the entities of state financial monitoring shall compose the list of countries which do not or insufficiently apply recommendations of international, intergovernmental organization, the activity of which is directed on combating money laundering or terrorist financing, and shall define and elaborate the procedure for taking relevant preventive measures: pay special attention while coordinating the establishment of the branches, offices or subsidiaries of the reporting entities in such countries; notify non-financial sector reporting entities on ML/TF risk while conducting financial transactions with natural or legal persons in relevant country; restriction of the business relations or financial transactions with the relevant country or persons in such country etc (Article 14 part 5).</p> <p>As well SFMS of Ukraine adopted the Order No 110 as of 14.07.2010 On Procedure of applying preventive measures concerning countries that do not address or improperly address recommendation of international, intergovernmental organizations.</p>
<p>Measures reported as of 6 December</p>	<p>N/A</p>

2012 to implement the Recommendations of the report	
Measures taken to implement the recommendations since the adoption of the second progress report.	<p>Part four of Article 6 of 2015. [1] provides that entities shall establish a high risk, particularly in respect of customers:</p> <ul style="list-style-type: none"> customers, place of residence (residence registration) which is the state, which does not apply or insufficiently apply the recommendations of the Financial Action Task Force on Money Laundering (FATF) and other international organizations operating in the field of prevention and counteraction to legalization (laundering) of proceeds from crime and terrorist financing; foreign financial institutions (other than financial institutions which are registered in the states - members of the European Union states - members of the Financial Action Task Force on Money Laundering (FATF), which established correspondent relations. <p>Part five of Article 14 of Law 2015 [1] also provides that the subjects of state financial monitoring define and develop a procedure for applying appropriate precautions to states that do not perform or improperly fulfill the recommendations of international intergovernmental organizations involved in combating legalization (laundering) of proceeds from crime or financing of terrorism or financing of proliferation of weapons of mass destruction:</p> <ul style="list-style-type: none"> in particular for increased attention during the approval of the establishment in countries such branches, representative offices or subsidiaries entities; prevent entities non-financial sector that real persons or entities in the State may have a risk of money laundering, proceeds of crime or financing of terrorism or financing of proliferation of weapons of mass destruction; limiting business relationships or financial transactions with the State or by persons in such a state and so on. <p>According to paragraph 5.7 of the Regulation of the Financial Monitoring financial institutions approved by the State Commission for Regulation of Financial Services Markets of Ukraine dated 05.08.2003 № 25 [131], (registered with the Ministry of Justice of Ukraine on 15.08.2003 № 715/8036), if a time customer service institution established that its financial operations are carried out with the participation of persons or entities from countries whose legislation does not allow the implementation of measures envisaged by the legislation to prevent legalization (laundering) of proceeds from crime or terrorist financing, the institution must:</p> <ul style="list-style-type: none"> conduct customer identification by the rules for high-risk customers to establish business relations with him; notify the client that the real persons or entities in these countries may pose a risk of money laundering, proceeds of crime or terrorist financing; to decide on sending messages SFMS of Ukraine on such transactions.
(Other) changes since the second progress report (e.g. draft laws, draft regulations or draft “other enforceable means” and other relevant initiatives	

Recommendation 22 (Foreign branches & subsidiaries)

Rating: Partially compliant	
Recommendation of MONEYVAL report	<i>Apart from the special situation for banks, other financial institutions are not required to pay particular attention to their subsidiaries and branches in countries which do not or insufficiently apply the FATF Recommendations and this should be addressed</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	<p>The AML/CFT Law establish that taking measures prescribed by AML/CFT legislation, shall be provided directly by reporting entity (including non-banking institutions), its affiliates, other separate subdivisions and subsidiaries, including located in countries, which do not or insufficiently apply the FATF Recommendations, in frameworks determined by legislation of such country. If applying of such measures is not allowed by legislation of such country, reporting entities shall be obliged to inform about this SFMS of Ukraine and relevant state financial monitoring entity.</p> <p>Simultaneously reporting entity shall take relevant preventive measures aimed at: enhancing customer identification before establishing business relations with persons or companies from such countries; systematical reporting on financial transactions with customers of relevant countries; warning of non-financial sector representatives that transactions with natural or legal persons in relevant countries could contain ML/FT risk (Article 6 part 5).</p>
Measures reported as of 6 December 2012 to implement the Recommendations of the report	N/A
Measures taken to implement the recommendations since the adoption of the second progress report.	<p>Part seven of Article 6 of the Law 2015 [1] stipulates that the implementation of the measures provided by the law on prevention of legalization (laundering) of proceeds from crime, terrorist financing and the financing of proliferation of weapons of mass destruction, provided directly to entities, its affiliates other separate units and subsidiaries, including those located in states in which the recommendations of the Financial Action Task Force on Money Laundering (FATF) does not apply or apply insufficiently, to the extent permitted by the legislation of that State.</p> <p>Entities on the branches and other separate units and subsidiaries located in countries where the recommendations of the Financial Action Task Force on Money Laundering (FATF) does not apply or apply insufficiently obliged to assess counter-measures money laundering and terrorist financing undertaken in these countries.</p> <p>If the implementation of these measures not authorized by the law of that State, entities shall inform the relevant entities of state financial monitoring pursuant to this Law shall perform the functions of state regulation and supervision of reporting entities, the appropriate precautions which entities will be taken to limit the risks of the activities of branches and other separate units and subsidiaries for legalization (laundering) of proceeds from crime or terrorist financing.</p> <p>Simultaneously entities shall take appropriate preventive measures aimed at: enhanced client verification to establish business relationships with persons or companies such states; Message specially authorized body on financial transactions with customers of the States; warning non-financial sector representatives that the operations of natural or legal persons in the States could contain the risk of money laundering, proceeds of crime or financing of terrorism or financing of proliferation of weapons of mass destruction.</p> <p>According to paragraph 9 of Section III of the Regulation number 995 [165] in the</p>

	<p>case of an entity of initial financial monitoring separate units that are outside the territory of Ukraine (including in countries that do not apply or insufficiently apply the recommendations FATF), Rules should contain a list of measures for combating legalization (laundering) of proceeds from crime or terrorist financing within the limits defined by the legislation of these countries.</p> <p>The rules should also contain a list of controls the entity of initial financial monitoring on the implementation of these separate units of the Rules on the basis of such risks and precautionary measures to prevent the violation of legislation on prevention and counteraction to legalization (laundering) of proceeds from crime or terrorist financing.</p> <p>The rules should also provide for informing entities SFMS of Ukraine and SSMNC in case of failure of its separate units that are located abroad, measures for prevention and counteraction to legalization (laundering) of proceeds from crime or terrorist financing, defining and justification reasons not be fulfilled.</p> <p>In addition, pursuant to part seven of Article 6 of 2,015 entities on the branches and other separate units and subsidiaries located in countries where the recommendations of the Financial Action Task Force on Money Laundering (FATF) or not applicable applicable insufficiently obliged to assess measures to counter money laundering and terrorist financing undertaken in these countries.</p>
Recommendation of MONEYVAL report	<i>There is no requirement for all financial institutions to ensure implementation of the higher AML/CFT standard by their foreign subsidiaries and branches, to the extent that local laws and regulations permit. Authorities should take appropriate steps to alter the language of the Basic Law, accordingly</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	<p>The AML/CFT Law establish that taking measures prescribed by AML/CFT legislation, shall be provided directly by reporting entity (including non-banking institutions), its affiliates, other separate subdivisions and subsidiaries, including located in countries, which do not or insufficiently apply the FATF Recommendations, in frameworks determined by legislation of such country. If applying of such measures is not allowed by legislation of such country, reporting entities shall be obliged to inform about this ACFM of Ukraine and relevant state financial monitoring entity.</p> <p>Simultaneously reporting entity shall take relevant preventive measures aimed at: enhancing customer identification before establishing business relations with persons or companies from such countries; systematical reporting on financial transactions with customers of relevant countries; warning of non-financial sector representatives that transactions with natural or legal persons in relevant countries could contain ML/FT risk (Article 6 part 5).</p>
Measures reported as of 6 December 2012 to implement the Recommendations of the report	N/A
Measures taken to implement the recommendations since the adoption of the second progress report.	<p>According to part seven of Article 6 of 2015. [1] The implementation of measures envisaged by the law on prevention of legalization (laundering) of proceeds from crime, terrorist financing and the financing of proliferation of weapons of mass destruction provided directly by entities, its affiliates, other separate units and subsidiaries, including those located in states in which the recommendations of the Financial Action Task Force on Money Laundering (FATF) does not apply or apply insufficiently, to the extent permitted by the legislation of that State.</p>

	<p>Entities on the branches and other separate units and subsidiaries located in countries where the recommendations of the Financial Action Task Force on Money Laundering (FATF) does not apply or apply insufficiently obliged to assess counter-measures money laundering and terrorist financing undertaken in these countries.</p> <p>If the implementation of these measures not authorized by the law of that State, entities shall inform the relevant entities of state financial monitoring pursuant to this Law shall perform the functions of state regulation and supervision of reporting entities, the appropriate precautions which entities will be taken to limit the risks of the activities of branches and other separate units and subsidiaries for legalization (laundering) of proceeds from crime or terrorist financing.</p> <p>Simultaneously entities shall take appropriate preventive measures aimed at: enhanced client verification to establish business relationships with persons or companies such states; Message specially authorized body on financial transactions with customers of the States; warning non-financial sector representatives that the operations of natural or legal persons in the States could contain the risk of money laundering, proceeds of crime or financing of terrorism or financing of proliferation of weapons of mass destruction.</p>
<p>(Other) changes since the second progress report (e.g. draft laws, draft regulations or draft “other enforceable means” and other relevant initiatives</p>	

Recommendation 23 (Regulation, supervision and monitoring)	
Rating: Partially compliant	
Recommendation of MONEYVAL report	<i>The SCFSMR should start conducting AML/CFT on-site supervision of the Ukrposhta and enhance off-site supervision</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	In 2009 SCFSMR examined Ukrposhta, which provides wire transfers, on complying with AML/CFT legislation.
Measures reported as of 6 December 2012 to implement the Recommendations of the report	These supervisions are permanently conducted in case of receipt notifications on possible violation of AML/CFT legislation.
Measures taken to implement the recommendations since the adoption of the second progress report.	<p>Inspection entities Ukraine regulated procedure audits on prevention and counteraction to legalization (laundering) of proceeds from crime or terrorist financing, approved by the State Commission for Regulation of Financial Services Markets of Ukraine dated 05.08.2003 № 26 [130] as amended (hereinafter - Procedure).</p> <p>Procedure regulates the scheduled and unscheduled, including outreach, inspections (hereinafter - check) entities, which supervise the activities of the State Commission</p>

	<p>for Regulation of Financial Services Markets of Ukraine, namely insurers (reinsurers), pawnshops and other financial institutions and legal entities, according to the laws of financial services (except financial institutions and other entities on which government regulation and supervision in the sphere of combating legalization (laundering) of proceeds from crime or financing of terrorism carried out by other subjects' the objects of state financial monitoring), payment institutions and payment system members, which are non-banks (hereinafter - institution) in compliance with the Law of Ukraine "On prevention and counteraction to legalization (laundering) of proceeds from crime or financing of terrorism" and / or normative legal acts regulating activities in the area of prevention and counteraction to legalization (laundering) of proceeds from crime .</p> <p>In 2012 the State Commission for Regulation of Financial Services Markets of Ukraine conducted 143 inspection entities, 37 entities established violation of the law on prevention and counteraction to legalization (laundering) of proceeds from crime or terrorist financing, to be penalized 239 8 thousand.</p> <p>In 2013 - conducted 322 inspection entities in the 158 entities established violation of the law on prevention and counteraction to legalization (laundering) of proceeds from crime or terrorist financing. Be penalized by 3 140.5 thousand.</p> <p>In 2014 - conducted 128 inspections of entities in the 91 initial financial monitoring entity established violation of the law on prevention and counteraction to legalization (laundering) of proceeds from crime or terrorist financing, to be penalized 957 1 thousand.</p> <p>As for concerns on-site examinations UDPPZ "Ukrposhta" regarding compliance with the requirements of legislation in the fight against money laundering / terrorist financing, then:</p> <ul style="list-style-type: none"> in the period from 13.06.2012 to 31.12.2012 conducted two field inspections planned directorates UDPPZ "Ukrposhta"; in the period from 01.01.2013 to 31.12.2013 - 9 planned inspections directorates UDPPZ "Ukrposhta"; in the period from 01.01.2014 to 08.01.2014 - 2 exit routine inspection directorates UDPPZ "Ukrposhta".
<p>Recommendation of MONEYVAL report</p>	<p><i>Authorities are advised to provide for a clear definition of the term “irreproachable business reputation”, that will be apparent to all banks’ stakeholders</i></p>
<p>Measures reported as of 27 September 2010 to implement the Recommendation of the report</p>	<p>The Article 1 of AML/CFT Law of Ukraine provides for that perfect business reputation is collection of confirmed information on the person that enables to conclude regarding compliance of his/her activity with the requirements of the legislation, and for natural persons – on appropriate professional and management skills and absence of conviction for mercenary crimes and crimes in economic sphere, not quashed and not extinguished pursuant to the procedure prescribed by the law.</p>
<p>Measures reported as of 6 December 2012 to implement the Recommendations of the report</p>	<p>Article 1 of the Law determines term “irreproachable business reputation” - collection of confirmed information on the person that enables to conclude regarding compliance of his/her activity with the requirements of the legislation, and for natural persons – on appropriate professional and management skills and absence of conviction for mercenary crimes and crimes in economic sphere, not quashed and not extinguished pursuant to the procedure prescribed by the Law.</p> <p>According to paragraph 1.2 of the Statute № 189 which requirements are extended to banks and their managers, terms and definitions being used in this Statute have meanings determined in particular by Law.</p> <p>Norms of paragraph 9.7 of the Statute № 189 established by circumstances which testify to absence of the irreproachable business reputation of the nominee for the</p>

position of responsible employee of the bank are following:

- availability of a conviction not cancelled and not expunged according to the procedure established by law;
- existence of a fact of application to the person in question of administrative discipline for violation of the laws of Ukraine related to the banking and/or the issues of prevention of the criminal proceeds legalization/terrorism financing, if one year has not elapsed since the day of the discipline application end;
- after indicting the person for commission of crime the elements of crime have not been defined but detected have been infringements of the Law, Banking Law or subordinate legislation acts of the National Bank;
- default on obligations to repay the debt to any bank or other legal entity/individual; unlawful acts in the past resulting in the bankruptcy or liquidation of a bank or other legal entity;
- dismissal due to the command issued by the National Bank or at request of other state authority (including that of other country);
- dismissal under authority of Items 2-4, 7, 8, of the first part of Article 40 and Article 41 of the Labour Code of Ukraine (during the last five years);
- deprivation of rights to hold certain offices or occupational ban according to the procedure provided by the Criminal Code of Ukraine.

According to Article 1 of the Law on banks term “business reputation” shall mean information collected by the National bank of Ukraine on compliance activities of legal or natural person including activities of managers of legal persons and owners of qualifying holding in such legal person with requirements of the Law, business reputation and professional ethics as well as information on integrity, professional and managerial skills of natural person.

Paragraph 1.17 of the Statute on the procedure of registering and licensing of banks, opening of separated subdivisions approved by Resolution of the Board of the National bank of Ukraine as of September 08, 2011 № 306 establishes that an indicia of absence of irreproachable business reputation of natural person shall be the following:

- availability of a conviction not cancelled and not expunged according to the procedure established by law;
- after indicting for commission of crime the elements of mercenary crime have not been defined but infringements of the Law or regulations of the National bank have been infringed and enforcement measures have been applied to the person;
- default on obligations to repay the debt to any bank or other legal/natural person (during last five years);
- a nominee had occupied a position in the board of the bank during one year before temporary administration, bank liquidation has been introduced (is applied during five years from the day of occurrence);
- dismissal due to the command issued by the National bank or at request of other state authority;
- dismissal under authority of paragraphs 2-4, 7, 8, of the first part of Article 40 and Article 41 of the Labour Code of Ukraine (during the last five years);
- an action of deprivation of rights to occupy certain positions or conduct certain activities pursuant to the judgment is being continued;
- improper fulfillment of duties as tax and fees payer (during last five years);
- availability of information that a person is included in the List of persons related to terrorist activities or regarding whom international sanctions are applied in a manner prescribed by the Law.

That is, term and definition “irreproachable business reputation” as regards banks

	and their managers are determined in current legislation in whole scope.
Measures taken to implement the recommendations since the adoption of the second progress report.	<p>The definition of "impeccable business reputation" - a set of confirmed information about an individual which makes it possible to conclude on the conformity of its activities with the legislation, as well as criminal record, which is not cleared or canceled as prescribed by law contemplated in paragraph 2 of Article 1 of the Law 2015 is the same for all bank managers.</p> <p>Paragraph 1.17 Regulation on the registration and licensing of banks, opening the isolated units, approved by the National Bank of Ukraine of 08.09.2011 № 306 [75] found that the absence of a sign of impeccable business reputation of an individual are:</p> <ul style="list-style-type: none"> criminal record, which has been canceled or withdrawn in accordance with legislation for the offenses provided in Section VII, Articles 199, 200, 209, 209-1, 212, 212-1, 258, 258 5, Articles 366-1, 368, 368 2, 368-3, 368-4, 369, 369-2 of the Criminal Code of Ukraine [3]; improper fulfillment of financial obligations with respect to any bank or other legal or physical person (past five years), including failure to face facts presence of its commitments as a member / investor to provide funds for making bank capitalization; candidate held at least six months post in the administration of the bank within one year before the introduction of the interim administration, bank liquidation (effective for three years from the date of the event); release of the National Bank at the request of a public authority; exemption under Article 40 (paragraphs 2 - 4, 7, 8), 41 (except paragraph 5 of this Article) of the Labor Code of Ukraine [9] (last five years); takes action disqualification to hold certain positions or engage in certain activities under the court sentence; improper performance of duties as a taxpayer and charges; the availability of information that a person included in the list of persons related to terrorist activity or for which international sanctions are applied, in accordance with legislation; application of international sanctions against the individual; establishment of Board of National Bank or National Bank of Ukraine Commission on supervision and regulation of banks, supervision (oversight) of payment systems in accordance with a legal act of the National Bank of enforcement for violations of banking legislation the fact of the bank in which the individual is (was) final beneficial owner (Controller), risk activity that threatens the interests of depositors or other creditors of the bank (applicable for one year from the date of such event); person subjected to administrative punishment for violations of banking legislation, legislation on prevention and counteraction to legalization (laundering) of proceeds from crime (applicable for one year from the date of such event).
Recommendation of MONEYVAL report	<i>The legal provisions for non-banking financial instructions (excluding to some extent asset management companies) do not provide for an explicit barrier of criminals, or their beneficial owner, from holding a significant or controlling interest in a securities firm</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	Article 14, part 2 (11,12) oblige the regulators to verify reputation of managers and controllers of the financial institutions and to prevent the criminal from essential share in the financial institutions.
Measures reported	According to part 5 of Article 9 of the Law of Ukraine On Financial Services and

<p>as of 6 December 2012 to implement the Recommendations of the report</p>	<p>State Regulation of Financial Services Markets as of July 12, 2001 № 2664 (amended by the Law of Ukraine as of June 02, 2011 № 3462) legal or natural person, intending to purchase qualifying holding in financial institution or to increase in the way that such persons, directly or indirectly, will own or control 10, 25, 50 and 75 percent of statutory capital of financial institution or voting right under purchased shares (parts) in bodies of financial institution, shall be obliged to obtain written approval of agency for state regulation of financial services markets, if other is not prescribed by laws on state regulation of separate financial services markets. For obtaining such approval legal or natural person (the applicant) shall submit to noted agency information prescribed by normative legal acts of such agency, including about financial status and business reputation as well as on the structure of ownership (for legal person). The financial status of the applicant is a set of indicators that reflect its real and potential financial resources, including level of liquidity, solvency and financial stability, own circulating assets (equity capital) and their effective use, as well as assessment of the ability of the applicant to provide in the future additional financial support to the financial institution, if need.</p> <p>The agency for state regulation of financial services markets refuses to grant written approval for the acquisition or increase of a qualifying holding in a financial institution in case, where:</p> <ol style="list-style-type: none"> 1) the applicant submitted incomplete package of documents, designed by normative legal acts of this authority, or unreliable information, or submitted documents don't comply with requirements of this Law or noted acts; 2) the applicant has non-extinguished or non quashed conviction. <p>If the applicant is a legal person, this requirement covers members of executive body and supervising council of legal person, as well as owners of essential part in financial institution, who are natural persons;</p> <ol style="list-style-type: none"> 3) business reputation or financial status of person are non-compliant with requirements of this Law or normative legal acts of agency for state regulation of financial services markets; 4) the applicant doesn't have own funds in amount sufficient to purchase or increase qualifying holding, and/or sources of origin of funds placed in statutory capital have no confirmation, etc. 5) the applicant, according to the submitted documents, doesn't meet requirements of this Law or normative legal acts of the agency for state regulation of financial services markets; 6) the agencies of the Antimonopoly Committee of Ukraine prohibit concentration as one that leads to monopolization or substantially restriction of competition on the whole market or in a substantial part of it; 7) the acquisition or increase of a qualifying holding in the financial institution will threat the interests of depositors and/or other creditors of this financial institutions, the development of a competitive environment. <p>This issue is regulated by Decision of the National Commission for Securities and Stock Exchange On Approval the Procedure of coordination acquiring by legal or natural person of qualifying holding in professional actors of stock market or increasing such holding in the way where this person will direct or indirect hold or control 10, 25, 50 and 75 percent of statutory (accumulated) capital of this exchange or voting right of acquired shares in its board as of March 13, 2012 №394 (registered in the Ministry of Justice of Ukraine as of April 26, 2012 No 635/20948).</p>
<p>Measures taken to implement the recommendations</p>	<p>According to paragraph five of Article 9 of the Law of Ukraine "On Financial Services and State Regulation of Financial Services" [16], a legal or natural person who intends to acquire a qualifying holding in a financial institution (other than</p>

<p>since the adoption of the second progress report.</p>	<p>corporate investment fund) or increase it so that this person is directly or indirectly will own or control 10, 25, 50 and 75 percent of the authorized (share) capital of such financial institution or voting rights of acquired shares (stakes) in the bodies of a financial institution, must obtain written approval of the body which carries out state regulation of financial services, unless otherwise stipulated by law on the regulation of certain financial markets.</p> <p>To obtain such approval a legal or natural person (applicant) provides information to the body which performs state regulation of financial services, prescribed by the regulations of that body, in particularly on their own financial situation and reputation, as well as the ownership structure (for legal person). The financial condition of the applicant is a set of indicators that reflect its real and potential financial resources, including liquidity, solvency and financial stability of its own working capital (equity) and their effective use, as well as evaluating the ability of the applicant to provide additional financial support for a financial institution in case of need.</p> <p>The body that carries out state regulation of financial services, refuses to issue a written approval acquisition or increase of a qualifying holding in a financial institution in cases where:</p> <ol style="list-style-type: none"> 1) the applicant has submitted an incomplete set of documents specified by regulations of such authority or submitted false information or documents do not meet the requirements of this Law or regulations; 2) the applicant has outstanding or un with drawn convictions. <p>If the applicant is a legal entity specified requirement applies to members of the executive board and the supervisory board of such legal entity, as well as the owners of significant participation in financial institutions who are natural persons;</p> <ol style="list-style-type: none"> 3) business reputation or financial position of the applicant does not meet the requirements established by the law or by regulations of the body which performs state regulation of financial services; 4) the applicant does not own funds to the extent necessary for the acquisition or increase of qualifying holding and / or has not confirmed the source of the funds made to the authorized (share) capital; 5) according to the submitted documents applicant does not meet the requirements of this Law or the legal acts of the body which performs state regulation of financial services; 6) Antimonopoly Committee of Ukraine banned as such concentration that leads to monopolization or considerable restriction of competition on the whole market or in a substantial part of it; 7) acquisition or increase of qualifying holding of the applicant in a financial institution will threaten the interests of depositors and / or other creditors of such financial institutions, the development of a competitive. <p>This issue resolved by decision of the NSSMC "On approval of the acquisition by legal or natural person of qualifying holding in professional stock market or increase it so that the said person is directly or indirectly own or control 10, 25, 50 and 75 percent of the authorized (share) capital of such participant or voting rights acquired shares (stakes) in its management bodies" as of 13.03.2012 No. 394 (registered in the Ministry of Justice of Ukraine as of 26.04.2012 No. 635/20948) [123].</p>
<p>Recommendation of MONEYVAL report</p>	<p><i>The “fit and proper” criteria for persons having a significant or controlling interest in the non-banking financial institutions (except to a certain degree the securities firms) and their senior managers are very limited.</i></p>
<p>Measures reported</p>	<p>Draft Law of Ukraine on Introducing Amendments to the Law of Ukraine on</p>

<p>as of 27 September 2010 to implement the Recommendation of the report</p>	<p>Financial Services Market Regulation provides for that legal or natural person, intending to purchase essential part in financial institution or to increase in the way that such persons, directly or indirectly, will own or control 10, 25, 50 and 75 percent of statutory capital of financial institution or voting right under purchased shares (parts) in bodies of financial institution, shall be obliged to obtain written approval of agency for state regulation of financial services markets, if other is not prescribed by laws on state regulation of separate financial services markets. For obtaining such approval applicant shall submit to noted agency information prescribed by normative legal acts of such agency, including about financial status and business reputation of future owner of essential part in financial institution. Agency shall not submit written approval for purchase, increasing of essential part in financial institution in following cases:</p> <ol style="list-style-type: none"> 1) incomplete package of documents was submitted, designed by normative legal acts, or unreliable information was submitted, or submitted documents don't comply with requirements of this Law or noted acts; 2) person, who purchases essential part, has non-extinguished or non quashed conviction, or this person has been working for last 10 years as Head, member of Board or chief accountant of bankrupted financial institution, financial institution subjected to the procedure of coercive liquidation, or subjected to the enforcement measures by the agency for state regulation of financial services markets in the way of dismissal of the leadership from management of the financial institution and appointment of temporary administration. If such person is a legal person, this requirement covers members of executive body and supervising council of legal person, as well as owners of essential part in financial institution, who are natural persons; 3) business reputation or financial status of person, who purchase essential part in financial institution, are non-compliant with requirements of this Law or normative legal acts of agency for state regulation of financial services markets; 4) any person, who purchase essential part in financial institution, has no own funds in amount sufficient to purchase essential part in financial institution, and/or sources of origin of funds placed in statutory capital have no confirmation, etc. <p>After this draft Law passing by the Parliament of Ukraine, there will be legislation supported criteria for the persons owning essential share or control stock in non banking financial institutions.</p>
<p>Measures reported as of 6 December 2012 to implement the Recommendations of the report</p>	<p>According to part 5 of Article 9 of the Law of Ukraine On Financial Services and State Regulation of Financial Services Markets as of July 12, 2001 № 2664 (amended by the Law of Ukraine as of June 02, 2011 № 3462) legal or natural person, intending to purchase qualifying holding in financial institution or to increase in the way that such persons, directly or indirectly, will own or control 10, 25, 50 and 75 percent of statutory capital of financial institution or voting right under purchased shares (parts) in bodies of financial institution, shall be obliged to obtain written approval of agency for state regulation of financial services markets, if other is not prescribed by laws on state regulation of separate financial services markets. For obtaining such approval legal or natural person (the applicant) shall submit to noted agency information prescribed by normative legal acts of such agency, including about financial status and business reputation as well as on the structure of ownership (for legal person). The financial status of the applicant is a set of indicators that reflect its real and potential financial resources, including level of liquidity, solvency and financial stability, own circulating assets (equity capital) and their effective use, as well as assessment of the ability of the applicant to provide in the future additional financial support to the financial institution, if need.</p>

	<p>The agency for state regulation of financial services markets refuses to grant written approval for the acquisition or increase of a qualifying holding in a financial institution in case, where:</p> <ol style="list-style-type: none"> 1) the applicant submitted incomplete package of documents, designed by normative legal acts of this authority, or unreliable information, or submitted documents don't comply with requirements of this Law or noted acts; 2) the applicant has non-extinguished or non quashed conviction. <p>If the applicant is a legal person, this requirement covers members of executive body and supervising council of legal person, as well as owners of essential part in financial institution, who are natural persons;</p> <ol style="list-style-type: none"> 3) business reputation or financial status of person are non-compliant with requirements of this Law or normative legal acts of agency for state regulation of financial services markets; 4) the applicant doesn't have own funds in amount sufficient to purchase or increase qualifying holding, and/or sources of origin of funds placed in statutory capital have no confirmation, etc. 5) the applicant, according to the submitted documents, doesn't meet requirements of this Law or normative legal acts of the agency for state regulation of financial services markets; 6) the agencies of the Antimonopoly Committee of Ukraine prohibit concentration as one that leads to monopolization or substantially restriction of competition on the whole market or in a substantial part of it; 7) the acquisition or increase of a qualifying holding in the financial institution will threat the interests of depositors and/or other creditors of this financial institutions, the development of a competitive environment. <p>This issue is regulated by Decision of the National Commission for Securities and Stock Exchange On Approval the Procedure of coordination acquiring by legal or natural person of qualifying holding in professional actors of stock market or increasing such holding in the way where this person will direct or indirect hold or control 10, 25, 50 and 75 percent of statutory (accumulated) capital of this exchange or voting right of acquired shares in its board as of March 13, 2012 №394 (registered in the Ministry of Justice of Ukraine as of April 26, 2012 No 635/20948).</p> <p>This issue is regulated by Decision of the National Commission for Securities and Stock Market On Approval the Procedure of coordination acquiring by legal or natural person of essential share in professional actors of stock market or increasing such share in the way where this person will direct or indirect hold or control 10, 25, 50 and 75 percent of statutory (accumulated) capital of this exchange or voting right of acquired shares in its board as of March 13, 2012 №394 (registered in the Ministry of Justice of Ukraine as of April 26, 2012 No 635/20948).</p>
<p>Measures taken to implement the recommendations since the adoption of the second progress report.</p>	<p>According to paragraph five of Article 9 of the Law of Ukraine "On Financial Services and State Regulation of Financial Services" [16], a legal or natural person who intends to acquire a qualifying holding in a financial institution (other than corporate investment fund) or increase it so that this person is directly or indirectly will own or control 10, 25, 50 and 75 percent of the authorized (share) capital of such financial institution or voting rights of acquired shares (stakes) in the bodies of a financial institution, must obtain written approval of the body which carries out state regulation of financial services, unless otherwise stipulated by law on the regulation of certain financial markets.</p> <p>To obtain such approval a legal or natural person (applicant) provides information to the body which performs state regulation of financial services, prescribed by the regulations of that body, in particularly on their own financial situation and</p>

	<p>reputation, as well as the ownership structure (for legal person). The financial condition of the applicant is a set of indicators that reflect its real and potential financial resources, including liquidity, solvency and financial stability of its own working capital (equity) and their effective use, as well as evaluating the ability of the applicant to provide additional financial support for a financial institution in case of need.</p> <p>The body that carries out state regulation of financial services, refuses to issue a written approval acquisition or increase of a qualifying holding in a financial institution in cases where:</p> <ol style="list-style-type: none"> 1) the applicant has submitted an incomplete set of documents specified by regulations of such authority or submitted false information or documents do not meet the requirements of this Law or regulations; 2) the applicant has outstanding or un with drawn convictions. <p>If the applicant is a legal entity specified requirement applies to members of the executive board and the supervisory board of such legal entity, as well as the owners of significant participation in financial institutions who are natural persons;</p> <ol style="list-style-type: none"> 3) business reputation or financial position of the applicant does not meet the requirements established by the law or by regulations of the body which performs state regulation of financial services; 4) the applicant does not own funds to the extent necessary for the acquisition or increase of qualifying holding and / or has not confirmed the source of the funds made to the authorized (share) capital; 5) according to the submitted documents applicant does not meet the requirements of this Law or the legal acts of the body which performs state regulation of financial services; 6) Antimonopoly Committee of Ukraine banned as such concentration that leads to monopolization or considerable restriction of competition on the whole market or in a substantial part of it; 7) acquisition or increase of qualifying holding of the applicant in a financial institution will threaten the interests of depositors and / or other creditors of such financial institutions, the development of a competitive. <p>This issue resolved by decision of the NSSMC "On approval of the acquisition by legal or natural person of qualifying holding in professional stock market or increase it so that the said person is directly or indirectly own or control 10, 25, 50 and 75 percent of the authorized (share) capital of such participant or voting rights acquired shares (stakes) in its management bodies" as of 13.03.2012 No. 394 (registered in the Ministry of Justice of Ukraine as of 26.04.2012 No. 635/20948) [123].</p>
Recommendation of MONEYVAL report	<i>Supervisory procedures of the SCSSM and the SCFSMR should cover risk-based analysis and supervision on consolidated basis</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	According to Article 14, part 2 (3) of AML/CFT Law the reporting entities shall ensure regulation and supervision considering AML/CFT policies, procedures and control systems, risk assessment in order to detect the compliance of measures taken by reporting entities and reduce risks within the activity of relevant reporting entities.
Measures reported as of 6 December 2012 to implement the Recommendations of the report	This issue is regulated by Decision of the National Commission for Securities and Stock Market as of August 30, 2011 №1177 On determination criteria under which the risk of reporting entity – professional actor of stock market is assessed to be used for ML/TF registered in the Ministry of Justice of Ukraine as of September 15, 2011 No 1089/19827. Passing of this regulatory act determines criteria under which the risk of reporting

	<p>entity – professional actor of stock market is assessed to be used for ML/TF as well as establishes interval for conducting by the NCSSM of planned inspections regarding these entities.</p> <p>Moreover, chapter II of the Procedures No 1154 and No 997 provides for that reporting entities which have separated subdivisions are a part of economic associations, associated enterprises, holding companies, directly or indirectly owns assets of other professional actors of stock market, subject to comprehensive planned supervisions on consolidated basis.</p> <p>Organizational structure of the National Commission for Securities and Stock Market provided for Departments of prudential supervision on each direction of financial activities.</p> <p>In addition, according to Article 16.1 of the Law of Ukraine On Financial Services and State Regulation of Financial Services Markets" (amended with Article 16-1 according to the Law of Ukraine as of May 19, 2011, No 3394-VI) a supervision on a consolidated basis - is a supervision over financial groups to ensure the stability of the financial system and limit the risks faced by the financial institution as a result of participation in the financial group, by regulation, monitoring and controlling risks of financial group.</p> <p>Also, as part of the IMF delegation visits within the project “Combating Money Laundering - Ukraine - Module 5: Structure and Tools” a series of meetings with representatives of the State Commission on Securities and Stock Market and the State Commission on Financial Services Market Regulation, responsible for the regulation and supervision in AML/CFT area were conducted. In particular, during the meetings the issues of provision the legal framework of the AML/CFT system were discussed. As a result of the discussion, the State Commission on Securities and Stock Market and the State Commission on Financial Services Market Regulation developed a number of orders, instructions and other legal documents aimed at regulating of the activities of non-bank financial institutions that are the reporting entities.</p> <p>Also, during the visits of IMF mission a number of workshops for representative of non-bank financial institutions were held.</p>
<p>Measures taken to implement the recommendations since the adoption of the second progress report.</p>	<p>According to the paragraph 2 of the Article 161 of the Law of Ukraine as of 12.07.2001 No. 2664-III «On Financial Services and State Regulation of Financial Services" [16], the National Commission for the State Regulation of Financial Services monitors on consolidated basis for non-bank financial groups, the vast activity in which is provided by the financial institutions, which carries supervision by the National Commission for State Regulation of Financial Services Markets.</p> <p>Under the supervision on a consolidated basis refers to supervision of financial groups to ensure the stability of the financial system and limit the risks faced by the financial institution due to a financial group, by regulation, monitoring and control of financial risk groups (paragraph 1 of the Article 161 of the Law on Financial Services [16]).</p> <p>Part four of the Article 16 1 of the Law on Financial Services determine that the state body that regulates financial services markets, according to the division of powers stipulated by part two of this article, in order to provide supervision on a consolidated and sub-consolidated basis in its legal acts has the right to establish requirements for financial group and its subgroups on:</p> <ol style="list-style-type: none"> 1) an effective corporate management system; 2) an effective risk management system; 3) an effective internal control system; 4) availability of accounting procedures, information systems necessary to ensure

	<p>compliance with the requirements on a consolidated basis;</p> <p>5) procedure of preparation and submission of consolidated and sub-consolidated reports;</p> <p>6) sufficiency of the regulatory capital;</p> <p>7) economic requirements;</p> <p>8) limits and restrictions on certain activities, including the activities in other states;</p> <p>9) procedure of submission of the required reports and information.</p> <p>The specified issue is regulated by the NSSMC decision as of 25.12.2012 No. 1851 "On definition of criteria for assessing the risk of initial financial monitoring - professional participant of the securities to be used for laundering the proceeds of crime or terrorist financing", registered in the Ministry of Justice of Ukraine as of 21.01.2013 No. 150/22682 [124].</p> <p>This legal act defines the criteria for assessing the risk of initial financial monitoring - professional participant of the securities to be used for laundering the proceeds of crime or terrorist financing, and also sets the frequency of routine inspections for such entities by the NSSMC.</p> <p>In addition, section II on the control over observance of professional stock market of legislation in the area of prevention and counteraction to legalization (laundering) of proceeds from crime or terrorist financing, approved by the decision of the NSSMC No. 997 as of 19.07.2012 and registered in the Ministry of Justice of Ukraine as of 09.08.2012 No. 1353/21665 (hereinafter - Procedure control number 997) [121] provides that entities that have separate divisions are business associations, associated companies, holding companies, directly or indirectly own the assets of other professional stock market participants, are subject to comprehensive routine check on a consolidated basis.</p>
<p>Recommendation of MONEYVAL report</p>	<p><i>Regardless of the possible low risk associated with the foreign exchange offices, there has to be an adequate AML/CFT framework in place that will enable AML/CFT supervision and resources allocated for this purpose.</i></p>
<p>Measures reported as of 27 September 2010 to implement the Recommendation of the report</p>	<p>According to the Clause 2.1 of Instruction of NBU № 502 the followings shall have the right to open exchange offices for providing currency exchange transactions:</p> <p>Banks which obtain banking license and written permission of National Bank of Ukraine (NBU) on providing non-trade transactions with currency;</p> <p>Financial institutions which obtain general license of NBU on providing transactions with currency.</p> <p>Simultaneously, the Clause 1.1 of Instruction of NBU № 502 establish that:</p> <p>Exchange office shall be a structural unit opened by bank (financial institution), including on the basis of agent agreements with legal persons – residents, and national postal operator, where currency exchange transactions are provided for natural persons – residents and non-residents according to this Instruction and other normative legal acts of NBU;</p> <p>Agent shall be a legal person – resident listed to State Register of financial institutions or legal person, which is not financial institution and has right to provide currency exchange services under procedure established by legislation of Ukraine and which concluded agent agreement with bank according to the legislation of Ukraine on providing in the name of bank currency exchange transactions in exchange office.</p> <p>The Clause 1.3 of Instruction of NBU № 502 prescribes that transaction on amount that exceeds UAH 15 000 shall be provided only in cash desk of bank, financial institution, in operational hall of postal service after identification of person who provides cash transaction with mentioning surname, name of person in references</p>

	<p>and receipts. Thus, examining of exchange office is being provided during examining of financial institution which opened such exchange office.</p>																
<p>Measures reported as of 6 December 2012 to implement the Recommendations of the report</p>	<p>Provision of currency control does not fall within the competence of the NCFSMR. According to paragraph 1.1 of chapter 1 of Instruction № 502, a currency exchange office shall be a structural unit being opened by the bank (financial institution), including on the basis of agency agreements with legal persons-residents as well as national postal operator where currency exchange transactions for natural persons-residents and non-residents complying requirements of this instruction and other regulations of the National bank of Ukraine are conducted.</p> <p>Pursuant to paragraph 1.3 of chapter 1 of Instruction № 502 a bank (financial institution) shall have the right to conduct currency exchange transactions in the amount that is not equal and does not exceed UAH 150000 in case of presentation document that proves person's identity and confirms his/her residence.</p> <p>Currency exchange transactions in the amount that equals or exceeds UAH 150000 are conducted with identification of natural person pursuant to legislation of Ukraine. In case of violation by banks and their agents of Instruction № 502 banks shall be liable according to Article 73 of the Law on banks (paragraph 9.2 of chapter 9 of Instruction No 502).</p> <p>Thus, adopted measures caused considerable reduction of exchange offices number:</p> <table border="1" data-bbox="444 863 1373 1262"> <tr> <td colspan="2" data-bbox="444 863 1373 997">Number of currency exchange offices</td> </tr> <tr> <td data-bbox="444 997 862 1035">Reporting date</td> <td data-bbox="862 997 1373 1035">Agent offices</td> </tr> <tr> <td data-bbox="444 1035 862 1073">01.01.2008</td> <td data-bbox="862 1035 1373 1073">772</td> </tr> <tr> <td data-bbox="444 1073 862 1110">01.01.2009</td> <td data-bbox="862 1073 1373 1110">684</td> </tr> <tr> <td data-bbox="444 1110 862 1148">01.01.2010</td> <td data-bbox="862 1110 1373 1148">569</td> </tr> <tr> <td data-bbox="444 1148 862 1186">01.01.2011</td> <td data-bbox="862 1148 1373 1186">357</td> </tr> <tr> <td data-bbox="444 1186 862 1224">01.01.2012</td> <td data-bbox="862 1186 1373 1224">44</td> </tr> <tr> <td data-bbox="444 1224 862 1262">01.09.2012</td> <td data-bbox="862 1224 1373 1262">11</td> </tr> </table>	Number of currency exchange offices		Reporting date	Agent offices	01.01.2008	772	01.01.2009	684	01.01.2010	569	01.01.2011	357	01.01.2012	44	01.09.2012	11
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<p>Measures taken to implement the recommendations since the adoption of the second progress report.</p>	<p>Paragraph 1 of Section IV of the Instruction on the organization and implementation of foreign exchange operations in Ukraine and amendments to some legislative acts of the National Bank of Ukraine, approved by the Board of the National Bank of Ukraine on December 12, 2002 No. 502 [74] (hereinafter - Instructions) provides that:</p> <p>Banks, financial institutions are allowed to perform operations on sale of foreign currency of one natural person resident in one operation (working) day in an amount not exceeding the equivalent of 15,000 UAH.</p> <p>Banks, financial institutions are required to monitor in real time for compliance specified in this paragraph amounts of natural persons of foreign exchange operations.</p> <p>Banks, financial institutions have the right to carry out operations on the sale of resident individuals of cash foreign currency for UAH cash to the presentation of a document proving their identity and residency, indicating receipts surname, name and patronymic (if any) of the person carrying out foreign exchange transactions.</p> <p>An employee of the bank, financial institution carries out copying of pages (page) of the document on the basis of which found customer information, which made foreign exchange transactions, and ensures their (her) deposit in the documents of the day. These copies pages (page) document certified by the stamp imprint by bank</p>																

	<p>cashier of the financial institution.</p> <p>Moreover, paragraph 4 of the same section provides instructions that during operations on purchase from private individuals - residents and non-cash foreign currency for UAH cash inverse exchange-resident individuals unused UAH cash for foreign currency conversion (exchange) cash foreign currency of one foreign state for foreign currency of another foreign state for an amount equal to or exceeding the equivalent of 150,000 UAH, a bank, a financial institution shall (must) make the identification of the person under the legislation of Ukraine on prevention and counteraction to legalization (laundering) of proceeds from crime or terrorist financing.</p>
Recommendation of MONEYVAL report	<i>The SCSSM is encouraged to continue its action aimed at decreasing the number of fictitious companies.</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	<p>Under the results of its activity in 2009, State Commission for Securities and Stock Market cancelled registration of shares issue and annulled certificates on registration of shares issue to 48 fictitious joint stock companies.</p> <p>In the 1 half of 2010 Commission took decisions on suspending of shares circulation, cancelled registration of shares issue and annulled certificates on registration of shares issue to 24 fictitious joint stock companies.</p>
Measures reported as of 6 December 2012 to implement the Recommendations of the report	<p>In order to reduce the number of fictitious companies, the Commission, in particular, adopted a decision On Establishing Fictitious Signs of Securities and Derivatives as of December 22, 2010 No 1942 which determines the following :</p> <ol style="list-style-type: none"> 1. Securities and derivatives being circulated are considered to be fictitious, if they meet criteria specified below: <ol style="list-style-type: none"> 1.1. The fact of the absence of the securities and/or derivatives issuer under location is determined by the State Commission on Securities and Stock Market (hereinafter - the Commission). 1.2. Failure to disclose by the securities and/or derivatives issuer of regular information in accordance with the law. 1.3. Lack of net income according to the report on financial results, submitted to the Commission at the end of the reporting period. 1.4. The overwhelming share of the issuer's assets consists of financial investments and/or receivables according to the balance sheet of the issuer, submitted to the Commission at the end of the reporting period. 1.5. A number of employees of the securities and/or derivatives issuer at the end of the reporting period are less than two persons and/or average monthly expenses of the issuer for salaries and wages are less than double minimum wage set by law. 1.6. No accountant or accounting department headed by the chief accountant at the end of the reporting period. 2. The Commission takes decision on considering securities and/or derivatives to be fictitious, if the securities and/or derivatives meet simulataneously four criteria at least of those specified in paragraph 1 of this decision by simultaneous mandatory compliance with criterion specified in paragraph 1.1 paragraph 1 of this decision. 3. On the decision taken regarding consideration of the securities and derivatives as such that comply with fictitious signs, the Commission shall notify the tax authorities and shall publish the decision in the official printing publication of the Commission and its posting on the official website of the Commission within ten days from the date when such decision was taken. 4. The Securities and/or derivatives are considered to be fictitious, from the date of publication in the official printing publication of the Commission's decision on recognition of the securities and/or derivatives as such that have fictitious signs.

	<p>5. In case of receiving by the Commission of documents confirming the elimination of the reasons for recognition securities and/or derivatives as such that have fictitious signs, the Commission cancels the previous decision, informs tax authorities, places this decision in the official publication of the Commission and publishes this decision at the official website of the Commission within ten days when such decision was taken.</p> <p>6. This decision does not regulate the activities of the securities and/or derivatives issuers and is used exclusively for the taxation of natural persons.</p> <p>This decision does not apply to securities and derivatives, which issuers are corporate investment funds, state holding companies, banks, non-bank financial institutions conducting licensing activities.</p> <p>In addition, the Law of Ukraine as of July 04, 12 No 5042-VI On Amendments to Some Legislative Acts of Ukraine Concerning Improvement of Securities Laws, which comes into force as of January 01, 2013, in particular, amended Article 8 "Powers of the National Commission on Securities and Stock Market " of the Law of Ukraine On State Regulation of Securities Market in Ukraine and supplemented it with paragraph 31-1 as follows:</p> <p>31-1) the National Commission on Securities and Stock Market has the right to appeal (relate) to the court to terminate the the joint-stock company due to:</p> <ul style="list-style-type: none"> • violations committed by its establishing which may not be eliminated; • failure of the joint-stock company to submit to the National Commission on Securities and Stock Market the information provided fro by the law during two years running; • failure to establish agencies of the joint-stock company during a year from the date of registration by the National Commission on Securities and Stock Market of the report on the results of private placement of shares among founders of the joint-stock company; • failure to convene of general meeting of shareholders by the joint-stock company during two years running. <p>To protect the interests of the state and investors in securities the National Commission on Securities and Stock Market takes measures (based on the decision of the Commission) on suspension introducing amendments to the registration system of inscribed securities holders or to the system of depository accounting regarding securities of the issuers, in the period from September 27, 2012 to July 10, 2012 there were taken 388 decisions among which there are companies with fictitious signs (pursuant to authorities determined by paragraph 30 of Article 8 of the Law of Ukraine On State Regulation of Securities Market in Ukraine).</p>
<p>Measures taken to implement the recommendations since the adoption of the second progress report.</p>	<p>In the period from 10.07.2012 to 13.05.2015 in order to protect the interests of the state and investors in securities of the NSSMC, was stopped changes to the system of depository accounting of securities of 3,600 issuers do not disclose regular annual information on their activities, one of the signs of "fictitious".</p> <p>In the period from 2011 to 2013 was considered decisions of the NSSMC regardsing 5 issuers with signs of "fictitious".</p> <p>Since 2015 the NSSMC stopped trading on stock exchange securities 22 issuers with signs of "fictitious".</p> <p>In order to improve legal acts to identify bogus companies the NSSMC canceled the decision "On establishing fictitious securities and derivatives» No. 1942 as of 22.12.2010 (registered with the Ministry of Justice of Ukraine as of 03.03.2011 No. 268/19006), and approved the Regulations on establishment of fictitious securities issuers and issuers of such inclusion in the list (the list) issuers with signs of fictitious (NSSMC decision No. 1360 as of 14/10/2014, registered with the Ministry</p>

of Justice of Ukraine as of 30.10.2014 No. 1364 / 26141 [125]).

The new provisions set:

1. The list of criteria, compliance with which is the basis for the decision to determine the issuer and its securities as having fictitious nature of the issuer and inclusion to the list:

1) established the National Commission on Securities and Stock Market (hereinafter - the Commission) and / or fiscal State Fiscal Service of Ukraine (hereinafter - SFSU) the absence of the issuer at the location;

2) failure to provide regular information on tax diligence by the issuer to the Commission or SDFM in the manner prescribed by the law;

3) failure of stock company general meetings of shareholders for two consecutive years and / or failure in creation of management of the company, by law, within one year from the date of registration Commission report on the private placement of shares among the founders of the company;

4) low (less than 3 percent of the assets of the issuer) or lack of sales of goods and services for the main activity at the end of the financial year;

5) lack of paid value added tax for the period if the issuer is the payer of VAT;

6) the overwhelming share of the issuer's assets (over 90 percent) make financial investments and / or receivable under the issuer's financial statements submitted to the Commission and / or SFSU at the end of the reporting period;

7) the number of employees of the issuer at the end of the reporting period is less than three persons;

8) the average costs of the issuer of wages per employee is less than the minimum wage established by law;

9) registration of location of the issuer of the building housing the address where the registered legal entities that are not affiliates of the owner of the premises;

10) the presence of a court decision, which came into force associated with the use of the issuer's securities to evade payment of taxes, duties (mandatory payments).

2. Based on the available information, the Commission and / or SFSU within the competence of the analysis carried out according fictitious issuer in accordance with the criteria set out in paragraph 4 of this Regulation.

3. If appropriate, the issuer least three criteria set out in paragraph 4 of this Regulation, the Commission and / or within the competence of SDFM is checking on compliance issuer other criteria fictitious. According to the results of this verification, if the issuer Match three or more of the criteria set out in paragraph 4 of this Regulation on the basis of the relevant joint decision of the Commission and SFSU (hereinafter - the Decision), the issuer included in the list as the one that has featured fictitious.

4. Compliance issuer fictitious simultaneously two criteria set out in paragraphs 1 and 2 of paragraph 1, as evidenced by relevant documents are unconditional basis for a decision.

5. Based on the decision made stopping the circulation of securities of the issuer in connection with its listing.

6. The Commission shall ensure publication of the decision on the official website of the Commission within one working day of the decision.

The Commission provides relevant information for making the list within one working day after the date of the decision. The list published on the official website of the Commission.

The Commission shall ensure publication of the decision in one of the official publications of the Commission within 5 working days of the decision.

Commission within 3 business days from the date of decision sends a copy to the

	<p>issuer (except for the adoption of Decisions pursuant to paragraph 7 of this Regulation) and Central Securities Depository.</p> <p>Next business day of receipt of the Central Securities Depository copy of the Central Securities Depository provides unconditional operation to limit operations in the depository accounting of securities of the relevant issue.</p> <p>7. The Issuer and its securities are deemed to have fictitious nature of the date of the relevant information to the list.</p> <p>8. The decision can be appealed to a court established by current legislation.</p> <p>9. In the case of a Commission and / or SFSU documents proving ground for declaring the removal of the issuer and its securities as having fictitious nature Commission and / or SFSU within the competence conducting appropriate tests. The audit in case of confirmation eliminating grounds for declaring the issuer and its securities as having fictitious nature issuer is excluded from the list on the basis of the relevant joint decision of the Commission and SFSU.</p> <p>Based on the decision referred to in this paragraph is carried restore circulation of securities of the issuer.</p> <p>10. Publication of the issuer's decision to exclude from the list, making relevant information to the list and sending copies of the decision to the issuer and the Central Depository of Securities made in the manner and terms set out in paragraph 9 of this Regulation.</p> <p>11. The issuer and its securities are deemed to have fictitious, from the date of the relevant information to the list.</p>
<p>(Other) changes since the second progress report (e.g. draft laws, draft regulations or draft “other enforceable means” and other relevant initiatives</p>	

Recommendation 24 (DNFBP - regulation, supervision and monitoring)	
Rating: Non compliant	
<p>Recommendation of MONEYVAL report</p>	<p><i>The existing licensing regime of gambling institutions seems to draw a number of inconsistencies, which sets a risk for different implementation, misuse and unequal treatment of the members of this market. These inconsistencies should be eliminated and all necessary criteria regarding the owners and managers of gambling institutions should be introduced</i></p>
<p>Measures reported as of 27 September 2010 to implement the Recommendation of the report</p>	<p>The regime for applying sanctions to gambling institutions was regulated by the Law of Ukraine On Licensing of Certain Business Activities.</p> <p>From the day of enactment of the Law of Ukraine On Prohibition of Gambling business entities that may undertake the activity on organization and conducting gambling are absent in Ukraine.</p>
<p>Measures reported as of 6 December 2012 to implement the</p>	<p>N/A</p>

Recommendations of the report	
Measures taken to implement the recommendations since the adoption of the second progress report.	<p>The Law of Ukraine as of 15.05.2009 No. 1334-VI «On the Prohibition of Gambling Business in Ukraine" [15] determined that the Ukraine is prohibited gambling and participation in gambling business.</p> <p>Currently defined model of gambling business in Ukraine.</p> <p>It is planned to adopt a law which will regulate casinos and removal the ban on gambling business.</p>
Recommendation of MONEYVAL report	<i>Ukraine is urged to review the current regulatory and supervisory regime applicable to gambling institutions and take legislative and other measures as relevant in order to ensure that casinos are subject to and effectively implementing the AML/CFT measures required under the FATF recommendations</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	<p>From the day of enactment of the Law of Ukraine On Prohibition of Gambling business entities that may undertake the activity on organization and conducting gambling are absent in Ukraine.</p> <p>AML/CFT Law obliged Ministry of Finance of Ukraine to provide regulation and supervision over AML/CFT sphere, in particular, over business entities which hold gambling including virtual casinos (Article 14).</p> <p>Under AML/CFT Law Ministry of Finance of Ukraine as entity of state financial monitoring shall be obliged, in particular, to impose sanctions.</p>
Measures reported as of 6 December 2012 to implement the Recommendations of the report	N/A
Measures taken to implement the recommendations since the adoption of the second progress report.	<p>The Law of Ukraine as of 15.05.2009 No. 1334-VI «On the Prohibition of Gambling Business in Ukraine" [15] determined that the Ukraine is prohibited gambling and participation in gambling business.</p> <p>At the same time the Law 2015 [1] the Ministry of Finance of Ukraine charged with the regulation and supervision in the sphere of combating legalization (laundering) of proceeds from crime, terrorist financing and the financing of proliferation of weapons of mass destruction, including entities that conduct gambling. (Article 14).</p> <p>After removal of the legislative ban on gambling there will be regulatory and supervisory regime in order to ensure AML / CFT system in casinos.</p>
Recommendation of MONEYVAL report	<i>Despite the positive trend in the last 2 years, the sanctioning regime over gambling institutions cannot be regarded as proportionate and dissuasive. This situation should be addressed through relevant changes to the legal framework</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	Article 23 of AML/CFT Law provides for responsibility for violation of the requirement of this Law, including for DNFBP.
Measures reported as of 6 December 2012 to implement the Recommendations	N/A

of the report	
Measures taken to implement the recommendations since the adoption of the second progress report.	Daily sanctions against gambling may be revised after lifting the ban on gambling and analyze the results of the regulatory and supervisory regime in the AML / CFT.
Recommendation of MONEYVAL report	<i>Ukraine should also develop plans to deal efficiently with unlicensed gambling. It should also take measures to prevent criminals or their associates from holding or being the beneficial owner of a significant or controlling interest, holding a management function in or being an operator of a casino</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	<p>The regime for applying sanctions to gambling institutions was regulated by the Law of Ukraine On Licensing of Certain Business Activities.</p> <p>From the day of enactment of the Law of Ukraine On Prohibition of Gambling business entities that may undertake the activity on organization and conducting gambling are absent in Ukraine.</p> <p>Besides, the Article 14 of AML/CFT Law provides for the obligation of state regulators:</p> <ul style="list-style-type: none"> take according to legislation actions on verification irreproachable business reputation of persons conducting management and control over reporting entities; take actions according to legislation in order to avoid access to the management of reporting entities, direct or indirect significant participation in such entities of persons who have a record of conviction for mercenary crime or terrorism that have not been quashed and expunged in procedure designated by the law; in cases prescribed by the legislation take actions on prevention forming statutory funds of the relevant reporting entities at the expense of the funds sources of which are impossible to confirm.
Measures reported as of 6 December 2012 to implement the Recommendations of the report	<p>The Law of Ukraine On Prohibition Gambling in Ukraine as of May 15, 2009 No1334-IV exists in Ukraine.</p> <p>In addition, the Parliament of Ukraine adopted the Law of Ukraine as of December 22, 2010 No 2852-VI On amendments to Some Legislative Acts of Ukraine Concerning Implementation of the Legislation on Prohibition Gambling in Ukraine which strengths responsibility for conducting illegal gambling in Ukraine.</p> <p>Thus, the Criminal Code of Ukraine is supplemented with Article 203-2 where engaging into gambling is punishable by a fine from ten to fifty thousand of tax-free minimum incomes of citizens, and for the same actions, if committed by a person previously convicted of gambling therein, shall be punished by imprisonment for up to five years.</p> <p>Also, the above mentioned Law amended the Law of Ukraine On Militia regarding imposing duty on the Ministry of Internal Affairs of Ukraine to ensure, within its powers, compliance with requirements of the Law On Prohibition Gambling in Ukraine.</p> <p>In addition, in 2011 the Law of Ukraine as of May 19, 2011 No 3383-VI On amendments to Some Legislative Acts of Ukraine Concerning Implementation of the Legislation on Prohibition Gambling in Ukraine amended the Law of Ukraine On Prohibition Gambling in Ukraine in a part of laying down in new version of terms “gambling” and “game of chance” for the purpose of their extending to interactive institutions and computer stimulators as well as the Law of Ukraine On Militia was amended in a part of imposing duties on the Ministry of Internal Affairs of Ukraine to bring a suit to the court concerning application of financial sanctions related to</p>

	<p>prohibition organization and carrying out of games of chance in Ukraine.</p> <p>The adoption of this Law improved the enforcement of gambling prohibition in Ukraine in terms of prohibition of interactive institutions that provide Internet access to participate in virtual game of chance and computer stimulators to gambling, as well as in terms of performing its duties by militia.</p> <p>According to the operational statistics on execution of the Law of Ukraine On Prohibition Gambling in Ukraine in 2010 there were detected 443 crimes and seized 10,725 items of gaming equipment, in 2011 – respectively 1080 crimes and 16,217 items, for 8 months of 2012 - 789 crimes and 15,917 items.</p>
<p>Measures taken to implement the recommendations since the adoption of the second progress report.</p>	<p>In 2012 the internal affairs authorities recorded 926 crimes related to illegal gambling activities.</p> <p>In 2013 the internal affairs authorities recorded 1,092 crimes related to illegal gambling activities.</p> <p>During the year, according to the Article 28 of the Criminal Code of Ukraine [3] there was submitted to the court indictments regarding organized groups of 17 participants who acted in Volyn, Dnipropetrovsk, Zhytomyr, Transcarpathian, Zaporizhia, Ivano-Frankivsk, Poltava, Sumy, Kherson, Khmelnytsky (3), Cherkasy, Chernivtsi (2), Chernihiv, Kyiv and committed 44 crimes related to violation of the Law of Ukraine "On the prohibition of gambling business in Ukraine" [15].</p> <p>In the Volyn region over the pre-trial investigation in criminal proceedings No. 1201403000000049 according to Part 3 of Article 28 of the Criminal Code of Ukraine [3] the court indictment for Part 1 of the Article 2032 of the Criminal Code of Ukraine regarding three members of an organized group, who organized activities of "underground" casino and compliance methods of conspiracy (surveillance cameras, warning SMS messages from a number of players tested persons) provided services to the citizens of gambling.</p> <p>Confiscated special gaming equipment (tables and maps for the game of poker chips), 17.8 thousand. UAH., 355 USD, 255 Euros, 2.4 thousand Zł, video surveillance equipment.</p> <p>A documentation of corrupt officials who use their powers, covered participants organized groups that organize and provide activities "underground" gambling establishments in Dnipropetrovsk, Zakarpattia and Khmelnytsky regions.</p> <p>The results of measures to counter criminal offense gambling exposed members of organized groups that have legalized "shadow" income.</p> <p>Ministry of Interior in Zakarpattia region completed pre-trial investigation and sent to court 29.11.2014 criminal proceedings No. 12014070000000155, 12014070000000256, 12014070000000259-12014070000000264 under part 3 of Article 28, Part 1 st.2032, Part 1, Article 209 of the Criminal Code Ukraine 2 [3] regarding the eight members of an organized group of corrupt connections among the deputy village council and private entrepreneurs who are in the village. Intermountain organized and provided activity "underground" gambling institution, as a result of which received income in the amount of over 852 thousand UAH, Of which legalized 48 thousand UAH, Using for their own use and support of the institution.</p> <p>During the investigation confiscated 8 slot machines, 4 system units to computer hardware, notebooks with daily records and reports on the activities of the institution 42 thousand UAH, equipment for video surveillance. Seized property of the accused worth 247 thousand UAH. (4 vehicles and 7 thousand UAH in cash).</p> <p>Exposed 2 members of organized groups (Zaporizhyia, Ivano-Frankovsk region), who committed 34 crimes related to the organization of gambling, the Law of Ukraine Law of Ukraine "On the prohibition of gambling business in Ukraine" [15].</p>

Recommendation of MONEYVAL report	<i>As regards the other categories of DNFBP, once the relevant AML/CFT requirements are introduced, Ukraine should also ensure that DNFBP are subject to effective systems for monitoring and ensuring compliance with AML/CFT requirements in line with Recommendation 24.</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	After AML/CFT Law Ukraine entering into force SFMS of Ukraine regulatory and supervisory agencies will ensure efficient monitoring of DNFBPs and compliance with provisions of Recommendation 24.
Measures reported as of 6 December 2012 to implement the Recommendations of the report	<p>In order to implement the requirements of the AML/CFT legislation of Ukraine and to ensure coordination of the reporting entities activities on organization financial monitoring in AML/CFT area, the Ministry of Justice of Ukraine developed a number of legal acts:</p> <ol style="list-style-type: none"> 1. Order of the Ministry of Justice of Ukraine as of September 29, 2010 No 2339/5 On Approval the Statute on carrying out financial monitoring by the reporting entities the state regulation and supervision over which performs the Ministry of Justice of Ukraine; 2. Order of the Ministry of Justice of Ukraine as of September 29, 2010 No 2338/5 On Approval the Procedure of performing verifications of the reporting entities by the Ministry of Justice of Ukraine; 3. Order of the Ministry of Justice of Ukraine as of September 29, 2010 No 2337/5 On Approval the Statute on the procedure of adopting preventive measures regarding countries that do not or improperly comply with recommendations of international, intergovernmental organizations involved in AML/CFT area; 4. Order of the Ministry of Justice of Ukraine as of September 29, 2010 No 2336/5 On approval of Instruction on attainment materials on administrative offences 5. Order of the Ministry of Justice of Ukraine as of September 29, 2010 No 2340/5 On approval of the Procedure of consideration cases on violation requirements of the legislation that regulates AML/CFT activities, as well as application of sanctions; 6. Order of the Ministry of Justice of Ukraine as of December 29, 2010 No 3376/5 On approval the Statute on the Commission of the Ministry of Justice of Ukraine for application sanctions for violation of requirements of the AML/CFT Law and/or legal acts that regulate AML/CFT activities. <p>During the period from August 21, 2012 till September 30, 2012 the Ministry of Justice of Ukraine and its regional offices generally conducted 3,700 inspections of the reporting entities.</p> <p>In order to ensure effective AML/CFT state regulation and supervision over the business entities that conduct trading of precious metals, stones and its products, auditors, audit companies, natural persons-entrepreneurs providing accounting services the Ministry of Finance of Ukraine approved:</p> <ul style="list-style-type: none"> – Order of the Ministry of Finance of Ukraine as of March 11, 2011 No 338 On the procedure for the application of preventive measures in relation to countries which do not or improperly comply with the recommendations of international, intergovernmental organizations; – Order of the Ministry of Finance of Ukraine as of March 21, 2011 No 384 On approval of the Statute on training and professional development of personnel responsible for carrying out of financial monitoring of the reporting entities the state regulation and supervision over which performs the Ministry of Finance of Ukraine; – Order of the Ministry of Finance of Ukraine as of March 22, 2011 No 392 On approval of the Statute on carrying out of financial monitoring by the reporting

entities the state regulation and supervision over which performs the Ministry of Finance of Ukraine;

– Order of the Ministry of Finance of Ukraine as of April 04, 2011 No 463 On approval of the Procedure for carrying out of inspections of the reporting entities by the Ministry of Finance of Ukraine;

– Order of the Ministry of Finance of Ukraine as of March 11, 2011 No 339 On approval of the Procedure for consideration by the Ministry of Finance of Ukraine of cases on violation of the legislation that regulates AML/CFT activities;

– Order of the Ministry of Finance of Ukraine as of March 17, 2011 No 364 On approval of the Instruction on attainment materials on administrative offences by the Ministry of Finance of Ukraine;

– Order of the Ministry of Finance of Ukraine as of June 21, 2011 No 739 "On approval the Statute on the Commission of the Ministry of Finance of Ukraine for application sanctions for violation of requirements of the AML/CFT Law and/or legal acts that regulate AML/CFT activities.

The Ministry of Finance of Ukraine completed work on the development of the necessary legal framework and conducts inspections of the reporting entities. As of October 01, 2012 14 inspections were held.

The SFMS of Ukraine function of the state regulation and supervision over the reporting entities is defined with paragraph 1 of Article 14 of the Law of Ukraine On prevention and counteraction to legalization (laundering) of the proceeds from crime and terrorist financing.

According to paragraph 8 of part 1 of Article 14 of the Law the SFMS of Ukraine the State regulation and supervision in AML/CTF sphere is carried out upon:

- business entities that provide intermediary services when conducting purchase and sale of real estate;

- legal and natural persons - entrepreneurs conducting financial transactions with goods (perform work, provided services) for cash, provided that the amount of such transaction is equal to or exceeds 150 thousand UAH. or the amount in foreign currency equivalent to 150 thousand UAH.

For the purpose of regulation and supervision over the reporting entities, the SFMS of Ukraine developed a number of regulations that regulate the organization of initial financial monitoring and determine the order of performing supervision over these entities.

Order of the SFMS of Ukraine as of August 05, 2010 No 128 approved the Regulation on carrying out of financial monitoring by the reporting entities, the state regulation and supervision over the activities of which conducts the State Committee for Financial Monitoring of Ukraine. This document regulates issues on:

appointment of compliant officer;

-establishment of rules and programs for conducting of financial monitoring;

-carrying out of customers identification and study of their financial activities;

-detection of financial transactions subject to financial monitoring, and which may be related, concern, or intended for terrorist financing;

-suspension of financial transactions;

-training of the reporting entity's personel on complying with AML/CFT requirements.

In order to supervise the reporting entities the Ministry of Finance of Ukraine by order as of January 05, 2012 No 5 approved the Procedure for conducting inspections of the reporting entities by the State Committee for Financial Monitoring of Ukraine.

This document regulates the issues of planning, preparation and organization of scheduled and unscheduled inspections as well as drawing up their results,

	<p>determines both the duties of a chief officer and members of the working group on conducting inspection and officials of the reporting entity being inspected.</p> <p>For the purpose of considering cases under materials of inspections and application sanction to the reporting entities for violations of AML/CFT requirements the Procedure for consideration by the SFMS of Ukraine of cases for violation of AML/CFT requirements as well as application of sanctions is approved by the order of the the Ministry of Finance of Ukraine as of January 17, 2012 No 23.</p> <p>Furthermore, the SFMS of Ukraine issued a number of legal acts to regulate the financial monitoring in the reporting entities:</p> <ul style="list-style-type: none"> – order as of July 19, 2010 No 113 On approval of the Provision on training of employers responsible for financial monitoring of entities of initial financial monitoring, state regulation and supervision on activities of which is ensured by the State Committee for Financial Monitoring of Ukraine – order as of May 12, 2003 No 46 On approval of the Requirements to the qualification of the reporting entity’s employee, responsible for financial monitoring conduction in the sphere of prevention and counteraction to the legalization of the proceeds of crime, and terrorism financing (amended as of July 30, 2010 No 125); – order as of August 03, 2010 No 126 On approval of money laundering and terrorist financing risk criteria; – order as of August 13, 2010 No 136 On approval of the Procedure for coordination by the reporting entities of terms for submission requested information with the State Committee for Financial Monitoring of Ukraine; – order as of August 27, 2010 No 149 On approval the Procedure for informing reporting entities concerning the list of organizations, legal or natural persons related to terrorist activity and to whom international sanctions are applied <p>During 2011 and 9 months of 2012 the SFMS of Ukraine conducted inspections of 50 reporting entities regarding their compliance with requirements of the AML/CFT Law, state regulation and supervision on activities of which is ensured by the SFMS of Ukraine.</p>
<p>Measures taken to implement the recommendations since the adoption of the second progress report.</p>	<p>According to the Law 2015 [1] entities required to conduct a risk assessment of their clients on the basis of risk criteria established by the central executive body of the formation and implementation of state policy in the sphere of prevention and counteraction to legalization (laundering) of proceeds from crime or terrorist financing and the entities of state financial monitoring, carrying out state regulation and supervision of the relevant entities, in the exercise of their identification, as well as in other cases stipulated by law and internal documents on financial monitoring and taking preventive measures to clients for which is set at high risk. (Article 6)</p> <p>Ministry of Finance of Ukraine developed the draft Law "On Approval of risk criteria legalization (laundering) of proceeds from crime, terrorist financing and the financing of proliferation of weapons of mass destruction"</p> <p>Ministry of Infrastructure developed the following regulations:</p> <ol style="list-style-type: none"> 1. Order as of 03.08.2012 No. 156-G "On authorizing officers of the internal investigation and prevention of corruption and economic crimes to draw up protocols on administrative offenses" (currently in the Ministry of Infrastructure Division the relevant functions are performed on the prevention and detection of corruption) [137]; 2. Order as of 26.11.2012 No. 707 [134] "On approval of the preventive measures to countries which do not fulfill or improperly fulfill recommendations of international intergovernmental organizations involved in combating the legalization (laundering) of proceeds from crime or financing of terrorism ", registered with the

Ministry of Justice of Ukraine as of 11.12.2012 No. 2059/22371;

3. Order as of 26.11.2012 No. 708 "On approval of the Ministry of Infrastructure of Ukraine Commission on the application of sanctions for violations of the Law of Ukraine" On prevention of legalization (laundering) of proceeds from crime or financing of terrorism "and / or regulatory and legal acts regulating activities in the area of prevention and counteraction to legalization (laundering) of proceeds from crime ", registered with the Ministry of Justice of Ukraine as of 12.13.2012 No. 2069/22381 [135];

4. Order as of 01.02.2013 No. 59 "On establishment of the Ministry of Infrastructure of Ukraine Commission on the application of sanctions for violations of the Law of Ukraine" On prevention of legalization (laundering) of proceeds from crime or financing of terrorism "and / or regulations acts regulating activities in the area of prevention and counteraction to legalization (laundering) of proceeds from crime";

5. Order as of 01.04.2013 No. 199 "On Approval of the Financial Monitoring reporting entities, state regulation and supervision of exercising Ministry of Infrastructure of Ukraine", registered in the Ministry of Justice of Ukraine as of 19.04.2013 No. 650/23182 [136];

6. The joint order of the Ministry of Finance of Ukraine and the Ministry of Infrastructure of Ukraine as of 26.03.2013 №426/184 "On approval of the exchange of information between the State Service for Financial Monitoring of Ukraine and the Ministry of Infrastructure of Ukraine to improve the supervision of compliance reporting entities legislative requirements on prevention and counteraction to legalization (laundering) of proceeds from crime or terrorist financing ", registered with the Ministry of Justice of Ukraine as of 12.04.2013 No. 609/23141.

Currently, the Ministry of Infrastructure, to improve the legal regulation on the implementation of financial monitoring and enforcement of its own regulations with the Law 2015 developed new versions of the above regulations.

With regard to the implementation of the Ministry of Infrastructure of Ukraine supervision in the sphere of combating legalization (laundering) of proceeds from crime or terrorist financing activities for entities, including through scheduled and unscheduled inspections, including field, then:

in the period from 13.06.2012 to 31.12.2012 conducted two field inspections planned directorates of "Ukrposhta";

in the period from 01.01.2013 to 31.12.2013 – 9 on site routine inspections of directorates of the "Ukrposhta";

in the period from 01.01.2014 to 08.01.2014 - 2 on site routine inspection directorates "Ukrposhta".

Meanwhile, Law of Ukraine as of 07.31.2014 "On the State Budget of Ukraine for 2014" [30] has been supplemented by Article 31, which provides for inspection of enterprises, institutions and organizations, individual entrepreneurs supervisory authorities (other than the State Fiscal Service of Ukraine) in August - December 2014 only with the permission of the Cabinet of Ministers of Ukraine or the application entity for its verification. In the future Law of Ukraine as of 28.12.2014 No. 76-VIII «On amendments and some legislative acts of Ukraine that lost its validity" [35] a moratorium on inspections was extended for the period January-June 2015. In connection with this, inspections of controlled entities were the Ministry of Infrastructure.

During the above inspections, violations, which would give grounds to apply to entities financial sanctions or prosecution of officials to administrative responsibility, have not been identified. On the results of inspections in all cases it was informed to

the Ministry of Infrastructure. About the detected deficiencies during inspections was informs to the management of "Ukrposhta" and appropriate management to take appropriate measures.

During 2013 the Ministry of Justice of Ukraine, the following measures of regulation and supervision in the sphere of combating legalization (laundering) of proceeds from crime or terrorist financing:

- the number held by Ministry of Justice of Ukraine and its territorial departments of justice audits of financial monitoring - 1142 (including 1097 scheduled and 45 unscheduled);
- the number of entities (separated subdivisions) that checked on financial monitoring - 1142 subjects, including 1134 notaries, 5 lawyers and 3 other persons who provide legal services;
- the number of entities (separated subdivisions) in which the breach of legislation on financial monitoring - 881 subject.

In 2014 the Ministry of Justice of Ukraine and its territorial departments of justice held in 1482 inspection entities, including notaries inspection conducted in 1461, 10 lawyers and 11 inspections of checks on persons who provide legal services.

In particular, 1392 was conducted scheduled inspections of reporting entities and 90 unscheduled inspections.

The results of the inspection staff and Regional Offices of the Ministry of Justice 825 entities were found violations of the law on prevention and counteraction to legalization (laundering) of proceeds from crime or terrorist financing, including 820 notaries 2 lawyers and 3 persons that provide legal services.

In 2014, the Ministry of Economic Development held two scheduled inspections of reporting entities (commodity exchanges) on compliance with legislation on prevention and counteraction to legalization (laundering) of proceeds from crime or terrorist financing, which found violations of the law in that area.

During 2013 the SFMS of Ukraine conducted 40 inspections of reporting entities, governmental regulation and supervision of of which is made by SFMS of Ukraine, including:

- 14 inspections of business entities that provide mediation services dealing with the sale of real estate;
- 26 inspections of entities that conduct financial transactions in goods (performing works, services) for cash, provided that the amount of such financial transaction equals or exceeds 150 000 UAH.

During 2014 the SFMS of Ukraine conducted 18 planned inspections of reporting entities, state regulation and supervision of exercising SFMS of Ukraine, including:

- 17 inspections of business entities that provide mediation services dealing with the sale of real estate;
- 1 inspection of legal entity that conducts financial transactions with goods (performing works, services) for cash, provided that the amount of such financial transaction equals or exceeds 150 000 UAH.

It should be noted that Article 31 of the Law of Ukraine "On State Budget of Ukraine for 2014" [30] found that inspections of enterprises, institutions and organizations, individual entrepreneurs supervisory authorities (other than the State Fiscal Service of Ukraine) carried over

August - December 2014 only with the permission of the Cabinet of Ministers of Ukraine or the application entity for its verification.

Given the above, entities of state financial monitoring (excluding National Bank of Ukraine and the Ministry of Justice of Ukraine) in August - December 2014 was suspended inspections corresponding categories of reporting entities.

	In addition, in accordance with paragraph 8 of Section III "Final Provisions" Law of Ukraine " On amendments and some legislative acts of Ukraine that lost its validity" as of December 28, 2014 No. 76 VIII [35] inspections of enterprises, institutions and organizations , individual entrepreneurs supervisory authorities (other than the State Fiscal Service of Ukraine and the State Financial Inspection of Ukraine) carried out during January - June 2015 only under the permission of the Cabinet of Ministers of Ukraine.
(Other) changes since the second progress report (e.g. draft laws, draft regulations or draft “other enforceable means” and other relevant initiatives	

Recommendation 27 (Law enforcement authorities)	
Rating: Partially compliant	
Recommendation of MONEYVAL report	<i>Ukraine should review the current situation in the light of the specific concerns raised by the law enforcement agencies, evaluate the existing practical implementation problems related to the procedures applicable to ML/TF investigations and take necessary measures in order to address these concerns and prevent risks of duplication of efforts.</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	With purpose of improving procedure for submitting and efficiency of consideration of case referrals, including establishment of cooperation between regional subdivisions of SFMS of Ukraine and law enforcement authorities, the amendment to the Procedure of Submitting and Consideration of Case Referrals approved on 28.11.2006 were introduced by joint Order of SFMS of Ukraine, STA, MIA and SS of Ukraine dated 29.01.09 under No. 11/33/24/53.
Measures reported as of 6 December 2012 to implement the Recommendations of the report	N/A
Measures taken to implement the recommendations since the adoption of the second progress report.	The Law 2015 [1] supplemented the provisions the Article 216 of the CPC of Ukraine [2] under which criminal proceedings for offenses under Articles 209 and 209-1 of the Criminal Code of Ukraine [3], the pre-trial investigation carried out by the investigator of the body, which started preliminary inquiry or the jurisdiction which refers socially dangerous illegal act that preceded the legalization (laundering) of proceeds from crime, unless those crimes classified under this article to the jurisdiction of the National Anti-Corruption Bureau of Ukraine.
Recommendation of MONEYVAL report	<i>The procedures for obtaining documents and information to be used in investigations should be carefully examined and modified.</i>
Measures reported as of 27 September 2010 to implement the	see the answer to R. 4

Recommendation of the report	
Measures reported as of 6 December 2012 to implement the Recommendations of the report	N/A
Measures taken to implement the recommendations since the adoption of the second progress report.	<p>The investigation and criminal proceedings under Art. 93 of the Criminal Procedure Code of Ukraine [2] the prosecution collects evidence by the investigation (search) operations and covert investigative (detective) action, demanding and getting from the state, local governments, enterprises, institutions and organizations, officials and individuals things, documents, information, expert opinions, audits findings and acts of inspections of other proceedings under this Code [2].</p> <p>In accordance with paragraphs. 20.1.1. p. 20.1 Article 20 of the Tax Code of Ukraine [8] as of 02.12.2010 No. 2755-IV (with amendments and changes) invite taxpayers, meetings, payments or their representatives to verify the correctness of calculation and timely payment of taxes, duties, payments, compliance other legislation, including legislation on prevention and counteraction to legalization (laundering) of proceeds from crime or terrorist financing, control over the observance of which is entrusted to regulatory authorities. Written notice of such invitations sent in accordance with Article 42 of the Code, no later than 10 calendar days before the invitation registered letters, in which the grounds invitation, date and time, which invited taxpayer (taxpayer representative);</p> <p>According to item 20.1.2. paragraph 20.1 Article 20 of the Tax Code of Ukraine [8] as of 02.12.2010, No. 2755-IV (with amendments and changes) to perform the functions specified by law, receive free of charge from taxpayers, including charitable and other nonprofit organizations all ownership in accordance with the law, certificates, copies of documents certified by the payer or official and stamped (if available) of financial and economic activities, the revenues, costs taxpayers and other information related to the calculation and taxes, duties, payments of compliance, control over which is entrusted to supervisory authorities and financial and statistical reporting in the manner and on the grounds specified by law.</p> <p>According to Subpara 20.1.3. paragraph 20.1 Article 20 of the Tax Code of Ukraine [8] as of 02.12.2010, No. 2755-IV (as amended) to be free from state agencies, local governments, enterprises, institutions and organizations of all forms of ownership, their officials, including the bodies that provide driving appropriate state registers (inventories), information, documents and materials;</p> <p>According to item 20.1.5. paragraph 20.1 Article 20 of the Tax Code of Ukraine [8] as of 02.12.2010, No. 2755-IV (with amendments and changes) to receive free of charge from taxpayers and from the National Bank of Ukraine, banks and other financial institutions help in the manner prescribed Law of Ukraine "On Banks and Banking" [10] and this Code, references and / or copies of the availability of bank accounts and a court decision - information volume and turnover in the accounts, including the underpayment and time-bound foreign exchange earnings from business entities;</p> <p>In accordance with item 20.1.6. paragraph 20.1 Article 20 of the Tax Code of Ukraine [8] as of 02.12.2010, No. 2755-IV (with amendments and changes) request and examine during inspections primary documents used in accounting registers, financial, statistical and other reporting related to the calculation and payment of taxes, duties, payments, fulfillment of legal requirements, monitoring compliance is</p>

	entrusted to the supervisory authorities.
(Other) changes since the second progress report (e.g. draft laws, draft regulations or draft “other enforceable means” and other relevant initiatives	

Recommendation 29 (Supervisors)

Rating: Partially compliant

Recommendation of MONEYVAL report	<i>Apart from the NBU, the extent to which sample testing is included as part of the on-site supervisory actions of SCFSMR and the SCSSM is not clear. The supervisory authorities should ensure that sample testing is included as part of their on-site supervisory action</i>
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Measures reported as of 27 September 2010 to implement the Recommendation of the report	The Article 14 of the AML/CFT Law provides for the obligation of the entities of state financial monitoring to ensure AML/CFT supervision and regulation taking into account AML/CFT policy, procedures, controls, and risks assessment in order to define the compliance of measures taken by the reporting entities and to reduce risks within the activity of relevant reporting entities.
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Measures reported as of 6 December 2012 to implement the Recommendations of the report	This issue is regulated by the Decision of the NSSMC On Approval of the Procedure of exercising control over compliance by the professional actors of the stock market of the AML/CFT legislation requirements dated 27.07.2010 No 1154 acting in a new edition approved by the Order dated 09.07.12 No 997. This provision is provided for by the Procedure for conducting examinations in the AML/CFT area approved by the Directive of the National Financial Services Market Regulation Commission dated 05.08.2003 N 26 (in edition of the the SCFSMR’s order as of April 07, 2011 No 185).
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Measures taken to implement the recommendations since the adoption of the second progress report.	Scheduled and unscheduled inspections (including outreach) of the reporting entities is regulating by the Order approved by the State Commission for Regulation of Financial Services Markets of Ukraine as of 05.08.2003 No. 26 [130] (as amended by the Order of the SCRFMS as of 07.04.2011 No. 185 [133]). Paragraph 1.6 of the Procedure established unscheduled inspection compliance of the entity of initial financial monitoring with the legislation on prevention and counteraction to legalization (laundering) of proceeds from crime or terrorist financing may be on separate issues. For example, when receiving from the SFMS information on possible violations of the reporting entities of legislation in the field of prevention of legalization (laundering) of proceeds from crime or terrorist financing, in the State Commission for Regulation of Financial Services Markets of Ukraine there are grounds for an unscheduled inspection. Thus, in 2012 the SCRFMS conducted 30 unscheduled inspections on specific issues, in 2013 - 135 inspectios, in 2014 - 30 inspections. This issue was resolved by Procedure control No. 997 [121].
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Recommendation of MONEYVAL report	<i>There are no explicit provisions that specify the scope of the AML/CFT supervision and the power of enforcement of foreign exchange offices</i>
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Measures reported as of 27 September	According to the Clause 2.1 of Instruction of National Bank of Ukraine № 502 the followings shall have the right to open exchange offices for providing currency
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<p>2010 to implement the Recommendation of the report</p>	<p>exchange transactions: Banks which obtain banking license and written permission of NBU on providing non-trade transactions with currency; Financial institutions which obtain general license of NBU on providing transactions with currency. Simultaneously, the Clause 1.1 of Instruction of NBU № 502 establish that:</p> <ul style="list-style-type: none"> - Exchange office shall be a structural unit opened by bank (financial institution), including on the basis of agent agreements with legal persons – residents, and national postal operator, where currency exchange transactions are provided for natural persons – residents and non-residents according to this Instruction and other normative legal acts of NBU; - Agent shall be a legal person – resident listed to State Register of financial institutions or legal person, which is not financial institution and has right to provide currency exchange services under procedure established by legislation of Ukraine and which concluded agent agreement with bank according to the legislation of Ukraine on providing in the name of bank currency exchange transactions in exchange office. <p>The Clause 1.3 of Instruction of NBU № 502 prescribes that transaction on amount that exceeds UAH 15 000 shall be provided only in cash desk of bank, financial institution, in operational hall of postal service after identification of person who provides cash transaction with mentioning surname, name of person in references and receipts. Thus, examining of exchange office is being provided during examining of financial institution which opened such exchange office.</p>
<p>Measures reported as of 6 December 2012 to implement the Recommendations of the report</p>	<p>According to the Clause 1.1 of Instruction of NBU № 502 exchange office shall be a structural unit opened by bank (financial institution), including on the basis of agent agreements with legal persons – residents, and national postal operator, where currency exchange transactions are provided for natural persons – residents and non-residents according to this Instruction and other regulations of NBU; According to the Clause 1.3 Instruction of NBU № 502 financial institution is authorized to conduct currency exchange transactions to an amount not equal or exceeding UAH 150 000 after identification document and the document confirming its residence being presented. Currency exchange transactions to an amount equal or exceeding UAH 150 000 shall be conducted with identification of the individual pursuant to the legislation of Ukraine. Where the banks or the agents thereof violate the provisions of the Instruction No 502, the banks shall be held liable under the Article 73 of the Law on Banks and Banking (Clause 9.2 of the Instruction No 502).</p>
<p>Measures taken to implement the recommendations since the adoption of the second progress report.</p>	<p>Regulations on the organization and implementation of foreign exchange operations in Ukraine and amendments to some legislative acts of the National Bank of Ukraine, approved by the National Bank of Ukraine on December 12, 2002 № 502 [74] (hereinafter - Instructions) determined that currency exchange - structural unit that opens bank financial institution for the purpose of foreign exchange transactions (paragraph 2 of Section I). Paragraph 10 of Section IV Regulations stipulates that violations established by these Regulations, entail liability under the laws of Ukraine. The SCRFSM under paragraph 3 of Article 14 of Law 2015 [1] empowered state</p>

	<p>regulation and supervision in the sphere of combating legalization (laundering) of proceeds from crime, terrorist financing and the financing of proliferation of weapons of mass destruction for payment institutions and payment systems participants or members payment systems (in terms of financial services, in addition to money transfer services), insurers (reinsurers), insurance (reinsurance) brokers, pawnshops and other financial institutions and entities that according to the laws of financial services (except financial agencies and other entities on which government regulation and supervision in the sphere of combating legalization (laundering) of proceeds from crime or financing of terrorism or financing of proliferation of weapons of mass destruction carried out by other entities of state financial monitoring).</p> <p>At the same time Article 21 of the Law of Ukraine "On Financial Services and State Regulation of Financial Services" [16], the bodies that carry out state regulation of financial services include:</p> <p>National Bank of Ukraine - the market for banking services and transfer of funds; National Commission on Securities and Stock Market - Markets for securities and derivatives (derivatives); National Commission for State Regulation of Financial Services Markets - relative to other financial markets.</p> <p>According to the laws of Ukraine bank financial institution has the right to carry out operations under Article 4 of the Law of Ukraine "On Financial Services and State Regulation of Financial Markets" if they have foreign exchange operations only after obtaining a general license. Decree of the Cabinet of Ministers "On Currency Regulation and Currency Control" [63] found that general license issued by commercial banks and other financial institutions of Ukraine.</p>
Recommendation of MONEYVAL report	<i>All sectoral laws, apart from the specific situation for banks, do not enable removal of directors and senior managers as a result of non-compliance with legislation. This issue should be revisited as recommended in the report</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	The Article 23, part 6 of AML/CFT Law empowers the regulators to dismiss an official of the reporting entity for gross violation of AML/CFT requirements.
Measures reported as of 6 December 2012 to implement the Recommendations of the report	N/A
Measures taken to implement the recommendations since the adoption of the second progress report.	<p>Article 63 of the Law of Ukraine "On Banks and Banking" [10] found that the National Bank of Ukraine in the supervision of banks inspects banks on their compliance with legislation governing relations in the sphere of combating legalization (laundering) from crime, terrorist financing and the financing of proliferation of weapons of mass destruction, as well as the adequacy of measures for prevention and counteraction to legalization (laundering) of proceeds from crime or financing of terrorism and the financing of proliferation of weapons of mass destruction.</p> <p>Article 73 of the Law of Ukraine "On Banks and Banking" [10] provides that in case of violation banks or other persons who may be subject to verification of National Bank of Ukraine in accordance with this law, banking law, legislation on</p>

	<p>prevention and counteraction to legalization (laundering) of proceeds from crime or terrorist financing, regulatory acts of the National Bank of Ukraine, its requirements established under Article 66 of this Law or implementing risk activity that threatens the interests of depositors or other creditors of the bank, the use of foreign states or interstate associations or international organizations to sanction banks or owners of substantial participation in the banks that threaten the interests of depositors or other creditors of the bank and / or the stability of the banking system, the National Bank of Ukraine adequately committed a violation or threat of such a level may apply sanctions, and it is temporary, to eliminate the violation, removal of an official from the bank office.</p>
<p>Recommendation of MONEYVAL report</p>	<p><i>According to the Law on Banks and Banking, NBU can impose sanctions if it detects violation of the banking legislation. There is no clear reference that the Basic Law is considered as part of the banking legislation, which could constrain its efficient implementation. This issue should be adequately addressed by the authorities</i></p>
<p>Measures reported as of 27 September 2010 to implement the Recommendation of the report</p>	<p>- AML/CFT Law (Art 23) explicitly gives supervisors (including NBU) power to apply sanctions for the violation of AML/CFT Law</p>
<p>Measures reported as of 6 December 2012 to implement the Recommendations of the report</p>	<p>The Article 63 of the Law On Banks and Banking provides for that the National Bank of Ukraine, while supervising the activities of the bank, shall conduct inspections of the bank regarding compliance thereof with the AML/CFT legislation and sufficiency of the AML/CFT measures taken.</p> <p>The provisions of the Article 23 of the Law stipulate the liability for violation of the requirements of this Law.</p> <p>Taking into account the Basic Law, the Law of Ukraine on Banks and Banking, the Law of Ukraine On Banks and Banking the NBU drafted and approved the Regulation dated 11.07.2011 No 192 the Regulation on Applying by the National Bank of Ukraine of Sanctions for Violation of the AML/CFT legislation.</p> <p>This Regulation sets up the procedure for applying by the National Bank of Ukraine for failure to enforce (unduly enforcement) of the requirements of the Law and/or regulations of the NBU regulating the activities (in total or separate measures) in AML/CFT area to the banks, subsidiaries of foreign banks (hereinafter referred to as the banks) of the sanctions and/or making demands to enforce the requirements of the AML/CFT legislation (to address the deficiencies and/or take measure to prevent the violations in the future).</p>
<p>Measures taken to implement the recommendations since the adoption of the second progress report.</p>	<p>Part 7 of the Article 24 of the Law 2015 [1] clearly establishes the powers of the National Bank of Ukraine sanctions for violation of its requirements.</p> <p>The Article 63 "On Banks and Banking" [10] found that the National Bank of Ukraine in the supervision of banks inspects banks on their compliance with legislation governing relations in the sphere of combating legalization (laundering) of proceeds from crime by, terrorist financing and the financing of proliferation of weapons of mass destruction, as well as the adequacy of measures for prevention and counteraction to legalization (laundering) of proceeds from crime or financing of terrorism and the financing of proliferation of weapons of mass destruction.</p> <p>On the basis of the Law 2015 [1] "On the National Bank of Ukraine" and "On Banks and Banking" [10] National Bank Ukraine developed and approved by the Board of 17.08.2012 № [67] "Regulation on the application of the National Bank of Ukraine measures for violation of banking laws" and from 12.05.2015 № 316 [70] "Regulation on the application of the National Bank of Ukraine penalties for</p>

	<p>violations of the law on prevention and counteraction to legalization (laundering) of proceeds from crime, terrorist financing and the financing of proliferation of weapons of mass destruction, "which regulates the application of the National Bank of Ukraine sanctions to non-bank financial institutions.</p> <p>These provisions establish procedures for the application of the National Bank of Ukraine for failure (improper performance) of the Law and / or regulations of the National Bank of Ukraine regulating activities (exercise together or separate activities) in prevention and counteraction to legalization (laundering) of proceeds from crime by, terrorist financing, banks, branches of foreign banks (hereinafter - banks) and non-banking financial institutions penalties and / or presentation of their requirements for performance (elimination and / or implementing the measures necessary to prevent in future violations of) legal requirements, regulating relations in the sphere of combating legalization (laundering) of proceeds from crime, terrorist financing and the financing of proliferation of weapons of mass destruction.</p>
Recommendation of MONEYVAL report	<i>In addition, the authorities are advised to reconsider the provisions of the Law on Banks and Banking with regard to the possibility to remove managers from office.</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	<p>According to the Article 73 of Law On Banks and Banking and Resolution of NBU № 369 National Bank of Ukraine appropriately to committed violation shall have the right to apply such influence measures, in particular, as removal official of bank from position, in 2009 2 persons were removed.</p> <p>Art 23 Part 6 of the new AML/CFT Law explicitly gives supervisors (including NBU) power to remove managers from office for the severe non-compliance with AML/CFT Law or regulations.</p>
Measures reported as of 6 December 2012 to implement the Recommendations of the report	N/A
Measures taken to implement the recommendations since the adoption of the second progress report.	<p>The Law of Ukraine "On Banks and Banking" [10]</p> <p>according to paragraph 4 of Article 38 the exclusive competence of the general meeting of the bank belongs decisions, including the recall of members of the board of the bank;</p> <p>in accordance with paragraph 11 of Article 39 of the exclusive competence of the Bank Council are issues of appointment and dismissal of chairman and members of the Board, Head of Internal Audit.</p> <p>In addition, the National Bank of Ukraine has the right to request termination of powers of the Bank Council, if it is not properly fulfill its function.</p> <p>According to the first and ninth paragraphs of Article 42 of the heads of the bank are chairman, his deputies and members of the Bank Council Chairman, his deputies and members of the Board, chief accountant, his deputies, and leaders of separate divisions of the bank.</p> <p>National Bank of Ukraine has the right to demand the replacement of any of the bank managers if his professional skills and goodwill do not meet the requirements of this Act.</p>
Recommendation of MONEYVAL report	<i>The sanctioning regime implemented with the existing AML/CFT legislation allow for imposing different sanctions, depending on the type of non-compliance (with the Basic Law or with the sectoral laws). Since this situation could create uncertainty, the system could benefit from clearer provisions in terms of the sanctions that should be imposed.</i>

Measures reported as of 27 September 2010 to implement the Recommendation of the report	- Art 23 of the new AML/CFT Law provides range of sanctions that should be applied by supervisor agencies.
Measures reported as of 6 December 2012 to implement the Recommendations of the report	N/A
Measures taken to implement the recommendations since the adoption of the second progress report.	<p>The Article 24 of the Law 2015 [1] provides for sanctions that can be applied entities of state financial monitoring pursuant to this Law perform the functions of state regulation and supervision over entities of initial financial monitoring in prevention and counteraction to legalization (laundering) from crime, terrorist financing and the financing of proliferation of weapons of mass destruction.</p> <p>However, part seven of Article 24 of Law 2015 [1] stipulates that the provisions of this Law concerning sanctions do not apply to banks and branches of foreign banks.</p> <p>However, for violations by banks and branches of foreign banks with the Law of 2015 [1], normative acts of the National Bank of Ukraine regulating activity in the field of prevention and counteraction to legalization (laundering) of proceeds from crime, terrorist financing and the financing of proliferation of weapons of mass destruction National Bank of Ukraine has the right to apply sanctions in accordance with and in the manner prescribed by the Law of Ukraine "On banks and banking" [10] and normative acts of the National Bank of Ukraine (Article 73 of the Law of Ukraine "On banks and banking" [10]).</p>
(Other) changes since the second progress report (e.g. draft laws, draft regulations or draft “other enforceable means” and other relevant initiatives	

Recommendation 30 (Resources, integrity and training)

Recommendation 30 (Resources, integrity and training)	
Rating: Partially compliant	
Recommendation of MONEYVAL report	<i>Improve and implement adequate training programs in order to enhance the capacity of prosecutors to investigate and prosecute ML cases and of judges to effectively apply article 209, in particular on the types and levels of evidence which the court might consider acceptable to prove the physical and mental elements of the offence</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	<p>The training program of the National Prosecutor’s Academy of Ukraine foresees during whole training year studies for listeners of all categories on the topic: “Methodic of revealing, disclosure and investigating criminal cases on ML crimes and providing repayment of damages from crime, as well as features of supporting state case in criminal cases of mentioned category”.</p> <p>Moreover, the National Prosecutor’s Academy of Ukraine published training guidance “Detecting, disclosing and investigating of the legalization (laundering) of</p>

the proceeds from crime (Article 209 of Criminal Code of Ukraine)”. According to the Article 1 of the Law judicial authorities fulfill their powers exceptionally on grounds, in frameworks and procedure provided for by the Constitution of Ukraine and laws. According to the Article 47 of the Law powers of the Supreme Court of Ukraine cover providing courts with explanations on application of the legislation on the base of generalizing of judicial opinion and analyzing of judicial statistics.

On the ground of carried out by the Supreme Court of Ukraine generalizing of judicial opinion of consideration of criminal cases on crimes related to legalization (laundering) of the proceeds from crime (Article 209 of the Criminal Code of Ukraine) on April 15, 2005 there was adopted the resolution of Plenum of the Supreme Court of Ukraine No. 5 “On Practice of applying by courts of the legislation on criminal responsibility for legalization (laundering) of the proceeds from crime (hereinafter referred as to the resolution), which properly explain courts on the same and correct applying of the legislation while considering cases of the mentioned category.

In particular, in paragraph 11 of the resolution courts are explained on that bringing of the person to criminal responsibility under the Article 209 of the Criminal Code of Ukraine is possible on condition that the fact of obtaining by him of the proceeds or other property as a result of commitment of predicate offence is determined by court in relevant procedural documents (resolution, verdict, judicial decision etc.) as well as in case, when he hasn’t been brought to criminal responsibility for predicate offence. In the final case the person is simultaneously brought to criminal responsibility for predicate offence as well as for legalization (laundering) of the proceeds or other property obtained from its commitment, that is under the amount of these crimes, realizing that he commits legalization of such proceeds (property).

In 2007 the Supreme Court of Ukraine has repeatedly generalized judicial opinion of criminal cases consideration of this category, which showed that courts basically follow requirements of the legislation and explanations of the resolution, in particular, and stated in paragraph 11. In overwhelming majority of cases guilty persons are convicted under amount of committed crimes: as a rule, for crime against ownership or official crime and crime the structure of which is provided for by Article 209 of the Criminal Code of Ukraine, that is for commitment of predicate act as well as for legalization of illegal proceed. The above mentioned concludes that courts of Ukraine take into consideration Recommendations of the experts of the Committee stated in part 2 of Questionnaire (Recommendation 1).

Also, in 2008 the Supreme Court of Ukraine generalized judicial opinion of consideration of cases on administrative responsibility for violation of requirements of the Law of Ukraine dated 5.10.1995 № 356/95-BP “On Fight Against Corruption” and criminal cases on official crimes with features of corruption acts. Generalizing showed that between entities violations or criminal offence of politicians or persons, who occupied especially high official positions were absent.

Kyiv National University of Interior according to the program of training specialists of education and qualification levels such as “bachelor” and “specialist” under occupation “Fight with economic crime in 7th semester of 4th course of study provides for studying of the topic “Legal and organizational bases of counteraction to legalization (laundering) of the proceeds from crime” (per 4 hours of lecture and seminar studies) on subject matter “Economic safety” and topics “Revealing and documenting of legalization (laundering) of the proceeds from crime (per 4 hours of lecture and seminar studies) on subject matter “Operative and search activity”.

25 officials of special subdivisions on fight against organized crime were

	<p>professionally developed on “Fight against legalization (laundering) of the proceeds from crime” on the base of the Academy of the Ministry of Interior of Ukraine in 2009. In 2010 specialization on the mentioned direction is planed on October on the base of Kyiv National University of Interior (17 officials) and professional development on the base of the Academy - on December (20 officials). Moreover, according to thematic plans of the Academy the Ministry of Interior of Ukraine training meetings of managers of district divisions of the Main Board of the Ministry of Interior of Ukraine, the Board of the Ministry of Interior of Ukraine included in reserve of the staff for nomination to leading positions, as well as officials of special subdivisions on fight against organized crime on the topic: “Organization of operative and official activity in the area of fight against organized crime, corruption and counteraction to legalization (laundering) of the proceeds from crime” and also admission of 45 adjuncts for full-time study under the state order performing scientific researches on the mentioned topic.</p> <p>On execution of paragraph 2 of the directive of the Cabinet of Ministers of Ukraine dated 13.12.2004 № 899-p the State training institution of post-graduate education “Training - Methodical Center of SFMS” holds relevant trainings on professional development of officials of agencies of internal affairs.</p> <p>During I half a year according to the Schedule of training on professional development on the course “Fight against legalization (laundering) of the proceeds from crime and terrorist financing” 160 officials of territorial entities and subdivisions of interior, including 30 officials of subdivisions on fight against organized crime were trained in Training-Methodical Center of SFMS. In general, Training-Methodical Center of SFMS will conduct training of 320 officials during 2010.</p> <p>Moreover, the representatives of agencies of internal affairs participated in seminar-practical training on prevention and counteraction to legalization (laundering) of the proceeds from crime and terrorist financing for specialists of regional subdivisions of law enforcement and judicial agencies (30.03.2010), practical seminar on the topic: “National assessment of money laundering risks” (22-23.05.2010), seminar on fight against money laundering and financial crimes, which was held by the Instrument of technical assistance and information exchange (TAIEX) of European Commission (08-09.07.2010), as well as on the topic: “National assessment of money laundering risks”, which was held by the Training-Methodical Center of SFMS jointly with the World bank (29-30.07.2010).</p> <p>In 2010 training guidance “Counteraction to money laundering in Ukraine. Legal and organizational bases of law enforcement activity”, “Counteraction to legalization (laundering) of the proceeds from crime, methodical recommendations “Revealing, disclosure and investigation of legalization (laundering) of the proceeds from crime (Article 209 of the Criminal Code of Ukraine)” developed by Kyiv National University of Interior, and typologies of legalization (laundering) of the proceeds from crime “Peculiarities and features of transactions related to money laundering through withdrawal of cash. Tactical research and practical investigating”, approved by the order of the SFMS of Ukraine dated 25.12.2009 № 182 were also submitted to territorial entities and subdivisions of internal affairs.</p>
Measures reported as of 6 December 2012 to implement the Recommendations of the report	<p>To improve the quality of participation of prosecutors in the trial of cases concerning offences pursuant to the Article 209 of the CC of Ukraine, in December 2011, the regional prosecutor’s offices were submitted with the abstract from the summary of the maintenance of public prosecution of AML/CTF cases, carried out by the General department for state prosecution support in courts jointly with the National Academy of Prosecutors of Ukraine.</p>

In May 2012, the subordinated prosecutors were submitted with guidelines concerning support of public prosecution in AML/CTF criminal cases, which were also drafted by the General department and the National Academy of Prosecutors of Ukraine. These documents locally were considered during the training seminars.

The Training Center of SFMS of Ukraine conducts professional training for courts officials under professional training program “Combating Legalization (laundering) of proceeds from crime and terrorist financing”.

As part of the professional training program specified category of experts studies:

- peculiarities of investigation of criminal cases initiated under the grounds of crimes under the Article 209, 209-1 and 306 of the CC of Ukraine (2 hours of lectures and seminars);

- practice of applying by the courts of Ukraine of legislation on criminal responsibility for the legalization (laundering) of proceeds from crime (2 hours of lectures and seminars).

Under this program in the Training Center were trained in 2010- 166 courts officials, in 2011- 162 courts officials, and in 9 months of 2012- 242 courts officials. In addition, the Center is implementing measures to study the international experience in this field:

1. With assistance of the U.S. Department of Justice on May 27, 2011 an international workshop on “Investigation of complex financial crimes and money laundering” was held. Officials of the National University of State Tax Service of Ukraine, the National Prosecutors Academy of Ukraine, the National Academy of Internal Affairs, the Prosecutor General of Ukraine, the Security Service of Ukraine, the Ministry of Internal Affairs of Ukraine, the State Tax Service, the SFMS of Ukraine and officials the U.S. Justice Department participated in the workshop. During the workshop participants discussed the U.S. experience in investigating complex financial crimes and were provided specific suggestions and recommendations to Ukrainian colleagues, presented experience and achievements of Ukraine in this area.

2. On November 21-26, 2011 in Lviv jointly with the IMF was held an international training workshop on “Money laundering of proceeds of crime and asset detection” within the technical assistance project “Combating money laundering and terrorist financing, Ukraine - Module 5: Structure and Instruments”. In this workshop was attended by representatives of the General Prosecutors Office of Ukraine, the Ministry of Interior of Ukraine, the Security Service of Ukraine, the State Tax Service of Ukraine and the SFMS of Ukraine, as well as the representatives of the International Centre for Asset Recovery of the Basel Institute of Governance.

3. Jointly with the IMF on June 11-19, 2012 in Kyiv, Odessa and Dnipropetrovsk was organized and held a set of workshops on “Best Practices on money laundering and corruption crimes” within the project of IMF technical assistance in combating money laundering and terrorist financing for officials of the Prosecutor General’s Office of Ukraine, Ministry of Internal Affairs of Ukraine, the Security Service of Ukraine, the State Tax Service of Ukraine and the SFMS of Ukraine. During the seminar drafts of the guidelines “Best practices on money laundering and corruption crimes” (drafted by the International Centre for Asset Recovery) and “Guidelines for law enforcement agencies in the area of prevention and counteraction to legalization (laundering) of proceeds from crime and terrorist financing”* (drafted by the SFMS of Ukraine and the Centre officials) were presented. As well were considered the issues of cooperation of law enforcement agencies with FIU, as well as using of direct and indirect evidences to prove the illegal origin of the income, mutual legal assistance in asset recovery and new payment methods (*Manual “Methodical guidelines for law enforcement agencies in the area of prevention and counteraction to legalization

	<p>(laundering) of proceeds from crime and terrorist financing” as of July 2012 is posted on the website of the Center).</p> <p>Typical training plans for judges of local general courts and courts of appealing the National School of Judges of Ukraine includes the topic “Peculiarities of consideration of money laundering and terrorist financing criminal cases”. Given the urgency of the specified topic the National School of Judges of Ukraine in concluding next year training programs for judges this topic will be included in the subject list.</p>
<p>Measures taken to implement the recommendations since the adoption of the second progress report.</p>	<p>Training Center of the SFMS of Ukraine conducts training of prosecutors and court employees in the course "Combating legalization (laundering) of proceeds from crime and terrorist financing."</p> <p>In particular, the curriculum course provides studying such topics as:</p> <ul style="list-style-type: none"> - Especially the investigation of criminal cases brought on the grounds of crimes under Articles 209, 209-1, 258-4, 258-5, 306 of the Criminal Code of Ukraine [3] (2 hours of lectures and practical classes); - Practice of courts of Ukraine law on criminal liability for the legalization (laundering) of proceeds from crime or financing of terrorism (2 hours of lectures and practical classes). <p>Information on the number of prosecutors who have been trained for the period 2013-2014 and 5 months of 2015:</p> <p>2013 - 22 students; 2014 - 5 students; For 5 months of 2015 - 4 students.</p> <p>Information on the number of court employees who have been training for the period 2013-2014 and 5 months of 2015:</p> <p>2013 - 301 students; 2014 - 184 students; For 5 months of 2015 - 34 students.</p>
<p>Recommendation of MONEYVAL report</p>	<p><i>Also, relevant training should be provided to the personnel of law enforcement authorities in the regions which will enable them to obtain more easily documents and information to be used in investigations</i></p>
<p>Measures reported as of 27 September 2010 to implement the Recommendation of the report</p>	<p>Training - Methodical Center for Retraining and Professional Development of Experts on Financial Monitoring Issues in the Sphere of Combating Legalization (Laundering) of Criminal Proceeds and Terrorist Financing of SFMS, National Academy of Prosecutor’s Office of Ukraine, Academy of Judges of Ukraine improved and introduced relevant training programs for enhancing of investigators capability of law enforcement agencies of Ukraine in investigating of criminal cases initiated under crimes indicia, provided by the articles 209 and 306 of the Criminal Code of Ukraine. These programs aim prosecutors at supporting of state accusation in criminal cases of the mentioned category and judges, in the part of effective application of the articles 209 and 306, in particular, regarding types and levels of evidences, which might be acceptable by court for proof of mental and physical elements of crime.</p> <p>Training program of the National Prosecutor’s Academy of Ukraine foresees for listeners of various categories during whole training year studies on the topic: “Methodic of revealing, disclosure and investigating criminal cases on ML crimes and providing repayment of damages from crime, as well as features of supporting state case in criminal cases of mentioned category”.</p> <p>Moreover, the National Prosecutor’s Academy of Ukraine published training guidance “Detecting, disclosing and investigating of the legalization (laundering) of the proceeds from crime (Article 209 of Criminal Code of Ukraine)”.</p> <p>Also, in 2009 Kyiv National University of Interior by the instrumentality of Project of Council of Europe (MOLI-UA2) published training guidance “Counteraction to the</p>

	<p>money laundering in Ukraine. Legal and organizational principles of law enforcement activity”. This guidance contains relevant section, in which practical aspect of tactics for concrete investigating actions and typical investigating situations are considered.</p> <p>The order of the State Tax Administration of Ukraine dated 30.12.2009 № 740 “On organization of professional development of officials of authorities of State Tax Service of Ukraine in 2010” approved Plan-schedule of carrying out of trainings of managers and specialists of authorities of state tax service in Center of retraining and professional development of leading staff of authorities of state tax service of Ukraine.</p> <p>On March 2010, the SFMS organized and held practical seminar on prevention and counteraction to legalization (laundering) of the proceeds from crime and terrorist financing for specialists of district subdivisions of law enforcement agencies and judges. The same practical seminars were organized and held in regions of Ukraine by 20 regional subdivisions of the SFMS during February and March.</p> <p>25 officials of special subdivisions on fight against organized crime were professionally developed on “Fight against legalization (laundering) of the proceeds from crime” on the base of the Academy of the Ministry of Interior of Ukraine in 2009. In 2010 specialization on the mentioned direction is planed on October on the base of Kyiv National University of Interior (17 officials) and professional development on the base of the Academy - on December (20 officials).</p> <p>Moreover, according to thematic plans of the Academy the Ministry of Interior of Ukraine training meetings of managers of district divisions of the Main Board of the Ministry of Interior of Ukraine, the Board of the Ministry of Interior of Ukraine included in reserve of the staff for nomination to leading positions, as well as officials of special subdivisions on fight against organized crime on the topic: “Organization of operative and official activity in the area of fight against organized crime, corruption and counteraction to legalization (laundering) of the proceeds from crime” and also admission of 45 adjuncts for full-time study under the state order performing scientific researches on the mentioned topic</p> <p>During 1-st half a year according to the Schedule of training on professional development on the course “Fight against legalization (laundering) of the proceeds from crime and terrorist financing” 160 officials of territorial entities and subdivisions of interior, including 30 officials of subdivisions on fight against organized crime were trained in Training-Methodical Center of SFMS. In general, Training-Methodical Center of SFMS will conduct training of 320 officials during 2010.</p> <p>The order of the State Tax Administration of Ukraine dated 31.08.09 № 467 “On organization of professional training of officials of tax Militia of the State Tax administration of Ukraine in 2009-2010 training year” approves the Topic of trainings together with officials of tax militia on official and special training in 2009-2010 training year. According to the above mentioned Topic of training the following studying is provided: for operative officials of tax militia – methodical recommendations on the procedure of disclosure bank secrecy, for investigators of tax militia – the letter of the Supreme Court of Ukraine dated 29.03.06 № 1-5/162 On Disclosure of Bank Secrecy.</p>
<p>Measures reported as of 6 December 2012 to implement the Recommendations of the report</p>	<p>The Training Center of SFMS of Ukraine (hereinafter - Center) conducts professional training for law enforcement agencies under professional training program “Combating Legalization (laundering) of proceeds from crime and terrorist financing”.</p> <p>Under this program in the Training Center were trained in 2010- 2021law enforcement officials, including 176 territorial law enforcement officials, in 2011 - 210 officials, including 162 territorial law enforcement officials and in 9 months of 2012– 136</p>

officials, including 110 territorial law enforcement officials. Moreover, the Centers implementing measures to study the international experience in this field:

1. In cooperation with the IMF was drafted and held an international workshop on “Financial investigation” (Lviv, 28.05.2010).

2. On November 21-26, 2011 in Lviv jointly with the IMF was held an international training workshop on “Money laundering of proceeds of crime and asset detection” within the technical assistance project “Combating money laundering and terrorist financing, Ukraine - Module 5: Structure and Instruments”. In this workshop was attended by representatives of the General Prosecutors Office of Ukraine, the Ministry of Interior of Ukraine, the Security Service of Ukraine, the State Tax Service of Ukraine and the SFMS of Ukraine, as well as the representatives of the International Centre for Asset Recovery of the Basel Institute of Governance.

3. In 2010 within the the Instrument of technical assistance and information exchange (TAIEX) of European Commission were held six workshops:

- On March 14-15, 2012 in Lviv was held an international workshop “Assets recovery”. The workshop was held for law enforcement agencies. During the seminar participants discussed managing investigation on assets recovery, management of frozen assets; international cooperation - legal requirements; assets identification etc. In addition, international experts presented participants experience of their countries in area of investigation of financial crimes using computer technologies, special methods of investigation, national interagency cooperation, international exchange of information and mutual legal assistance.

- On April 19-20, 2012 in Sevastopol was held an international workshop “Financial crimes. Cooperation between law enforcement agencies and the financial sector”. The workshop was held for law enforcement agencies and aimed to improve the mechanism of cooperation between law enforcement agencies and the financial sector. During the workshop the investigation of financial crimes and fraud, practical examples of cooperation in the assets detention and mutual legal assistance were discussed.

- On June 4-5, 2012 in Odessa was held an international workshop “Financial and predicate offenses”. The event was held for law enforcement officials and aimed to improve the mechanism of cooperation between law enforcement agencies in the investigation of financial crimes.

In 2012 the Training Center drafted and posted on the website of the Training Center the manual “Guidelines for law enforcement agencies in the area of prevention and counteraction to legalization (laundering) of proceeds from crime and terrorist financing”. First of all this manual informs law enforcement agencies on the functions, tasks and role of SFMS of Ukraine in AML/CTF sphere, particularly in the area of preparing and processing of case referrals as a result of analysis and investigation of financial transactions. Secondly, this manual provides guidance to the competent authorities as to how to take necessary measures when verifying such case referrals and if suspicions are confirmed of how to stop the crime.

The Order of the State Tax Service as of 25.07.2012 No 651 “On Organization of Professional Development of the Officials of Tax Police in 2012-2013” approved the

List of topics of lectures for the tax police officials on official and special training in 2012-2013. According to this list it is planned to study the organization of interaction between the tax police units in the area of revealing ML crimes.

The Order of the State Tax Service as of 13.01.12 No 34 “On Organization of Professional Development of the Officials of the State Tax Service of Ukraine in 2012” approved the Action Plan for training of Heads and officials of the tax agencies and educational plans of professional development programs for the officials of the tax agencies in 2012.

To enforce paragraph 2 of the Directive of the Cabinet of Ministers of Ukraine as of 13.12.2004 No 899-p Training Centre of the SFMS of Ukraine holds training on professional development of the officials of the agencies of internal affairs according to the annual Schedule of professional development under the course Anti-Money Laundering and Counter Terrorist Financing.

In 2010/2011 in the Kyiv National Academy of Internal Affairs according to the program for professional training of “bachelor” and “specialist” on speciality “Combating economic crime” within the discipline “Economic security” the topic “Legal and Organizational Measures of Counteraction to the Legalization (Laundering) of the Proceeds from Crime” (4 hours of lectures and 4 hours of seminars) and the topic “Revealing and Recording the Legalization (Laundering) of the Proceeds from Crime” (4 hours of lectures and 4 hours of seminars) within studying discipline “Operative and Search Activity” were given for the 4-th year students.

In 2010-2012 training on professional development for the officials of the state agencies involved into AML/CFT area within the disciplines Economic Security, Revealing of Economic Crimes, and Operative and Search Activity was held.

According to the topical plans the training workshops on the following topics “Organization of operative and service activity in the sphere of combating organized crime, corruption and counteraction to the legalization (laundering) of the proceeds from crime”, “Applying anti-corruption legislation of Ukraine by the agencies of internal affairs” and “Live issues of prevention and counteraction to corruption among officials” were held for heads of district units of Main Department of MIA, Department of MIA, enlisted to the career reserve for managing positions and officers of units on combating organized crime within which the issues of revealing, recording, disclosure and investigation of the crimes related to money laundering were discussed.

In the course of training for professional development of the investigators of Main Department of MIA, Department of MIA, whose functional obligations include exercising procedural control over investigation of the crimes related to illicit turnover of drugs, psychotropic substances, analogues and precursors thereof, the topic “The problems of recording the crimes related to illicit turnover of drugs, psychotropic substances, analogues and precursors thereof” was studied.

In 2010 the Post-Graduate Education Centre of Scientific Management Institute of the National Academy of the Ministry of Internal Affairs held Anti-Money Laundering Training for 37 officials of anti-corruption units of Main Department on combating organized crime of MIA, in 2011 – for 20 officials, in 2012 – for 15 officials. In November 2012 training for 24 officials under this direction is planned.

In 2010-2012 the National Academy of the MIA held a range of scientific events, including round table “Money laundering typologies” where the officials of the SFMS of Ukraine, Academy of judges of Ukraine, State Securities and Stock Market Commission of Ukraine, the General Prosecutor’s Office of Ukraine, the Security Service of Ukraine, the National Security and Defense Council of Ukraine, Main

Investigation Department of MIA, the State Service on Combating Economic Crimes of MIA, Main Department on Combating Organized Crime of MIA participated (04.10.2010, 14.09.2011), the workshop “Combating Laundering of the Proceeds from Illicit Turnover of Drugs” where Criminal Police of Bavaria, Munich Police, Hans Seidel Fund took part (03.10.2011), scientific and practical workshop on Anti-Money Laundering and Counter Terrorist-Financing issues for the officials of regional units of the law enforcement and judicial bodies (30.03.2010), practical workshop on the topic “National Assessment of Money Laundering Risks” held with assistance of the World Bank (22-23.05.2010), the workshops “Counteracting to Money Laundering and Financial Crimes” (08-09.07.2010), “Money Laundering and the Predicate Crimes to Money Laundering (Cyber Crime), New Trends in ML” (04.06.2012) held with assistance of the European Commission TAIEX instrument.

In 2010-2012 based on the Training Center of the SFMS of Ukraine in Kyiv, Lviv and Kharkiv and Sevastopol 109 officials (including 60 officials of the regional divisions) of the Security Service of Ukraine held the professional development trainings “On Counteraction to the Legalization (Laundering) of the Proceeds from Crime”.

16 officials of the SSU participated in the international workshops “On Counteracting to Money Laundering and Financial Crimes”.

The general direction of scientific research on “Activity of public prosecution bodies in criminal proceedings” defined independent study topic – “Prosecutor’s supervision of AML laws”.

Within the research work considering the international legal AML standards following work is being done:

- systematization and analysis of Ukrainian legislation;
- monitoring of scientific publications on AML/CTF issues in order to obtain scientific information discovered from the study of funds legalization schemes;
- under the initiative of the National Academy of Prosecutors of Ukraine jointly with the General department for state prosecution support in courts of the General Prosecutor’s Office of Ukraine the practice of AML/CTF cases trial is being generalized.

Foreign countries best practices and legal acts of international organizations on AML/CTF issues are being studied.

These issues are highlighted by scholars and lecturers of the National Academy of Prosecutors of Ukraine during the practical sessions, professional development training courses for prosecutor’s and investigative officials. Training included representatives of the National Bank of Ukraine, the SFMS of Ukraine, the State Securities and Stock Market Commission of Ukraine, the State Commission for Regulation of Financial Services Markets and other state agencies.

Research Institute of the National Academy of Prosecutors of Ukraine jointly with the organizational and methodological department of the General department for state prosecution support in courts studied the maintenance of public prosecution in criminal matters related to the legalization (laundering) of money and other property crime. The aim of the study was to identify illegal court decisions left by prosecutors without respond, as well as common state prosecutors’ mistakes in maintaining public prosecution in this category of cases and that are left with attention of prosecutors, as well as branch subdivisions of regional prosecutors’ offices.

In December 2011 the General Prosecutor’s Office of Ukraine at the National Academy of Prosecutors of Ukraine drafted and held jointly with the law enforcement agency and regulatory authorities training on “Exposing the crimes concerning the legalization (laundering) of proceeds from crime.”

The Deputies of regional Prosecutors, heads of departments for supervision over

	<p>compliance of laws by the tax police, the faculty of the National Academy of Prosecutors of Ukraine, representatives of the central board of the Ministry of Interior of Ukraine, the State Tax Service of Ukraine and the State Financial Monitoring Service of Ukraine.</p> <p>The main objective of the workshop is to increase the skill level of the prosecutors in the organization of proper supervision over compliance of AML/CTF legislation of Ukraine. Urgent issues concerning cooperation between the entities of state financial monitoring and law enforcement agencies in combating crimes were discussed.</p> <p>In May 2012 the General Prosecutor's Office drafted guidelines on the organization of supervision over compliance of legislation during criminal investigations of cases concerning fictitious business entities, conversion centers' activity and legalization of proceeds from crime, compensation for damage caused by these crimes, as well as on interaction with the State Financial Monitoring Service of Ukraine, which were submitted to subordinated prosecutors.</p>
<p>Measures taken to implement the recommendations since the adoption of the second progress report.</p>	<p>Training Center of the SFMS of Ukraine (hereinafter - Center) conducted training on "Combating legalization (laundering) of proceeds from crime and terrorist financing" at the regional offices of the Centre in the Western and Eastern regions (Lviv and Kharkiv).</p> <p>Information on the number of law enforcement officers who were training for the period 2013-2014 and 5 months of 2015 in Lviv:</p> <p>2013 - 37 students; 2014 - 33 students; For 5 months of 2015 - 40 students.</p> <p>Information on the number of law enforcement officers who were training for the period 2013-2014 and 5 months of 2015 in Kharkov:</p> <p>2013 - 37 students; 2014 - 27 students; For 5 months of 2015 - 44 students.</p> <p>In addition, the Centre takes measures to study international experience in this field:</p> <ol style="list-style-type: none"> 1. In cooperation with the IMF prepared and held an international seminar on "Financial investigations" (Lviv, 28.05.2010). 2. Together with the IMF, 21-26 November 2011 in Lviv held an international training seminar "Laundering of proceeds from crime and assets tracking" as part of the technical assistance project "Combating money laundering and terrorist financing, Ukraine - Module 5: Structure and tools." In this workshop was attended by representatives of law enforcement agencies and representatives of the International Centre for Asset Recovery of the Basel Institute of Governance. 3. As part of the tool technical assistance of the European Commission (TAIEX), a series of regional workshops: <ul style="list-style-type: none"> • 14-15 March 2012 held in Lviv International Seminar on "Asset Recovery". The event was held for law enforcement officers. During the seminar were discussed topics such as process control investigation of asset recovery, management of frozen assets; International cooperation - legal requirements; identification of assets and so on. In addition, international experts presented the experience of their countries in the investigation of financial crimes using computer technology, special investigative techniques, national inter-agency cooperation, international exchange of information and mutual legal assistance. • 19-20 April 2012 in Sevastopol held an international seminar on "Financial crimes. Cooperation between law enforcement agencies and the financial sector. «The event was held for law enforcement and strives to improve the mechanism of cooperation between law enforcement agencies and the financial sector. The seminar

	<p>discussed a particular topic investigating financial crime and fraud, practical examples of cooperation in the arrest of assets and mutual legal assistance.</p> <ul style="list-style-type: none"> • 4-5 June 2012 in Odessa held an international seminar on "Financial and Predicate Offenses." The event was held for law enforcements and strives to improve the mechanism of cooperation between law enforcement agencies in the investigation of financial crimes. <p>During 2012 the Centre jointly with the SFMS of Ukraine prepared and presented on the official website of the Center the handbook "Guidelines for law enforcement in the area of prevention and counteraction to legalization (laundering) of proceeds from crime or terrorist financing". User first inform law enforcement authorities, for the functions, tasks and role of the SFMS of Ukraine in the system of counteraction to legalization (laundering) of proceeds of crime, in particular as regards the preparation and processing of the so-called referrals as a result of analysis and investigation of financial transactions. And secondly - provides guidelines to the competent authorities as to take the necessary measures to check these materials in the case of confirmation of suspicions - to stop crime.</p> <p>3. With the support of the OSCE in November 2014 and May-June 2015 a series of scientific seminars, in which participated representatives of law enforcement agencies on topics:</p> <ul style="list-style-type: none"> - Implementation of a national risk assessment of money laundering and terrorist financing as part of its policy Shadow Economy of Ukraine (Kyiv); - Topical issues of terrorist financing (Kyiv); - AML - a fuse of corruption in the activities of PEPs (Kyiv); - Genesis of the national legislation to combat money laundering, terrorist financing and the financing of proliferation of weapons of mass destruction in the light novels and implementation of international standards (Lviv). <p>In addition, employees of the SFMS only for 2013-2014 years participated as speakers in 25 educational events organized, including the National Academy of Security Service of Ukraine, the Office of the fight against cybercrime Ministry of Internal Affairs of Ukraine, the Investigation Department of the Ministry of Interior, the Department to Combat Organized Crime of the Ministry of Interior, the Department for Combating Economic Crimes of the Ministry of Interior, the State Financial Inspection and the Center of retraining and professional governing bodies the Ministry of Revenues and Duties of Ukraine. The event was attended by more than 700 law enforcement officials.</p> <p>In 2014 there were trained 16 employees of the SFSU. The program of short workshop on prevention and counteraction to legalization (laundering) of proceeds from crime or terrorist financing, on 24.01.2014 organized training of 27 heads of units for combating the laundering of proceeds of crime, representatives of income and charges and 5 from Department of combating laundering of the proceeds of crime. Also, the teaching and thematic plan of training of workers, adopted at the first public service at the office included the prevention and counteraction to legalization (laundering) of proceeds from crime or terrorist financing. In 2014, 130 representatives of customs trained in Center.</p> <p>In the first quarter of 2015 were trained 9 representatives of SFS.</p>
<p>Recommendation of MONEYVAL report</p>	<p><i>Despite existing policy efforts to eliminate corruption, it is recommended to pursue current efforts in this area to ensure that they do not impede law enforcement authorities' action.</i></p>
<p>Measures reported as of 27 September 2010 to implement</p>	<p>On June 2010 the Parliament adopted the Law On Responsibility of Legal Persons for Commitment of Corruption Offences, that is for commitment them by the leadership or by other authorized persons on behalf of and for the benefit of legal person of a set</p>

<p>the Recommendation of the report</p>	<p>of criminal offences. In particular, responsibility of legal persons is provided for legalization (laundering) of the proceeds from crime, abuse of power or official position, superiority of power or official powers, obtaining or giving of bribe as well as interference in operation of judicial authorities. For such offences court may inflict a penalty on legal persons in the form of fine, prohibition to conduct relevant type of activity, confiscation of property or liquidation of legal person. Also, the Law determines the procedure of consideration in court of cases on the mentioned offences committed by legal persons.</p> <p>Moreover, responsibility for corruption actions are established for persons, who aren't state officials but fulfill functions of power. In particular, responsibility is established for private auditors and notaries, experts, lawyers as well as other persons carrying out professional activity related to providing of public services for application of their powers in order to obtain illegal benefit for themselves or for other persons for the purpose of doing harm to rights and interests of individual citizens, legal persons, interests of society and state. If these actions did essentially harm to, in this case responsibility in the form of corrective works for the period up to 2 years or arrest up to 6 months or an imprisonment up to 3 years with deprivation of right to occupy some positions or to carry out certain activity up to 3 years is established. If such actions caused serious consequences, responsibility in the form of imprisonment from 5 up to 8 years with confiscation of property is foreseen.</p>
<p>Measures reported as of 6 December 2012 to implement the Recommendations of the report</p>	<p>According to the article 4 (part 1) of the Law of Ukraine "On grounds of Corruption Prevention and counteraction" as of 07.04.2011 No 3206-VI that the entity of liability for corruption offences shall be:</p> <ol style="list-style-type: none"> 1) persons authorized to perform state functions or functions of self government authorities, in particular <ol style="list-style-type: none"> a) the President of Ukraine, the Chairman of Verkhovna Rada of Ukraine, his/her first deputy head and deputy head, the Prime Minister of Ukraine, First Deputy Prime Minister of Ukraine, Vice Prime Minister of Ukraine, ministers, other Heads of central executive bodies which are not the members of the Cabinet of Ministers of Ukraine, and their deputy Heads, the Head of the Security Service of Ukraine, the Prosecutor General of Ukraine, the Chairman of the National Bank of Ukraine, the Chairman of the Accounting Chamber of Ukraine, the Ombudsman, the Chairman of the Verkhovna Rada of the Autonomous Republic of Crimea, the President of the Autonomous Republic Crimea; b) MPs of Ukraine, MPs of the Verkhovna Rada of the Autonomous Republic of Crimea, members of local councils; c) civil servants, local government officials. d) military officers of the Armed Forces of Ukraine and of other military formations created pursuant to statutes; e) judges of the Constitutional Court of Ukraine; other professional judges; the Chairperson, members, and disciplinary inspectors of the Higher Qualifying Commission for Judges of Ukraine; officers of the Secretariat of said Commission; the Chairman, the Deputy Chairman and secretaries of sections of the Higher Council of Justice, as well as other members of the Higher Council of Justice; people's assessors and jurors (in the time of performance of these functions); f) persons of rank-and-file and commanding personnel of the bodies of internal affairs, the State Criminal-Executive Service, the bodies and units of civil defense, the State Service of Special Communications and Protection of Information of Ukraine, and persons of the commanding personnel of Tax Militia; g) officials and officers of public prosecutor's offices, the Security Service of Ukraine, the Diplomatic Service, the Customs Service, and the State Tax Service;

k) members of the Central Electoral Commission;

2) officials and officers of other bodies of state authority;

2) persons who for the purposes of this Law, have been conferred the status of persons authorized to perform functions of state and local government:

a) officials of public law legal entities who are not stipulated by the paragraph 1 of the part 1 of this Article but receive salaries at the account of State or local budget;

b) Persons who are not public servants or officials of local government, but render public services (auditors, notaries, and appraisers, as well as experts, arbitration managers, independent brokers, members of labor arbitration tribunals, arbitrators in the time of performance of these functions, other persons in cases established by law);

c) officials of foreign states (persons who hold positions in legislative, executive, or judicial bodies of foreign states, including jurors; other persons who perform the functions of the state on behalf of a foreign state, in particular, on behalf of a state agency or a state enterprise), as well as the foreign arbitrators, persons who have powers to settle civil, commercial, or labor disputes in foreign states according to procedures that constitute alternatives to judicial procedure;

d) officials of international organizations (employees of an international organization or any other persons authorized by such organization to act on its behalf), as well as members of international parliamentary assemblies in which Ukraine takes part, and judges and officers of international courts;

3) persons who permanently or temporarily hold positions involving the performance of organizational-dispositive or administrative-economic functions, or persons who are specially authorized to perform such duties in private law legal entities irrespective of organizational-legal form thereof, pursuant to law.

Moreover, the Law of Ukraine as of 07.04.2011 No 3207-VI “On Amending Certain Legislative Acts of Ukraine Pertaining to Liability for Corruptive Offences” amended the Code of Ukraine on administrative offences with the Chapter 13-A (Administrative Corruptive Offences) which provides administrative responsibility for:

violation of statutory limitations on use of official powers (article 172²);

offer or provision of illegal benefit (article 172³)

violation of limitations on plurality of offices and on simultaneous engagement in other activities (article 172⁴)

violation of statutory limitations on receiving gifts (donations) (article 172⁵)

violation of financial supervision requirements (article 172⁶);

violation of requirements pertaining to notification on conflict of interests (article 172⁷);

unlawful use of information learned by a person in connection with the performance of official functions (article 172⁸);

failure to take measures of counteraction to corruption (article 172⁹).

Furthermore, the Article 18 (Criminal offender) of CC of Ukraine stipulates that “officials are persons who permanently, temporarily or by special authority perform the functions of the authorities or local governments, as well as persons who permanently or temporarily occupy in public authorities, local governments, enterprises, institutions or organizations positions related to the implementation of organizational and regulatory or administrative and economic functions or perform such functions under special powers, which such person was empowered by the competent state authority, local self-government authority, central authority of state government with special status, authorized authority or the competent official of the enterprise, institution, organization, court or law” (part 3), “officials are also recognized the officials of foreign countries (individuals holding position in

legislative, executive or judicial authority of the foreign state, including jurors and other persons exercising public functions for the foreign country, including for a public agency or public enterprise), foreign arbitrators, persons authorized to solve civil, commercial or labor disputes in foreign countries in accordance with the alternative court, officials of international organizations (employees of international organizations or any other person authorized by such organization to act on its behalf), as well as members of international parliamentary assemblies, in which Ukraine participates, as well as judges and officials of international courts” (part 4).

By the Law of Ukraine as of 07.04.2011 No 3207-VI “On Amending Certain Legislative Acts of Ukraine Pertaining to Liability for Corruptive Offences” the Chapter XVII (Crimes in the Realm of Service Activities and Professional Activities Involving the Rendering of Public Services) has a new wording and is amended with following:

Article 364¹ (Abuse of Official Authority by an Officer of a Private Law Legal Entity Irrespective of Organizational-Legal Form);

Article 365¹ (Exceeding of Authority by an Officer of a Private Law Legal Entity Irrespective of Organizational-Legal Form);

Article 365² (Abuse of Authority by Persons Who Render Public Services);

Article 368² (Unlawful Enrichment);

Article 368³ (Commercial Subornation of an Officer of a Private Law Legal Entity Irrespective of Organizational-Legal Form);

Article 368⁴ (Subornation of Person Rendering Public Services);

Article 369² (Abuse of Influence).

Part 4 of article 216 (Investigative jurisdiction) of the new Criminal Procedure Code of Ukraine stipulates that the pre-trial investigation of criminal offenses committed by officials who hold particularly responsible position according to Article 9 of the Law of Ukraine “On Civil Service”, or by persons holding 1-3 category of positions, or by judges and law enforcement members, is within the competence of the investigating authorities of the State Bureau of Investigation of Ukraine. Pursuant to abstract 2 of paragraph 1 of Section X (Final Provisions) of the CPC of Ukraine this provision will come into force since founding of the State Bureau of Investigation of Ukraine, but not later than five years from the date of the enactment of this Code.

The Ministry of Interior of Ukraine approved the Program of anti-corruption measures in the Ministry of Interior for 2011-2015 (Order of the Ministry of Interior of Ukraine as of 08.07.2011 No 409) and the Anticorruption Action Plan in the Ministry of Interior of Ukraine for 2011-2015 (Order of the Ministry of Interior of Ukraine as of 18.08.2011 No 583), the Action Plan of the Ministry of Interior of Ukraine on the tasks and activities pursuant to the Annex 2 of the State Program on preventing and combating Corruption for 2011-2015 (Order of Ministry of Ukraine as of 23.01.2012 No 45).

During this year, divisions of the national security revealed 83 crimes committed by internal affairs officials. Those cases were forwarded to the court. For administrative corruption offenses 91 internal affairs officials were fined and dismissed from the service.

In order to improve the professional selection system, recruitment procedure, formation of the pool of experts and law enforcement personnel training, including officials tackling corruption, the decision of the Ministry of Interior of Ukraine as of 05.07.2012 No 18km/3 approved the Program for strengthening human resources of the Ministry of Interior for 2012-2016 years (Order of the Ministry of Interior of Ukraine as of 12.07.2012 No 618).

The State Tax Service of Ukraine in 2011 carried more than 18,200 preventive measures

that is approximately on 18.5% more for the same period of the last year(15,400). To enhance openness and transparency of implementation of measures to combat corruption in the agencies of state tax service about 1,600 of articles on anti-corruption issues were published, more than 3,600 appearances were made on television and broadcast of radio channels.

24 “hotline” telephone sessions on anti-corruption policy issues concerning “Society against corruption” were held.

In 2011 in respect of the state tax administration officials the subdivisions of Internal Security Department of the STS of Ukraine filed and submitted to the court 71 administrative protocols, including 52 - in respect of STS of Ukraine officials and 19 - business entities.

Within this period, the courts adopted 23 decisions on administrative liability by imposing fines on the STS of Ukraine officials under the protocols filed by subdivisions of Internal Security Department.

Furthermore, 17 officials, business entities were subjected to administrative responsibility by imposing fines.

As part of combating crime, under materials of divisions of the Internal Security Department in respect of the STS of Ukraine officials and under the facts of committed crimes by them 138 criminal cases were initiated, including 14 cases on bribery.

In 2012 under the court consideration of criminal cases 23 persons were criminally prosecuted.

In order to prevent hiring people with low moral and professional qualities, the STS of Ukraine thoroughly examinations candidates to be appointed to the tax authorities. Thus, within the reporting period 6,700 examinations of candidates for positions in state tax authorities were held and 194 persons were refused in positions.

To ensure the legal rights and interests of citizens approximately 1,300 appeals were examined (appeals, complains, notices) regarding possible illegal acts of officials of the State Tax Service, including 376 addresses fully or partially confirmed. 4,200 internal investigations and inspections were held. Under results of inspections heads of state tax service agencies received submissions on taking measures to eliminate the causes and conditions that caused offenses. Under their consideration 263 persons were dismissed from the STS of Ukraine and 1,800 officials were subjected to disciplinary measures.

In January-September 2012 the activity of divisions of the Internal Security Department is aimed at prevention of corruption and other offenses in the area of official responsibilities of the STS officials.

In January-September 2012 divisions of the Internal Security Department held 18,500 preventive measures and in September 2012 – 3000.

Divisions of the Internal Security Department hold performances in tax agencies, as well as an individual discussions. Head of State Tax Service agencies in appropriate require cases applying of disciplinary penalties, because timely application of disciplinary measures is an important tool for prevention of corruption.

Thus, since 2012 for failure or improper performance of official duties under the initiative of the Internal Security Department 1,300 persons were brought to disciplinary proceedings and 241 persons were fired from the STS.

In order to prevent hiring people with low moral and professional qualities the STS of Ukraine hold over 8,900 examinations of candidates to be appointed to the tax authorities and 194 persons were refused in positions.

However, for preventive purposes divisions of Internal Security initiate staff rotation, redistribution of duties among management-level officials.

Since January of this year for taxpayers the hotline “Tax Pulse” was introduced. This

	<p>hotline receives information concerning possible illegal actions (inactivity) and corruption offenses by STS officials. Since the hotline was introduced the Internal Security Department received more than 150 appeals. Inspections were initiated concerning all appeals, appropriate measures were taken and all complainants received responses.</p> <p>Pursuant to the Law of Ukraine “On the Prevention and Combating of Corruption” for 9 months of 2012 under materials of the Internal Security Department completed and submitted to the court 76 administrative protocols officials of STS agencies, under which 52 courts decisions on bringing officials to administrative responsibility in form of fine were taken. 46 officials were dismissed.</p> <p>For prevention of committing corruption by the STS officials were taken the measures for concluding administrative protocols concerning business entities that are trying to solve issues with the STS agencies by offering rewards to officials. Since the beginning of 2012 divisions of the Internal Security Department of the STS of Ukraine completed 16 protocols according to which 17 persons were brought by courts to administrative responsibility.</p> <p>During the first 9 months of 2012 divisions of the Internal Security Department detected 133 crimes, including 14 – receiving bribery by the State Tax Service officials. Thus 85 criminal cases were initiated by the law enforcement agencies. 10 State Tax Service officials were brought to criminal responsibility.</p> <p>On 17.05.2012 the Law of Ukraine “On the rules of ethical conduct”, which defines core behavior regulations of individuals authorized to perform the functions of the state or local government during fulfillment power, as well as procedure of liability for violation of such rules.</p> <p>According the article 2 (paragraph 7) officials and officers of the Security Service of Ukraine shall be subjected to the scope of this law.</p> <p>By the Decree of the President of Ukraine as of 01.09.2011 No 890/2011 the Statute of the National Anti-Corruption Committee was entered into force. The National Anti-Corruption Committee according to the assigned basic tasks:</p> <ol style="list-style-type: none"> 1) provides a comprehensive assessment of the situation and trends in the area of combating corruption in Ukraine, analyzes national anticorruption legislation and actions for its implementation; (Subparagraph 1 of paragraph 4 in the wording of Decree of the President of Ukraine No 362/2012 as of 05.30.2012) 2) participates in draft of legislation in the area of combating corruption in Ukraine to be introduced by the President of Ukraine in the Verkhovna Rada of Ukraine; 3) elaborates proposals for draft laws, drafts of other legal acts in the area of combating corruption; 4) participates in drafting regulations and orders of the President of Ukraine on prevention and combating corruption; 5) participates in drafting addresses of the President of Ukraine to the people, the annual and special messages to the Verkhovna Rada of Ukraine on the internal and external situation of Ukraine; 6) organizes the study of public opinion on the issues that are considered by the Committee, provides coverage in the media of the Committee’s results the work; <ol style="list-style-type: none"> 6.1) provides scientific and methodological assistance on preventing and combating corruption, analytical research, develops guidelines in this area; 7) performs other functions according to the acts of the President of Ukraine.
<p>Measures taken to implement the recommendations</p>	<p>On October 14, 2014 the Verkhovna Rada of Ukraine adopted the Law of Ukraine "On the National Anti-Corruption Bureau of Ukraine" [12], which defines legal principles of organization and activities of the specialized law enforcement anti-</p>

<p>since the adoption of the second progress report.</p>	<p>corruption body - the National Anti-Corruption Bureau of Ukraine (hereinafter - the National Bureau).</p> <p>The main functions of the National Bureau Act referred pretrial investigation of corruption and corruption-related crimes committed by senior officials authorized to perform state functions or local government, or are of special danger to society. In this case the National Bureau of competence does not extend to the private sector, and then this body will not interfere in the business.</p> <p>Law to the jurisdiction of the National Bureau assigned pre-investigation of corruption and corruption-related crimes in the presence of at least one of the following conditions:</p> <ul style="list-style-type: none"> the crime by a public official level; or if the size of the object of the crime or offense caused damage exceeding a certain limit (five hundred or more minimum wage established for the relevant year); or committing active forms of undue advantage on official foreign state or international organization or against an official high-level corruption crimes investigation which referred to the jurisdiction of the National Office. <p>In addition, the Law [12] provides that the independence of the Office in its activities is guaranteed:</p> <ul style="list-style-type: none"> the special status of the National Bureau; defined by the law termination of powers of the Director of National Bureau; tenders selecting employees of the National Bureau of their special legal and social protection; defined by the law means ensuring personal security staff of the National Bureau, their relatives and property. <p>In addition, the Law [12] defines the system of the National Bureau, which constitute the central office and 7 territorial (regional) offices, the structure of which will include information-analytical, operational-investigative and operational-technical, investigative units, divisions engaged in identifying property which may be subject to confiscation, rapid response units and security of participants in criminal proceedings, representation in foreign jurisdictional bodies, expert, financial, human and other units.</p> <p>Also one of the important functions of the National Bureau is to identify and return to Ukraine of assets derived corrupt officials.</p> <p>Law of Ukraine "On amendments to some legislative acts of Ukraine concerning support of the National Anti-Corruption Bureau of Ukraine and the National Agency for Prevention of Corruption" [33] improved the position of newly legislation on combating corruption and legalization (laundering), in particular as regards the functioning of anti-corruption institutions - National Bureau and the National Agency for Corruption Prevention to implement the recommendations made by the experts monitoring mission of the International Monetary Fund.</p> <p>This law, in part to ensure the proper functioning of the National Bureau among other things:</p> <ul style="list-style-type: none"> improved competitive selection procedures specified in occupation of vacant posts; normalized issue of access of employees to information and information systems, registers and data banks, including the information contained in the depository account; introduced provisions on cooperation with other law enforcement and government agencies; legally standardized questions for employees; investigative jurisdiction clarified, in particular as regards its extension to the President of Ukraine, whose powers were terminated;
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Is legally banning Recruitment persons over the past five years working in specially authorized units to combat corruption in law enforcement.

Presidential Decree of 16 April 2015 number 218 for the Director of the National Office.

Appointment of the Director of National Bureau held on the results of the competition conducted by the Act of Ukraine "On National Anti-Corruption Bureau of Ukraine" [12] competition commission with the election of candidates for the post of Director of the National Bureau, consisting of 9 persons in equal number determined by the President of Ukraine, Cabinet Ministers of Ukraine and the Verkhovna Rada of Ukraine.

Today launched a competition for vacant positions in the National Office.

Law of Ukraine "On the National Anti-Corruption Bureau of Ukraine" [12] among the other provisions of Article 368_2 "illegal enrichment" of the Criminal Code of Ukraine [3] set out a new version, which includes responsibility for the acquisition by a person authorized to perform state functions or local government, the ownership of assets of a significant amount legitimacy grounds the acquisition are not supported by evidence, as well as the transfer of its assets to any other person.

Thus the provisions of this Article of the Code harmonized with the requirements of Article 20 of the United Nations Convention against Corruption (subject to its constitution and the fundamental principles of its legal system, each State Party shall consider adopting such legislative and other measures as may be necessary to recognize intentional offense of illicit enrichment, that is a significant increase in the assets of a public official, which exceeds its legitimate revenues and that it can not rationally justify).

April 26, 2015 entered into force the Law of Ukraine "On Prevention of Corruption" [13] aimed at a comprehensive reform of the system of preventing corruption in accordance with international standards and good practices of foreign countries.

The Law significantly improved financial control mechanism property of public servants, particularly in order to introduce independent validation and disclosure of property declarations of civil servants and elected officials, established criminal liability for submitting the declaration knowingly false information, as well as willful failure to return (Criminal Code of Ukraine [3] supplemented by Article 366_1 "Declaration of false information").

With the entry into force of the Law of Ukraine "On Prevention of Corruption" [13] repealed the Law of Ukraine "On the rules of ethical conduct."

However, the basic provisions of the new anti-corruption law in force at qualitatively improved ethical standards today - legally defined rules for ethical conduct of persons authorized to perform state functions or local government, based on the model code of conduct for civil servants under Recommendation of the Committee of Ministers R (2000) 10 of 11 May 2000.

Thus, in accordance with Article 37 of the said Act general requirements for the conduct of persons authorized to perform state or local government officials and legal entities of public law, they are required to guide the conduct of their official or representative office, grounds and procedure liability for breach of those requirements established by this Law, which is the legal basis for codes or standards of professional ethics.

National Agency on Corruption Prevention approves the general rules of ethical conduct for civil servants and local government officials.

In turn, the state authorities, the authorities of the Autonomous Republic of Crimea, local governments, if necessary, develop and enforce industry codes or standards of

ethical behavior of employees and other persons authorized to perform state functions or local government, persons equated to them carrying out activities in the field of management.

Also, the Law of Ukraine "On Prevention of Corruption" [13] provides for the need of departmental anti-corruption programs in government that will be based on an analysis of existing relevant state bodies and corruption risks will be used to address them. The function of coordinating the development and implementation of state organs of departmental anti-corruption programs reserved for the National Agency for the Prevention of Corruption

Decree of the President of Ukraine on October 14, 2014 № 808 [41] liquidated the National Anti-Corruption Committee, formed in 2010 as a consultative - advisory body on anti-corruption policy of the President of Ukraine.

Instead specified by the Decree of the President provides for the formation of Ukraine advisory body - the National Council for Anti-Corruption Policy (hereinafter - the National Council).

The objectives of the National Council include the preparation and presentation of proposals to the President of Ukraine agreed to improve coordination and cooperation between the entities that carry out activities in the field of preventing and combating corruption, as well as assessment and promote recommendations of the Group of States against Corruption (GRECO), Organization for Economic Cooperation and Development (OECD) and other leading international organizations to prevent and combat corruption, improve the efficiency of international cooperation of Ukraine in this field.

The composition of this institution, as recommended by GRECO will establish on a parity basis between the government and NGOs.

From the authorities of the National Council should include Deputy Head of Presidential Administration of Ukraine, the jurisdiction of which is related to combating corruption (Executive Secretary), issues of legal reforms and ensure implementation of the President of Ukraine powers the Constitution of Ukraine, the chairman of the Verkhovna Rada of Ukraine, whose competence includes the fight against organized crime and corruption, the two nominees who proposed Cabinet of Ministers of Ukraine, nominees proposed by the Council of Judges of Ukraine, the nominees proposed by the Prosecutor General of Ukraine, and the nominees proposed by the Chairman of the Accounting Chamber.

From public community composition of the National Council formed of representatives from six NGOs and / or community experts with experience in preparing proposals for the development and implementation of anti-corruption policy, the representative of the national associations of local authorities, as well as two representatives of national associations of entrepreneurs (business - association).

Thus, the National Council has become a tool monitoring successful implementation of anti-corruption reforms in Ukraine.

In the near future will appoint members of the National Council, and the Cabinet of Ministers of Ukraine has proposed candidates for inclusion in its composition.

During 2013 the Ministry of income and fees Ukraine implemented a number of organizational and practical measures aimed at combating corruption in the revenue and charges Ukraine.

The main efforts were focused on prevention and prevention of illegal actions, responding to each such fact and ensuring inevitability of punishment.

During this period held about 11.6 thousand. Lectures, speeches, briefings and individual interviews with employees of income and fees on compliance with anti-corruption legislation.

In order to ensure openness and transparency in the implementation of measures to combat corruption in the media published about 2.5 thousand articles and more than 2.4 thousand materials on anti-corruption themes in television and radio channels.

In website of the Ministry of Revenue and Duties of Ukraine posted 275 messages on the performance of regional divisions and internal security 1340 messages against corruption manifestations on other web sites and online publications on the websites of leading news agencies and others.

The media (magazines, newspapers, weekly) published 430 reports on the results of measures to fight corruption. For expansion in information space segment reports on its activities in the sphere of combating corruption also used other ways to inform the public.

A 125 "round tables", "hot lines", seminars, briefings, press conferences and personal meetings with taxpayers.

During 2013 tested 341 information about possible misconduct by police the Ministry of Revenue and Duties of Ukraine received for service "Pulse". The results of the inspections wholly or partly increasingly reflected 42 messages. Disciplinary charges were brought against 18 people, 3 persons released, issued 16 official warnings, launched three criminal proceedings.

In addition, more than 3.5 thousand. Official inspections and investigations of offenses in the official activities, heads of territorial bodies the Ministry of Revenues and Duties of Ukraine sent 1.3 thousand. Views about the causes and conditions that contributed to the commission of offenses. Based on the results of disciplinary charges were brought against 162 in 1045 and released persons.

During the same period in 1462 tested appeal of individuals and entities on possible misconduct the Ministry of Revenue and Duties of Ukraine employees, including 435 full or partially confirmed.

In order to avoid hiring people with low moral stature carefully studied candidates for positions in the Ministry of income and fees Ukraine (agreed decision 194 persons).

Within practical measures for 12 months in 2013 in respect of employees of the Ministry for violation of the Act [1] drawn up and sent to court 27 administrative protocols for which courts adopted 23 decisions on bringing persons to administrative responsibility. Of those dismissed from their posts - 17 people.

During 2013 internal security units materials SFS initiated 273 criminal proceedings, including 38 - on the facts of obtaining undue advantage The Ministry of Revenue and Duties of Ukraine workers.

The courts handed down 25 convictions regarding The Ministry of Revenue and Duties of Ukraine employees, including 12 - for receiving undue benefits.

During fiscal 2014 the State Service of Ukraine within the competence were taken comprehensive measures aimed at ensuring compliance with anti-corruption legislation in the tax and customs area.

To determine the causes and circumstances of the officials of possible corruption and other offenses in the official activities initiated and conducted more than 3,500 official investigations and audits, which resulted in disciplinary charges were brought against 966 officers dismissed from the civil service 83 workers sent to other law enforcement agencies according to their competence 1206 materials.

From the beginning, the fact of committing crimes SFS officials in the field of performance materials for their own security departments SFS law enforcement authorities launched 330 criminal proceedings.

During the same period in respect of fiscal officials drawn up and sent to the court

68 protocols on administrative commission of corruption offenses.

Upon consideration of these protocols in the courts for violations of the Law of Ukraine "On Principles of Prevention and Combating Corruption" [14] The administrative charges were brought against 37 people.

Tested 325 reports of possible misconduct of officials submitted to the departmental telephone "hot line" - service "Pulse". The inspections disciplinary charges were brought against 16 officers, 61 person issued the official warning about the inadmissibility of actions that could lead to violations of anti-corruption legislation initiated three criminal proceedings.

Tested and over 1600 other complaints and appeals of individuals and entities on possible unlawful acts committed by members of the SFS, 448 of which are totally or partially confirmed.

During the year under preventive and prophylactic work SFS officials issued 739 formal warnings about the inadmissibility of actions or omissions that may lead to corruption and other offenses. In fiscal authorities groups held more than 7.5 thousand. Thematic lectures, speeches and interviews aimed at understanding the employees need unconditional compliance with anti-corruption legislation.

To provide open public access to information on anti-corruption measures taken by the State fiscal authorities of Ukraine, the official web portal placed 11 departments reporting exposed corruption by employees in periodicals published over 2.7 thousand. Papers and other materials. More than 1.4 thousand. Messages on this topic are also available in various online publications and on the websites of news agencies.

Information on the performance of SFS and its territorial bodies towards preventing and combating corruption proved also to members of the public during the 172 "round tables", seminars, briefings, press conferences and meetings with taxpayers.

During the first quarter of 2015 the State Fiscal Service of Ukraine within the competence of measures were taken to ensure compliance with anti-corruption legislation in the tax and customs area.

To determine the causes and circumstances of the officials of possible corruption and other offenses in the official activities initiated and carried more than 1.1 thousand. Official investigations and audits, the results of which were brought to disciplinary responsibility

199 officers dismissed from the civil service 35 workers taken other measures - 288, sent to other law enforcement agencies 434 materials.

The fact of committing crimes SFS officials in service activity initiated 160 criminal proceedings.

Regarding fiscal authorities officials drawn up and sent to the court 13 protocols on administrative commission of corruption offenses.

Upon consideration of these protocols in the courts for violations of the Law of Ukraine "On Principles of Prevention and Combating Corruption" [14] The administrative charges were brought against 7 people.

Tested 53 reports of possible misconduct of officials submitted to the anti-corruption service "Pulse" that are increasingly reflected - 10. The inspections disciplinary charges were brought against 1 officer, 4 persons taken in respect of other measures, 4 persons issued official warnings about inadmissibility of actions that could lead to violations of anti-corruption legislation and the criminal proceedings initiated 1 for receiving undue benefits.

Tested and more than 394 complaints and appeals of individuals and entities on possible unlawful acts committed by members of the SFS, 119 of which were confirmed.

As part of the preventive and prophylactic work SFS officials made 271 official

	<p>warning about the inadmissibility of actions or omissions that may lead to corruption and other offenses.</p> <p>The State Fiscal Service of Ukraine taken comprehensive measures of organizational, legal, economic and preventive measures aimed at improving the system of combating corruption, protection from corrupt influences in tax and customs spheres.</p>
<p>Recommendation of MONEYVAL report</p>	<p><i>Furthermore, given that the evaluation team was not in a position to review the relevant framework covering requirements of professional standards and ethics of conduct, the authorities are recommended to review the current situation and take all necessary measures to ensure that staff of law enforcement authorities are required to maintain high professional and ethic standards</i></p>
<p>Measures reported as of 27 September 2010 to implement the Recommendation of the report</p>	<ul style="list-style-type: none"> • December 22, 2009 became the day of presentation of guidance for carrying out preventive and consulting measures among officials of state tax service regarding prevention of corruptive acts that has been prepared by Anti-corruptive units of state tax service agencies together with the Committee of the Parliament of Ukraine on Combating Organized Crime and Corruption, public organization All-Ukrainian Special Collegium on Combating Corruption and Organized Crime, and US Department of Justice. <p>In 2009 State Security Service of Ukraine together with the General Prosecutor's Office of Ukraine organized and held 4 meetings of Interagency Working Group on Combating Corruption.</p> <p>State Security Service of Ukraine together with General Prosecutor's Office and other interested law enforcement agencies has taken the following measures:</p> <ul style="list-style-type: none"> - Draft Law on establishing special anti-corruptive agency with the powers for conducting pretrial investigation, fight against corruption and coordination of the activities in this sphere – On State (National) Service of Investigation of Ukraine was being processed; - under the results of generalization of international experience the opportunity for implementing in Ukraine appropriate functional model of unified anti-corruptive law enforcement agency has been scrutinized; - with participation of the Supreme Court of Ukraine generalization of court practice for consideration of criminal matters on official crimes with the signs of corruptive acts (Articles 364, 365 and 368 of the Criminal Code of Ukraine), and matters on administrative responsibility for violation of the requirements of the Law of Ukraine dated 5.10.1995 On Fight Against Corruption published in the official site of the Supreme Court of Ukraine has been prepared; - application of the requirements of Articles 10, 11 of the Law of Ukraine on Fight Against Corruption on responsibility of heads and other officials for the failure to take measures against corruption was examined. With the purpose of improving law enforcement activity State Security Service of Ukraine directed regional units to correcting plans of operative and official activities for the second half of 2009 in part of reinforcement measures aimed at detection and registration of appropriate non legal acts of officials; - compliance with the requirements of the legislation at investigation of the crimes with the signs of corruption, provided for by the Article 191 of CC of Ukraine, and on June 26, 2009 has been examined and discussed in General Prosecutor's Office during Joint Interagency Meeting of the law enforcement agencies, under the results of which organizational and practical measures have been taken and notified to the regional prosecutors; - counteraction to corruption in State Tax Administration of Ukraine has been examined and appropriate recommendations aimed at development of these activities

	<p>have been adopted and forwarded to the leadership of STA of Ukraine;</p> <ul style="list-style-type: none"> - Main Department of Civil Service of Ukraine in the interaction with the law enforcement agencies of Ukraine ensured systematic conducting of complex examination of state agencies regarding their compliance with the requirements of the Laws of Ukraine on Civil Service of Ukraine, On Fight Against Corruption and other regulations on civil service; - there has been organized round tables “Corruption in Education” in all Ukrainian regions with aim of engaging public, law enforcement and other state agencies of Ukraine to this issue; - efficiency of selection and appointment system of the officials with practical experience in financial control agencies has been increased; - methodical recommendations have been studied by the educational institutions (Yaroslav Mudryi National Academy of Security Service of Ukraine), and other law enforcement agencies with the purpose of explaining the provisions of new anti-corruptive legislation.
<p>Measures reported as of 6 December 2012 to implement the Recommendations of the report</p>	<p>According to the Law of Ukraine “On the grounds for prevention and counteraction to corruption”, the article 5 of the Law of Ukraine “On Militia”, subparagraph 1 of the paragraph 5 of the Regulations of the Ministry of Interior of Ukraine, approved by the Decree of the President of Ukraine as of 06.04.2011 No 383/2011, in order to strengthen legality and discipline among the personnel, unconditionally protect the rights and freedoms of citizens, comply standards of ethical conduct, integrity and prevent conflict of interest in the activities of law enforcement officers, by the Order Ministry of Interior of Ukraine as of 22.02.2012 No 155, registered in the Ministry of Justice of Ukraine as of 25.04.2012 No 628/20941 the Code of Conduct and Professional Ethics for soldiers and officers of the ministries of internal affairs of Ukraine was approved.</p> <p>As well the Order of the Ministry of Interior of Ukraine also approved the Program of anti-corruption measures in the Ministry of Interior for 2011-2015 (as of 08.07.2011No 409) and the Anticorruption Measures Plan in the Ministry of Interior for 2011-2015 (as of 18.08.2011No 583).</p> <p>In addition to the interagency level were approved:</p> <p>the Code of Conduct for employees who provide registration and issuing identity documents (the Order of the Ministry of Interior, the Ministry of Foreign Affairs, the Ministry of Infrastructure, the Main Department of Civil Service of Ukraine as of 14.06.2011 No 319/149/145/145, registered in the Ministry of Justice of Ukraine as of 24.06.2011 No 784/19522);</p> <p>the Code of Conduct for employees who provide border management (the Order of the Ministry of Interior, the Ministry of Foreign Affairs, the Ministry of Finance, the Administration of the State Border Service, the Main Department of Civil Service of Ukraine as of 05.07.2011 No 330/151/809/434/146, registered in the Ministry of Justice Ukraine as of 27.07.2011 No 922/19660).</p> <p>On 17.05.2012 the Law of Ukraine “On the rules of ethical conduct”, which defines core behaviour regulations of individuals authorized to perform the functions of the state or local government during fulfilment power, as well as procedure of liability for violation of such rules.</p> <p>According the article 2 (paragraph 7) officials and officers of the Security Service of Ukraine shall be subjected to the scope of this law.</p> <p>By the Decree of the President of Ukraine as of 01.09.2011 No 890/2011 the Statute of the National Anti-Corruption Committee was entered into force. The National Anti-Corruption Committee according to the assigned basic tasks:</p> <p>1) provides a comprehensive assessment of the situation and trends in the area of</p>

	<p>combating corruption in Ukraine, analyzes national anticorruption legislation and actions for its implementation; (Subparagraph 1 of paragraph 4 in the wording of Decree of the President of Ukraine No 362/2012 as of 05.30.2012)</p> <p>2) participates in draft of legislation in the area of combating corruption in Ukraine to be introduced by the President of Ukraine in the Verkhovna Rada of Ukraine;</p> <p>3) elaborates proposals for draft laws, drafts of other legal acts in the area of combating corruption;</p> <p>4) participates in drafting regulations and orders of the President of Ukraine on prevention and combating corruption;</p> <p>5) participates in drafting addresses of the President of Ukraine to the people, the annual and special messages to the Verkhovna Rada of Ukraine on the internal and external situation of Ukraine;</p> <p>6) organizes the study of public opinion on the issues that are considered by the Committee, provides coverage in the media of the Committee' results the work;</p> <p>6.1) provides scientific and methodological assistance on preventing and combating corruption, analytical research, develops guidelines in this area;</p> <ul style="list-style-type: none"> • 7) performs other functions according to the acts of the President of Ukraine. <p>To comply mentioned Decree a working group was formed which included the representatives of the Security Service of Ukraine. On July 8, 02012 was hold the meeting of the workinggroupon review of legal and organizational provision of anti-corruption mechanisms to comply the Law of Ukraine "On grounds of Corruption Prevention and counteraction".</p> <p>On June 11-12, 2012 representatives of the Security Service of Ukraine participated in the training program for implementation and application of the manual "Best practices on combating money laundering and corruption".</p>
<p>Measures taken to implement the recommendations since the adoption of the second progress report.</p>	<p>With the entry into force in the 26 April, 2015 the Law of Ukraine "On prevention of corruption" [13] the Law of Ukraine "On rules of ethical conduct" was repealed.</p> <p>However, the basic provisions of the new anti-corruption law in force at qualitatively improved ethical standards today - legally defined rules for ethical conduct of persons authorized to perform state functions or local government, based on the model code of conduct for civil servants under Recommendation of the Committee of Ministers (2000) 10 as of 11 May 2000.</p> <p>Thus, in accordance with Article 37 of the said Act [13] The general requirements for the conduct of persons authorized to perform state or local government officials and legal entities of public law, they are required to guide the conduct of their official or representative of authority, grounds and procedure for liability for breach of those requirements established by this Law [13], which is the legal basis for codes or standards of professional ethics.</p> <p>National Agency on Corruption Prevention approves the general rules of ethical conduct for civil servants and local government officials.</p> <p>In turn, the state authorities, the authorities of the Autonomous Republic of Crimea, local governments, if necessary, develop and enforce industry codes or standards of ethical behavior of employees and other persons authorized to perform state functions or local government, persons equated to them carrying out activities in the field of management.</p> <p>High ethical and professional requirements for law enforcement officers, prosecutors, judges, etc. and measures and mechanisms to ensure compliance</p> <p>Ethical and professional requirements for law enforcement officers, prosecutors, judges identified the Tax Code, the law "On Police" [23] "On the Security Service of Ukraine" [20] "On Prosecution" [24] "On the Judicial System and Status of Judges».</p>

In addition, according to internal departmental normative acts of law enforcement agencies, developed the necessary criteria and provisions on functional and duties of personnel that the fight against legalization (laundering) of proceeds from crime or terrorist financing.

To law enforcement officials who are public servants, ethical and professional requirements defined by the Law of Ukraine "On civil service" [21].

Article 10 of the Law of Ukraine "On civil service" [21] of 16 December 1993 № 3723 defines the basic duties of civil servants.

Under Article 29 of the above Act, public servants constantly improve their skills, including through training in educational institutions, usually at least once every five years.

Government officials and representatives of law enforcement bodies should provide training on prevention and counteraction to legalization (laundering) of proceeds from crime or terrorist financing.

Strategy of development of prevention and counteraction to legalization (laundering) of proceeds from crime or financing of terrorism for the period until 2015 (the Cabinet of Ministers of Ukraine of 09.03.2011 № 190-p. [62]) provided comprehensive measures to improve professional development by including:

The SFMS of Ukraine providing coordination of work on retraining and advanced training for government officials and entities in the sphere of combating legalization (laundering) of proceeds from crime or terrorist financing;

improving the efficiency of the preparation and training, with the participation of the SFMS of Ukraine of special units of law enforcement agencies that participate in the identification, detection and investigation of facts of legalization (laundering) of proceeds from crime or terrorist financing.

The SFMS of Ukraine in accordance with paragraph 16 of Article 18 of the Basic Law [1], provides under the law the organization and coordination of training and professional development for government officials on financial monitoring of employees and entities responsible for the financial monitoring the fight against legalization (laundering) of proceeds from crime or terrorist financing at the host institution that belongs to the management of the SFMS of Ukraine.

In this regard, a leading educational institution for education and training of state employees, including law enforcement authorities in the sphere of prevention and counteraction to legalization (laundering) of criminal proceeds, terrorism financing is a Training Centre of the FIU of Ukraine.

As well, there is a National Academy of Prosecution of Ukraine under the Prosecutor General's Office of Ukraine, which includes Institute of Advanced Training for Prosecutors. Training prosecutors of different levels from all regions of state are attending short term courses at this Institution. Training programs contain topics on the general issues of legal assistance in criminal matters and specialized topics, as well as laundering of proceeds of crime.

To the sphere of management of the Security Service of Ukraine belongs Educational and Research Institute of retraining and professional development of personnel of the National Academy of Security Service of Ukraine.

On a regular basis, the Academy holds training and professional development of operational staff of special forces of the Security Service of Ukraine on combating corruption and organized crime. The training plan provides for the conduction of the specified topic on "Organization and regulatory support of law enforcement agencies in cooperation with the authorized agency of financial monitoring".

At the premises of training center of postgraduate education Training and research Institute of management of the National Academy of Internal Affairs of Ukraine, the

staff of special forces to combat organized crime under the Ministry of Internal Affairs of Ukraine take an advanced training and specialization in the field "On prevention and counteraction of the legalization (laundering) of criminal proceeds".

In addition, in accordance with the course schedule of the National Academy of Internal Affairs of Ukraine, during the trainings of senior officers of regional departments of law enforcement agencies enrolled in the personnel reserve for promotion to senior positions and officers of special forces for combating organized crime, classes on the topic: " Organization of operational activity in the fight against organized crime, corruption and counteraction to legalization (laundering) of proceeds from crime " are held. In the framework of this course the issues on identification, documentation, disclosure and investigation of crimes related to legalization (laundering) of criminal proceeds are considered.

To the sphere of management of the Ministry of Revenue and Duties of Ukraine belongs the Center of retraining and professional development of managerial personnel from agencies. The specified Center conducts training for chiefs and specialists of Ministry of Inland Revenue of Ukraine on "Organization of activities to combat laundering of the proceeds of crime" in the framework of approved course schedule according to the professional training program.

In the administrative and regional centers for retraining and professional development, employees of state agencies, local governments, state enterprises, institutions and organizations, public servants and officials of local governments improve their skills within short seminars: "The Shadow Economy: the nature and ways of legalization," "Organization of work of the agencies in the sphere of prevention and counteraction to legalization (laundering) of proceeds from crime."

Typical plans of the National School of Judges of Ukraine for judges of local general courts and courts of appeal provides the following topic: "Peculiarities of consideration of criminal cases related to the laundering (legalization) of proceeds from crime, or terrorist financing".

These schools on a regular basis provide training of law enforcement and judicial authorities by conducting lectures, classes or seminars on the issues of legalization (laundering) of proceeds from crime, or terrorist financing. By the Order of the Ministry of Revenue and Duties of Ukraine of 15.08.2013 N 357 approved the Rules of conduct of officials of the Ministry of Revenue and Duties of Ukraine and its territorial subdivisions. Section V of the Rules determines that officials strictly adhere to the rules and prohibitions of applicable law, avoid actions that could be perceived as a reason to suspect them of corruption.

According to the recommendations of experts of the European Union within the end of last year, Ukraine has adopted a package of new anti-corruption laws, namely the Laws of Ukraine "On principles of state anti-corruption policy in Ukraine (anti-Corruption strategy) for 2014-2017" [11], "On prevention of corruption" [13], "On the National anticorruption Bureau of Ukraine" [12]. Due to changes in anti-corruption legislation in the State Fiscal Service of Ukraine active work on creating a new system of combating corruption in tax and customs administration is carrying out, which will include comprehensive measures of organizational, legal, economic and preventive measures.

We also inform that in October 2014, a working meeting of representatives of the State Fiscal Service of Ukraine with an expert in the fight against corruption EUBAM was held.

Anti-corruption measures were discussed in details during the meeting which were proposed in the Special Report of the EUBAM Mission on the implementation of the pilot project "standard checkpoint" and possible ways and mechanisms of their

	<p>practical use in all checkpoints of the customs of the State Fiscal Service of Ukraine. The workshop participants came to the conclusion that the majority of the proposed EUBAM anti-corruption measures today in some way have already been embedded into the practices of the Ukrainian customs service, which is regulated by the relevant departmental normative documents. However it is noted that some of these documents need to be updated.</p> <p>Also, the SFS of Ukraine takes measures on further development of international cooperation in combating corruption with law enforcement and anti-corruption public organizations of other States, a comprehensive study of their best experience, the most effective methods to identify and stop corruption and other offences in tax and customs matters.</p>
<p>Recommendation of MONEYVAL report</p>	<p><i>The authorities should also pursue training efforts and provide guidance so as to increase the level of expertise on ML/TF and financial crimes more generally.</i></p>
<p>Measures reported as of 27 September 2010 to implement the Recommendation of the report</p>	<p>SFMS Training Centre jointly with specialists of SFMS of Ukraine prepared and submitted to Academy for Judges of Ukraine, National Prosecutor’s Academy of Ukraine, Kyiv National University of Interior on agreement training program for representatives of law enforcement authorities and courts, in which themes about requirements and procedure complying for obtaining judicial decisions by law enforcement agencies are included.</p> <p>During 2008 Training Centre provided measures on raising skills of 175 representatives of law enforcement and judicial agencies, in accordance during 2009 – 260 representatives of law enforcement and judicial agencies.</p> <p>Training program of National Prosecutor’s Academy of Ukraine foresees during whole training year studies (lections, “round tables”, science and practical, science and methodical seminars) on the topic: “Methodic of revealing, disclosure and investigating criminal cases on ML crimes and providing repayment of damages from crime, as well as features of supporting state case in criminal cases of mentioned category”.</p> <p>In December of 2009 General Prosecutor’s Office of Ukraine published scientific and practical guidance “Detecting, disclosing and investigating of the legalization (laundering) of the proceeds from crime (Article 209 of Criminal Code of Ukraine)”.</p> <p>On the bases of theoretical analyses and generalized materials of law enforcement practical activity, in theoretical and practical guidance disclosed in complex the main spheres of counteraction to money laundering. Problems of practical fulfillment of current norm in sphere of criminal and criminal procedure law are considered.</p> <p>Special attention is paid to the following issues: problems of qualification of ML crimes, criminal – legal characteristics of such crimes, and features of initiating criminal cases, problems in investigation, and prosecutor’s supervision over compliance with legislation while executing investigation actions and submitting criminal case to court, etc.</p> <p>This guidance address for use by specialists in the sphere of law enforcement activity and financial monitoring.</p> <ul style="list-style-type: none"> • On 10.12.2009 scientific and methodical seminar was held on topic “Training and skills raising of operative agents and investigators concerning methodic of detecting, disclosing and investigating criminal cases on crimes with indicators of corruption”, on which issues of legalization (laundering) of the proceeds from crime were considered. This seminar was held on the bases of National Academy of Security Service of Ukraine with participating of representatives of law enforcement and supervising agencies. • In 2009 Kyiv National University of Interior by the instrumentality of Project of Council of Europe (MOLI-UA2) published training guidance “Counteraction to the

money laundering in Ukraine. Legal and organizational principles of law enforcement activity”. This guidance contains relevant section, in which practical aspect of tactics for concrete investigating actions and typical investigating situations are considered.

Kyiv National University of Interior according to the program of training specialists of education and qualification levels such as “bachelor” and “specialist” under occupation “Fight with economic crime in 7th semester of 4th course of study provides for studying of the topic “Legal and organizational bases of counteraction to legalization (laundering) of the proceeds from crime” (per 4 hours of lecture and seminar studies) on subject matter “Economic safety” and topics “Revealing and documenting of legalization (laundering) of the proceeds from crime (per 4 hours of lecture and seminar studies) on subject matter “Operative and search activity”.

- 25 officials of special subdivisions on fight against organized crime were professionally developed on “Fight against legalization (laundering) of the proceeds from crime” on the base of the Academy of the Ministry of Interior of Ukraine in 2009.

In 2010 specialization on the mentioned direction is planed on October on the base of Kyiv National University of Interior (17 officials) and professional development on the base of the Academy - on December (20 officials).

Moreover, according to thematic plans of the Academy the Ministry of Interior of Ukraine training meetings of managers of district divisions of the Main Board of the Ministry of Interior of Ukraine, the Board of the Ministry of Interior of Ukraine included in reserve of the staff for nomination to leading positions, as well as officials of special subdivisions on fight against organized crime on the topic: “Organization of operative and official activity in the area of fight against organized crime, corruption and counteraction to legalization (laundering) of the proceeds from crime” and also admission of 45 adjuncts for full-time study under the state order performing scientific researches on the mentioned topic.

On execution of paragraph 2 of the directive of the Cabinet of Ministers of Ukraine dated 13.12.2004 № 899-p the State training institution of post-graduate education “Training - Methodical Center of SFMS” holds relevant trainings on professional development of officials of agencies of internal affairs.

During I half a year according to the Schedule of training on professional development on the course “Fight against legalization (laundering) of the proceeds from crime and terrorist financing” 160 officials of territorial entities and subdivisions of interior, including 30 officials of subdivisions on fight against organized crime were trained in Training-Methodical Center of SFMS. In general, Training-Methodical Center of SFMS will conduct training of 320 officials during 2010.

Moreover, the representatives of agencies of internal affairs participated in seminar-practical training on prevention and counteraction to legalization (laundering) of the proceeds from crime and terrorist financing for specialists of regional subdivisions of law enforcement and judicial agencies (30.03.2010), practical seminar on the topic: “National assessment of money laundering risks” (22-23.05.2010), seminar on fight against money laundering and financial crimes, which was held by the Instrument of technical assistance and information exchange (TAIEX) of European Commission (08-09.07.2010), as well as on the topic: “National assessment of money laundering risks”, which was held by the Training-Methodical Center of SFMS jointly with the World bank (29-30.07.2010).

In 2010 training guidance “Counteraction to money laundering in Ukraine. Legal and organizational bases of law enforcement activity”, “Counteraction to legalization (laundering) of the proceeds from crime, methodical recommendations “Revealing,

	<p>disclosure and investigation of legalization (laundering) of the proceeds from crime (Article 209 of the Criminal Code of Ukraine)” developed by Kyiv National University of Interior, and typologies of legalization (laundering) of the proceeds from crime “Peculiarities and features of transactions related to money laundering through withdrawal of cash. Tactical research and practical investigating”, approved by the order of the SFMS of Ukraine dated 25.12.2009 № 182 were also submitted to territorial entities and subdivisions of internal affairs.</p>
<p>Measures reported as of 6 December 2012 to implement the Recommendations of the report</p>	<p>In recent years there has been an increasing attention of law enforcement officials to their financial monitoring expert level. Thus, in 2010 in the Training Center of SFMS of Ukraine 202 officials of the law enforcement agencies were trained, in 2011 – 210 officials, and in 9 months of 2012 – 136 officials.</p> <p>To enforce paragraph 2 of the Directive of the Cabinet of Ministers of Ukraine dated 13.12.2004 No 899-p Training Centre of the SFMS of Ukraine holds training on professional development of the officials of the agencies of internal affairs according to the annual Schedule of professional development under the course Anti-Money Laundering and Counter Terrorist Financing.</p> <p>During 2010/2011 in Kyiv National Academy of Internal Affairs according to the program for professional training of “bachelor” and “magister” topic “Legal and Organizational Measures of Counteraction to the Legalization (Laundering) of the Proceeds from Crime” (4 hours of lectures and 4 hours of seminars) within studying discipline “Economic security” and topic “Revealing and Recording the Legalization (Laundering) of the Proceeds from Crime” (4 hours of lectures and 4 hours of seminars) within studying discipline “Operative and Search Activity” were read for the students of the 4-th course within specialty “Counteraction to Economic Crime”.</p> <p>In 2010-2012 the course on professional development for the officials of the state agencies involved into AML/CFT area within the disciplines Economic Security, Revealing of Economic Crimes, and Operative and Search Activity was held.</p> <p>Besides, according to the topical plans, training workshops on the following topics “Organization of operative and service activity in the sphere of combating organized crime, corruption and counteraction to the legalization (laundering) of the proceeds from crime”, “Applying by the agencies of internal affairs of anti-corruptive legislation of Ukraine”, and “Acute issues of prevention and counteraction to corruption among officials” were held for heads of district units of Main Department of MIA, Department of MIA, enlisted to the career reserve for managing positions and officers of units on combating organized crime within which the issues of revealing, recording, disclosure and investigation of the crimes related to money laundering were discussed.</p> <p>In the course of training aimed at professional development of the investigators of Main Department of MIA, Department of MIA, whose functional obligations include exercising procedural control over investigation of the crimes related to illicit turnover of drugs, psychotropic substances, analogues and precursors thereof, the topic “The problems of recording the crimes related to illicit turnover of drugs, psychotropic substances, analogues and precursors thereof” was studied.</p> <p>In the course of training aimed at professional development of the investigators of Main Department of MIA, Department of MIA, whose functional obligations include exercising procedural control over investigation of the crimes related to illicit turnover of drugs, psychotropic substances, analogues and precursors thereof, the topic “The problems of recording the crimes related to illicit turnover of drugs, psychotropic substances, analogues and precursors thereof” was studied.</p> <p>In 2010 the Post-Graduate Education Centre of Scientific Management Institute of the National Academy of the Ministry of Internal Affairs held Anti-Money Laundering</p>

	<p>Training for 37 officials of anti-corruption units of Main Department on combating organized crime of MIA, in 2011 – for 20 officials, in 2012 – for 15 officials. In November 2012 training for 24 officials under this direction is planned.</p> <p>During 2010-2012 the National Academy of the MIA held a range of scientific events, including round table “Money laundering typologies” where the officials of the SFMS of Ukraine, Academy of judges of Ukraine, State Securities and Stock Market Commission of Ukraine, the General Prosecutor’s Office of Ukraine, the Security Service of Ukraine, the National Security and Defence Council of Ukraine, Main Investigation Department of MIA, the State Service on Combating Economic Crimes of MIA, Main Department on Combating Organized Crime of MIA participated (04.10.2010, 14.09.2011), the workshop “Combating Laundering of the Proceeds from Illicit Turnover of Drugs” where Criminal Police of Bavaria, Munich Police, Hans Seidel Fund took part (03.10.2011), scientific and practical workshop on Anti-Money Laundering and Counter Terrorist-Financing issues for the officials of regional units of the law enforcement and judicial bodies (30.03.2010), practical workshop on the topic “National Assessment of Money Laundering Risks” held with assistance of the World Bank (22-23.05.2010), the workshops “Counteracting to Money Laundering and Financial Crimes” (08-09.07.2010), “Money Laundering and the Predicate Crimes to Money Laundering (Cyber Crime), New Trends in ML” (04.06.2012) held with assistance of the European Commission TAIEX instrument.</p> <p>Composite author of the National Academy of the MIA drafted following scientific studies:</p> <p>Chernyavskii S. Prevention of legalization (laundering) of the proceeds from crime: [tutorial] / S. Chernyavskii, O. Korystin. – Kyiv, 2010. – 272 pages;</p> <p>Revealing and investigation of legalization (laundering) of the proceeds from crime: [guidelines] / [S.Chernyavskii, O. Korystin, O. Tatarov and others]. – Kyiv, 2010. – 140 pages;</p> <p>Korystin O. Globalization of money laundering: modern trends and spreading factors/Improvement directions for prevention of business crimes: compendium of scientific works of the International theoretical and practical conference held on December 2-3, 2011 – Irpin: the National University of the State tax service of Ukraine, 2011, - 354 pages.</p> <p>In the National Academy of the Security Service of Ukraine training of the 5th year students includes a course of lectures “On fight against legalization (laundering) of proceeds from crime.”</p> <p>According to the training plan of the National Academy of the Security Service of Ukraine on April 3-23, 2012 in Education and Research Institute for Professional Development of personnel of the SSU the training on professional development of the leadership of the special units on combating corruption and organized crime of the regional bodies was hold. During the training (12.04.2012) specialists of SFMS of Ukraine conducted training on “Organizational, regulatory and legal liaison between the reporting entities, the entities of state financial monitoring and the Authorised Agency.”</p> <p>Furthermore, during the 9months of 2012 representatives of SFMS of Ukraine participated as speakers in 8 educational trainings organized, in particular by the Institute for Professional Training of the National Academy of the Ministry of Interior, the National Academy of Security Service of Ukraine, the Prosecutors Office in Kyiv region, the Academy of Financial Management. 250 officials, including law enforcement officials, senior officials of the main financial departments of the regional administrations attended these events.</p>
Measures taken to	According to the decree of the Cabinet of Ministers of Ukraine of 13.12.2004 N

<p>implement the recommendations since the adoption of the second progress report.</p>	<p>899-R [60], State Training Institution of Postgraduate Education "Training centre for retraining and professional development of experts on financial monitoring issues in the sphere of combating legalization (laundering) of criminal proceeds, and terrorist financing" carries out retraining and professional development of experts on financial monitoring in the sphere of AML / CFT, providing a unified approach to retraining and advanced training of the entities of the state financial monitoring, law enforcement agencies and judicial authorities. Training program for the course "On prevention and counteraction to legalization (laundering) of criminal proceeds, and terrorist financing" reveals the topical issues of the legal basis of law enforcement agencies on prevention and counteraction legalization (laundering) of criminal proceeds, and terrorist financing, and financing of proliferation of weapons of mass destruction. During the training, recommendations on risk assessment on prevention and counteraction legalization (laundering) of criminal proceeds, and terrorist financing, and financing of proliferation of weapons of mass destruction are provided.</p> <p>The information on the number of representatives from LEAs and judicial authorities, who have been trained in the Centre for the period 2013 - 2014 and 5 months of 2015 is the following:</p> <p>2013 – 428 representatives of law enforcement agencies and the judiciary authorities;</p> <p>2014 – 376 representatives of law enforcement and the judiciary authorities;</p> <p>For 5 months of 2015 – 207 representatives of law enforcement and the judiciary authorities.</p> <p>Besides, in the year of 2014, 16 employees of SFS have completed their training. On January 24, 2014, 27 chiefs of structural subdivisions to combat laundering of criminal proceeds, authorities of Revenues and Duties and 5 employees of Department to combat laundering of criminal proceeds have completed such short-term workshop on issues of AML / CFT.</p> <p>In addition, to editorial calendar of training workers for the first time taken on state service in customs, includes questions of AML / CFT. Training by such editorial calendar at the premises of the Department's specialized training and dog training within the year of 2014 have completed 130 customs officers.</p> <p>In the first quarter of 2015 9 employees from SFS were trained.</p>
<p>Recommendation of MONEYVAL report</p>	<ul style="list-style-type: none"> <i>The law enforcement and judicial authorities' competencies in AML/CFT should definitely be strengthened, particularly in the regions, in particular through training developed and/or continued, placing an emphasis on the systematic recourse to financial investigations, the use of existing tools and investigative techniques, analysis and use of computer techniques, and by providing relevant guidance</i>
<p>Measures reported as of 27 September 2010 to implement the Recommendation of the report</p>	<p>According to the order of the State Tax Administration of Ukraine dated 30.12.2009 № 740 "On organization of professional development of officials of authorities of State Tax Service of Ukraine in 2010", which approves Plan-schedule of carrying out of trainings of managers and specialists of authorities of state tax service in Center of retraining and professional development of leading staff of authorities of State Tax Service of Ukraine in Center of retraining and professional development of leading staff of authorities of State Tax Service of Ukraine (Kyiv) and according to the order of the State Tax Administration of Ukraine dated 05.05.10 № 295, a training for 27 specialists of financial investigations of regional subdivisions of the Department for combating with money laundering under the professional program "Organization of combating with money laundering" is planned to be held from 15.11. up to 27.11.10. Kyiv National University of Interior according to the program of training specialists of education and qualification levels such as "bachelor" and "specialist" under occupation "Fight with economic crime in 7th semester of 4th course of study provides</p>

for studying of the topic “Legal and organizational bases of counteraction to legalization (laundering) of the proceeds from crime” (per 4 hours of lecture and seminar studies) on subject matter “Economic safety” and topics “Revealing and documenting of legalization (laundering) of the proceeds from crime (per 4 hours of lecture and seminar studies) on subject matter “Operative and search activity”.

25 officials of special subdivisions on fight against organized crime were professionally developed on “Fight against legalization (laundering) of the proceeds from crime” on the base of the Academy of the Ministry of Interior of Ukraine in 2009. In 2010 specialization on the mentioned direction is planned on October on the base of Kyiv National University of Interior (17 officials) and professional development on the base of the Academy - on December (20 officials).

Moreover, according to thematic plans of the Academy the Ministry of Interior of Ukraine training meetings of managers of district divisions of the Main Board of the Ministry of Interior of Ukraine, the Board of the Ministry of Interior of Ukraine included in reserve of the staff for nomination to leading positions, as well as officials of special subdivisions on fight against organized crime on the topic: “Organization of operative and official activity in the area of fight against organized crime, corruption and counteraction to legalization (laundering) of the proceeds from crime” and also admission of 45 adjuncts for full-time study under the state order performing scientific researches on the mentioned topic.

On execution of paragraph 2 of the directive of the Cabinet of Ministers of Ukraine dated 13.12.2004 № 899-p the State training institution of post-graduate education “Training - Methodical Center of SFMS” holds relevant trainings on professional development of officials of agencies of internal affairs.

During I half a year according to the Schedule of training on professional development on the course “Fight against legalization (laundering) of the proceeds from crime and terrorist financing” 160 officials of territorial entities and subdivisions of interior, including 30 officials of subdivisions on fight against organized crime were trained in Training-Methodical Center of SFMS. In general, Training-Methodical Center of SFMS will conduct training of 320 officials during 2010.

Moreover, the representatives of agencies of internal affairs participated in seminar-practical training on prevention and counteraction to legalization (laundering) of the proceeds from crime and terrorist financing for specialists of regional subdivisions of law enforcement and judicial agencies (30.03.2010), practical seminar on the topic: “National assessment of money laundering risks” (22-23.05.2010), seminar on fight against money laundering and financial crimes, which was held by the Instrument of technical assistance and information exchange (TAIEX) of European Commission (08-09.07.2010), as well as on the topic: “National assessment of money laundering risks”, which was held by the Training-Methodical Center of SFMS jointly with the World bank (29-30.07.2010).

In 2010 training guidances “Counteraction to money laundering in Ukraine. Legal and organizational bases of law enforcement activity”, “Counteraction to legalization (laundering) of the proceeds from crime, methodical recommendations “Revealing, disclosure and investigation of legalization (laundering) of the proceeds from crime (Article 209 of the Criminal Code of Ukraine)” developed by Kyiv National University of Interior, and typologies of legalization (laundering) of the proceeds from crime “Peculiarities and features of transactions related to money laundering through withdrawal of cash. Tactical research and practical investigating”, approved by the order of the SFMS of Ukraine dated 25.12.2009 № 182 were also submitted to territorial entities and subdivisions of internal affairs.

Measures reported

The Training Center of SFMS of Ukraine (hereinafter - the Center) conducts

<p>as of 6 December 2012 to implement the Recommendations of the report</p>	<p>professional training for law enforcement professionals and courts officials under professional training program “Combating Legalization (laundering) of proceeds from crime and terrorist financing”.</p> <p>Under this training program in the Center in 2010 were trained:</p> <ul style="list-style-type: none"> - 202 law enforcement agencies officials, - 166 court officials. <p>In 2011 were trained:</p> <ul style="list-style-type: none"> - 210 law enforcement agencies officials, - 162 court officials. <p>In 9 months of 2012 were trained:</p> <ul style="list-style-type: none"> - 136 law enforcement agencies officials, - 242 court officials. <p>Furthermore, the Center takes measures to study the AML/CTF international experience:</p> <ol style="list-style-type: none"> 1. In cooperation with the IMF was drafted and held an international workshop on “Financial investigation” (Lviv, 28.05.2010). 2. In 2010 within the Instrument of technical assistance and information exchange (TAIEX) of European Commission were held six workshops on “Combating money laundering, financial crimes and cross border crimes. Cybercrime” in Kiev, Odessa, Lviv, Kharkiv, Dnipropetrovsk and Uzhgorod. 355 law enforcement officials and other state agencies officials involved in AML/CTF activity were trained. 3. With assistance of the U.S. Department of Justice on May 27, 2011 an international workshop on “Investigation of complex financial crimes and money laundering” was held. Officials of the National University of State Tax Service of Ukraine, the National Prosecutors Academy of Ukraine, the National Academy of Internal Affairs, the Prosecutor General of Ukraine, the Security Service of Ukraine, the Ministry of Internal Affairs of Ukraine, the State Tax Service, the SFMS of Ukraine and officials the U.S. Justice Department participated in the workshop. During the workshop participants discussed the U.S. experience in investigating complex financial crimes and were provided specific suggestions and recommendations to Ukrainian colleagues, presented experience and achievements of Ukraine in this area. 4. Within the tool of international technical assistance of the European Commission (TAIEX) in Odessa in 4-5 June 2012 was held an international workshop on “Financial and predicate offenses”. The event was held for law enforcement officials and was targeted on improvement of the mechanism of cooperation between the law enforcement agencies during the investigation of financial crimes. <p>To enforce paragraph 2 of the Directive of the Cabinet of Ministers of Ukraine dated 13.12.2004 No 899-p Training Centre of the SFMS of Ukraine holds training on professional development of the officials of the agencies of internal affairs according to the annual Schedule of professional development under the course Anti-Money Laundering and Counter Terrorist Financing.</p> <p>During 2010-2011 in Kyiv National Academy of Internal Affairs according to the program for professional training of “bachelor” and “magister” topic “Legal and Organizational Measures of Counteraction to the Legalization (Laundering) of the Proceeds from Crime” (4 hours of lectures and 4 hours of seminars) within studying discipline “Economic security” and topic “Revealing and Recording the Legalization (Laundering) of the Proceeds from Crime” (4 hours of lectures and 4 hours of seminars) within studying discipline “Operative and Search Activity” were read for the students of the 4-th course within specialty “Counteraction to Economic Crime”.</p> <p>In 2010-2012 the course on professional development for the officials of the state agencies involved into AML/CFT area within the disciplines Economic Security,</p>
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Revealing of Economic Crimes, and Operative and Search Activity was held. Besides, according to the topical plans, training workshops on the following topics “Organization of operative and service activity in the sphere of combating organized crime, corruption and counteraction to the legalization (laundering) of the proceeds from crime”, “Applying by the agencies of internal affairs of anti-corruptive legislation of Ukraine”, and “Acute issues of prevention and counteraction to corruption among officials” were held for heads of district units of Main Department of MIA, Department of MIA, enlisted to the career reserve for managing positions and officers of units on combating organized crime within which the issues of revealing, recording, disclosure and investigation of the crimes related to money laundering were discussed.

In the course of training aimed at professional development of the investigators of Main Department of MIA, Department of MIA, whose functional obligations include exercising procedural control over investigation of the crimes related to illicit turnover of drugs, psychotropic substances, analogues and precursors thereof, the topic “The problems of recording the crimes related to illicit turnover of drugs, psychotropic substances, analogues and precursors thereof” was studied.

In the course of training aimed at professional development of the investigators of Main Department of MIA, Department of MIA, whose functional obligations include exercising procedural control over investigation of the crimes related to illicit turnover of drugs, psychotropic substances, analogues and precursors thereof, the topic “The problems of recording the crimes related to illicit turnover of drugs, psychotropic substances, analogues and precursors thereof” was studied.

In 2010 the Post-Graduate Education Centre of Scientific Management Institute of the National Academy of the Ministry of Internal Affairs held Anti-Money Laundering Training for 37 officials of anti-corruption units of Main Department on combating organized crime of MIA, in 2011 – for 20 officials, in 2012 – for 15 officials. In November 2012 training for 24 officials under this direction is planned.

During 2010-2012 the National Academy of the MIA held a range of scientific events, including round table “Money laundering typologies” where the officials of the SFMS of Ukraine, Academy of judges of Ukraine, State Securities and Stock Market Commission of Ukraine, the General Prosecutor’s Office of Ukraine, the Security Service of Ukraine, the National Security and Defence Council of Ukraine, Main Investigation Department of MIA, the State Service on Combating Economic Crimes of MIA, Main Department on Combating Organized Crime of MIA participated (04.10.2010, 14.09.2011), the workshop “Combating Laundering of the Proceeds from Illicit Turnover of Drugs” where Criminal Police of Bavaria, Munich Police, Hans Seidel Fund took part (03.10.2011), scientific and practical workshop on Anti-Money Laundering and Counter Terrorist-Financing issues for the officials of regional units of the law enforcement and judicial bodies (30.03.2010), practical workshop on the topic “National Assessment of Money Laundering Risks” held with assistance of the World Bank (22-23.05.2010), the workshops “Counteracting to Money Laundering and Financial Crimes” (08-09.07.2010), “Money Laundering and the Predicate Crimes to Money Laundering (Cyber Crime), New Trends in ML” (04.06.2012) held with assistance of the European Commission TAIEX instrument.

Composite author of the National Academy of the MIA drafted following scientific studies:

Chernyavskii S. Prevention of legalization (laundering) of the proceeds from crime: [tutorial] / S. Chernyavskii, O. Korystin. – Kyiv, 2010. – 272 pages;

Revealing and investigation of legalization (laundering) of the proceeds from crime: [guidelines]/[S.Chernyavskii, O. Korystin, O. Tatarov and others]. – Kyiv, 2010. –

140 pages;

Korystin O. Globalization of money laundering: modern trends and spreading factors/Improvement directions for prevention of business crimes: compendium of scientific works of the International theoretical and practical conference held on December 2-3, 2011 – Irpin: the National University of the State tax service of Ukraine, 2011, - 354 pages.

Based on the National Academy of the Security Service of Ukraine the professional development training of the operational regional SSU staff is conducted annually, including the fight against legalization (laundering) of proceeds from crime. For thematic Employment Representatives of the State Service for Financial Monitoring of Ukraine. For subject training representatives of the SFMS of Ukraine are invited.

On November 21-26, 2011 IMF experts hold the international workshop on “Revealing and investigating corruption and ML offences”. Representatives of the SSU participated in the workshop.

The general direction of scientific research on “Activity of public prosecution bodies in criminal proceedings” defined in independent study topic – “Prosecutor’s supervision of AML laws”.

Within the research work considering the international legal AML standards following work is being done:

- systematization and analysis of Ukrainian legislation;
- monitoring of scientific publications on AML/CTF issues in order to obtain scientific information discovered from the study of funds legalization schemes;
- under the initiative of the National Academy of Prosecutors of Ukraine jointly with the General department for state prosecution support in courts of the General Prosecutor’s Office of Ukraine the practice of AML/CTF cases trial is being generalized.

Foreign countries best practices and legal acts of international organizations on AML/CTF issues are being studied.

These issues are highlighted by scholars and lecturers of the National Academy of Prosecutors of Ukraine during the practical sessions, professional development training courses for prosecutor’s and investigative officials. Training included representatives of the National Bank of Ukraine, the SFMS of Ukraine, the State Securities and Stock Market Commission of Ukraine, the State Commission for Regulation of Financial Services Markets and other state agencies.

Research Institute of the National Academy of Prosecutors of Ukraine jointly with the organizational and methodological department of the General department for state prosecution support in courts studied the maintenance of public prosecution in criminal matters related to the legalization (laundering) of money and other property crime. The aim of the study was to identify illegal court decisions left by prosecutors without response, as well as common state prosecutors’ mistakes in maintaining public prosecution in this category of cases and that are left with attention of prosecutors, as well as branch subdivisions of regional prosecutors’ offices.

In December 2011 the General Prosecutor’s Office of Ukraine at the National Academy of Prosecutors of Ukraine drafted and held jointly with the law enforcement agency and regulatory authorities training on “Exposing the crimes concerning the legalization (laundering) of proceeds from crime.”

The Deputies of regional Prosecutors, heads of departments for supervision over compliance of laws by the tax police, the faculty of the National Academy of Prosecutors of Ukraine, representatives of the central board of the Ministry of Interior of Ukraine, the State Tax Service of Ukraine and the State Financial Monitoring

	<p>Service of Ukraine.</p> <p>The main objective of the workshop is to increase the skill level of the prosecutors in the organization of proper supervision over compliance of AML/CTF legislation of Ukraine. Urgent issues concerning cooperation between the entities of state financial monitoring and law enforcement agencies in combating crimes were discussed.</p> <p>In May 2012 the General Prosecutor's Office drafted guidelines on the organization of supervision over compliance of legislation during criminal investigations of cases concerning fictitious business entities, conversion centres' activity and legalization of proceeds from crime, compensation for damage caused by this crimes, as well as on interaction with the State Financial Monitoring Service of Ukraine, which were submitted to subordinated prosecutors.</p>
<p>Measures taken to implement the recommendations since the adoption of the second progress report.</p>	<p>At the premises of regional divisions of the Training Centre of the FIU of Ukraine in Western and Eastern regions (Lviv and Kharkiv), training course on the topic "Combating legalization (laundering) of criminal proceeds, and terrorist financing" is carrying out. During the training the representatives of law enforcement agencies and the judiciary authorities receive appropriate recommendations on the issues of the training course, as well as concerning risk assessment on preventing and counteracting the legalization (laundering) of criminal proceeds, terrorist financing and financing of proliferation of weapons of mass destruction.</p> <p>The information on the number of representatives from LEAs and judicial authorities, who have been trained in the Centre for the period 2013 - 2014 and 5 months of 2015 in Lviv is the following:</p> <p>2013 – 166 listeners; 2014 – 102 listeners; For 5 months of 2015 – 54 listeners.</p> <p>The information on the number of representatives from LEAs and judicial authorities, who have been trained in the Centre for the period 2013 - 2014 and 5 months of 2015 in Kharkiv is the following:</p> <p>2013 – 118 listener; 2014 – 74 listeners; For 5 months of 2015 – 50 listeners.</p> <p>By the Orders of the State Tax Service of Ukraine as of 21.12.2012 N 1172 "On the organization of level rise of professional competence of bodies of State Tax Service of Ukraine in 2013" [144] and the Ministry of Revenue and Duties of Ukraine of 09.08.13 N 341 "On the organization of improvement of professional competence of employees of territorial authorities of the Ministry of Revenues in the second half of 2013" [145], schedules for training of managers and specialists of the State Tax Service and the editorial plans of advanced trainings for workers of the State Tax Service of Ukraine for 2013 according to the fields were approved.</p> <p>In 2013 at the premises of the Centre for retraining and professional development for administration employees of the State Tax Service of Ukraine the training on "Organization of measures to combat laundering of criminal proceeds" was held and 27 employees from divisions of laundering criminal proceeds, as well as the bodies of revenue and duties completed this training.</p> <p>By order of the Ministry of Revenues and Duties of 21.03.2014 N 189 "On the organization of improvement of professional competence of employees of bodies of Revenue and Duties in 2014" [146], schedules for training of managers and specialists of the Ministry of Revenues and Duties and the editorial plans of advanced trainings for workers of the Ministry of Revenues and Duties of Ukraine for 2014 according to the fields were approved.</p> <p>In 2014 at the premises of the Centre for retraining and professional development</p>

	<p>for administration employees of the Ministry of Revenues and Duties, the training on "Organization of measures to combat laundering of criminal proceeds" was held and 22 employees from divisions of laundering criminal proceeds, as well as the bodies of revenue and duties completed this training.</p> <p>The SFS Order of 14.02.2015 N 87 "On the organization of improvement of professional competence of employees of bodies of SFS in 2015", schedules for training of managers and specialists of the State Tax Service and the editorial plans of advanced trainings for workers of the State Tax Service of Ukraine for 2015 according to the fields were approved.</p> <p>In 2015, at the premises of the Centre for retraining and professional development for administration employees of the Ministry of Revenues and Duties, the training on "Organization of measures to combat laundering of criminal proceeds" was held and 23 employees from divisions of laundering criminal proceeds, as well as the bodies of STS completed this training.</p>
Recommendation of MONEYVAL report	<i>The authorities are recommended to undertake a review of the human and financial capacities of the SCS to ensure that it can adequately take necessary measures to detect and prevent cross border movements of currency and bearer negotiable instruments</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	<p>The sector on the issues of counteraction to legalization (laundering) of the proceeds from crime with 9 persons, whose functional tasks cover organization and coordination of activity of customs authorities on counteraction to the proceeds from crime and terrorist financing, providing customs authorities of Ukraine and other state authorities with analytical information on possible complicity of persons in proceeds from crime is created in the State Custom's Service of Ukraine.</p> <p>In the 2010 by the final court decision two persons were convicted for cash smuggling and \$2mln confiscated as a result of FIU case – see <i>Appendix IV</i> for more details.</p>
Measures reported as of 6 December 2012 to implement the Recommendations of the report	<p>Within the State Customs Service of Ukraine a Division for Combating Money Laundering consisting of 5 persons was established. This division is a structural Unit of the Service for customs legislation compliance of the Anti-smuggling, Risk Analysis and Combating Corruption Department consisting of 186 officials, which is responsible for the activity of the customs authorities in the AML/CTF area, for coordination of interaction between customs authorities with the law enforcement agencies of Ukraine, state agencies of Ukraine, the customs authorities of foreign countries. In Regional Customs 1349 officials are involved in anti-smuggling activity.</p> <p>Reducing the quantity of employees of division occurred due to compliance of the Decree of the President of Ukraine as of 09.12.2010 "On the optimization of central bodies of executive power" and Resolution of the Cabinet of Ministers of Ukraine as of 10.12.2010 No 1128 "On certain measures to ensure compliance of the Decree of the President of Ukraine as of 09.12.2012".</p>
Measures taken to implement the recommendations since the adoption of the second progress report.	<p>A separate structural subdivision in the structure of the apparatus of the State Fiscal Service of Ukraine was created in an amount of 72 employees responsible for ensuring the implementation of tasks, risk analysis and combating of customs offences. The same subdivision was established in customs of SFS. The organization of works with the given direction and control of it in customs of SFS is entrusted to one of the deputy chiefs of the customs.</p> <p>In addition, we report that in 2012, 698 cases of moving through the customs border of Ukraine currency in violation of customs legislation in the amount of up UAH 81.57 millions were detected.</p> <p>In 2013, it was 612 cases of moving through the customs border of Ukraine of currency in violation of customs legislation amounting UAH 107.8 millions were</p>

	<p>detected.</p> <p>In 2014, 569 cases of moving through the customs border of Ukraine of currency in violation of customs legislation amounting UAH 83,45 millions were detected.</p> <p>During January-April 2015, 245 cases were detected in moving through the customs border of Ukraine currency with violation of the customs legislation of over UAH 51, 93 millions.</p>
Recommendation of MONEYVAL report	<i>Furthermore, additional efforts should be made to cover through relevant guidance and training issues related to cross border cash and bearer negotiable instruments movements and related ML methods involving the movement of cash to and from Ukraine and raise awareness of customs bodies on ML issues</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	Training plans of customs authorities of Ukraine cover issues on carrying out of events on the issues of cross border cash and bearer negotiable instruments movements and related ML methods involving the movement of cash from Ukraine and raise awareness of customs authorities on ML issues, officials of customs authorities of Ukraine on permanent base participate in training and thematic courses, which are conducted by the State Committee for Financial Monitoring of Ukraine.
Measures reported as of 6 December 2012 to implement the Recommendations of the report	Training plans for professional development of employees firstly hired on the civil service in customs agencies and officials providing professional development training on permanent subject seminars according to the different branches of activity, the Professional Development, include the issues on AML/CTF measures provided by the Retraining Centre and Center for Cynology of the State Customs Service of Ukraine. However, in order to improve the professional AML/CTF skills of customs officials every year the customs officials of Ukraine are send for professional development training to the Training Center of the SFMS of Ukraine.
Measures taken to implement the recommendations since the adoption of the second progress report.	<p>To editorial calendar an additional training for the first time taken on state service in customs and officials that attend advanced trainings in permanent workshops in various fields of activity, the Department of specialized training and Dog Training provision included the issue of measures of prevention and counteraction legalization (laundering) of proceeds from crime, and terrorist financing.</p> <p>However, with a purpose of improving professional skills of officials of customs authorities on the issues of prevention of money laundering, employees of customs bodies of Ukraine are annually sent for professional development in the Training Centre of the FIU of Ukraine.</p>
Recommendation of MONEYVAL report	<i>Efforts to prevent and sanction corruption within the Customs Service should be pursued</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	<p>State Custom's Service of Ukraine on permanent base applies preventive measures on fight corruption. Thus, the Law of Ukraine dated 06.09.05 № 2805-IV On Disciplinary Statute of Custom's Service of Ukraine provides for main bases of official discipline, rights and duties of officials of Custom's Service of Ukraine. Also, the above issues are regulated by Laws of Ukraine On State Service of Ukraine, On Fight against Corruption.</p> <p>One of the priority trends of the State Customs service of Ukraine activity for 2009 approved by the order of the State Customs service of Ukraine dated 28.10.2008 № 1205 shall be ensuring of an effective counteraction to sings of corruption, bribery, other power abuses, as well as adoption of measures aimed at minimizing of capabilities to commit corruption by officials of the customs authorities.</p> <p>According to these tasks, the work on execution of the Complex program of adoption measures for the prevention of offences for 2007-2009 approved by the resolution of the Cabinet of Ministers of Ukraine dated 20.12.2006 № 1767, the Action plan on implementation of the Convention of overcoming of corruption in Ukraine On the way to the morality for the period till 2010 approved by the decree of the Cabinet of</p>

Ministers of Ukraine dated 15.08.2007 № 657-p was continued in the past year. The state of following of the anticorruption legislation, counteraction to power abuses and preventive measures in the Customs Service was considered at the meeting of the State Customs of Ukraine Collegiums dated 28.07.2009.

In order to reveal and eliminate causes and conditions assisting to commitment of corruption offences, as well as enhancing of warning and preventive measures between officials of customs authorities an analysis of the state of following by the Customs Service of the Law of Ukraine On Fight against Corruption, the results of which were considered while organizing of preventive measures, improvement of interaction with law enforcement agencies regarding issues of counteraction to corruption on the frontier, as well as while identifying main corruption risks of the official activity of the staff was performed.

To execute the decree of the President of Ukraine dated 15.09.2005 № 1276 On providing participation of the community in establishment and implementation of state policy for the purpose of impartial assessment of effective activity of the customs authorities, revealing and preventing of possible abuses their officials, as well as considering of public opinion on the state of following legislation in customs service, the quarterly express opinion poll of citizens, the representatives of the entities of foreign economic activity (carriers) crossing the Customs of Ukraine, as well as dilatants after the procedures of customs examination and customs clearance was held.

During the past year the effective operation of confidential telephone of the Customs, which obtained 832 notifications from citizens, representatives of carriers and entities of foreign economic activity on problem issues, which appeared during customs examination and clearance, including 94 – on possible corruption offences and other power abuses of the Customs officials was performed. Under results of examinations of the above mentioned notifications the customs authorities formed minutes on violation of customs rules, for taking decision according to the current legislation 42 information on possible features of commitment by officials of customs authorities of crimes or corruption were submitted to the law enforcement agencies, enforcement measures for committed offences were applied to 124 persons.

For ensuring of frankness and transparency in activity of the Customs Service materials on measures of counteraction to corruption signs and the state of following legislation in State Customs service of Ukraine, on the state of following requirements of the Law of Ukraine On Fight against Corruption, as well as on results of the confidential telephone operation of the State Customs of Ukraine were being regularly publishing on Web-site of the State Customs of Ukraine.

In order to optimize the structure of subdivisions of internal security of the Customs, which tasks are to counteract to corruption, further implementation of forms and methods their operation provisions on Management of internal security of the State Customs of Ukraine approved by the order of the State Customs of Ukraine dated 03.04.2009 № 301 and Exemplary Provision on subdivision of internal security of the Customs, specialized customs institution and organization approved by the order of the Customs dated 08.05.2009 № 432 were developed.

Also, measures on implementation the system of revealing, preventing and non ad missing of corruption offences and other power abuses in customs authorities, first of all, through enhancing of control effectiveness for following the legislation by the staff, which directly participates in customs examination and customs clearance of goods and vehicles are adopted.

Official investigations and examinations were performed on each revealed fact of offences, reacting measures provided by the Disciplinary Statute of the State Customs

	<p>Service of Ukraine were applied persons guilty in commitment of offences. In order to clarify conditions of commitment of corruption offences and power abuses 219 official investigations and 1664 examinations were performed in customs authorities during the year. Under results of this work 913 officials of customs authorities were brought to disciplinary responsibility. 230 information on possible signs of commitment by officials of customs authorities of official crimes or corruption, including for taking decision in the procedure of the Article 97 of the Criminal-Procedural Code of Ukraine -170, according to the Article 10 of the Law of Ukraine On Fight against Corruption – 60 were initiatively submitted to law enforcement agencies by Customs Offices. Under information received by the Customs from law enforcement agencies under the signs of commitment by Customs officials of official crimes they initiated 77 criminal cases under which 59 officers were accused, also 21 cases were initiated under materials of customs authorities (27,2 % from total amount of initiated cases). 102 administrative protocols on corruption or violation of special limitations identified by the Law of Ukraine On Fight against Corruption, which according to materials of customs authorities constitute 28 (27,4 % from the total amount of the formed minutes) were formed by authorized law enforcement agencies in the reporting period. 14 officials of the Customs were brought to administrative responsibility for violation of requirements of the Law of Ukraine On Fight against Corruption. According to the Article 30 paragraph 2 of the Law of Ukraine On Civil Service 7 officials were removed from the service in customs authorities. In order to prevent commitment of corruption and other official offences according to the Provision on prevention of offences related to performing of official activity by officials of the Customs of Ukraine, 1105 individual preventive measures with the staff were conducted in customs authorities.</p>
<p>Measures reported as of 6 December 2012 to implement the Recommendations of the report</p>	<p>In order to improve the organization and carrying out anticorruption activities, to ensure planning and monitoring of such work, the State Customs Service of Ukraine developed anti-corruption measures that are included in the appropriate work plans. In particular, anti-corruption measures are included to the Action Plan of the State Customs Service of Ukraine in 2011 as a separate section. Enforcement of activity on revealing and prevention of corruption, taking preventive anti-corruption measures are one of the measures of implementation of main goals and priorities of the State Customs service of Ukraine according to the Action plan for 2012. Measures are being taken for implementation of the Law of Ukraine “On the Prevention and Combating Corruption” as of 07.04.2011 № 3206 adopted to strengthen anti-corruption legislation in Ukraine, to bring it in compliance with European standards and to create modern efficient anti-corruption mechanisms. In 2011-2012 within the competence the State Customs Service of Ukraine took measures to implement the State Program on Preventing and Combating Corruption for 2011-2015, approved by the Cabinet of Ministers of Ukraine as of 28.11.2011 No 1240. To ensure the clear mechanism for combating manifestations of corruption and other abuse of power by the customs officials of Ukraine, to improve anti-corruption system and to prevent official offenses in the State Customs Service of Ukraine in 2011 the Department on tackling smuggling, risk analysis and anti-corruption was formed. By the Law of Ukraine “On amendments to certain legislative act of Ukraine pursuant to adoption of the Customs Code of Ukraine” as of 13.03.2012 No 4496-VI the</p>

Article 5 of the Law of Ukraine “On Grounds of corruption prevention and counteraction” was amended. According to the Law subdivisions of internal security customs are included to the list of specially authorized AML/CTF entities that directly take measures on detection and suppression of corruption and that are authorized to investigate corruption offences.

For the moment the State Customs Service of Ukraine takes organizational measures to bring the structure of the SCS of Ukraine in accordance with the Law of Ukraine as of 13.03.2012 No 4496-VI.

In order to respond quickly to requests submitted from natural and legal persons by the Order of the SCS of Ukraine as of 13.04.2011 No 307 the Monitoring Centre (Rapid Response Unit) was established.

To ensure openness and transparency of the SCS of Ukraine, a free access to the information on preventing and combating corruption was provided on the official website of the SCS of Ukraine in the Internet in the section “Prevention of Corruption” and quarterly the information on counteraction to corruption and other official offenses in the customs office in the SCS of Ukraine.

In SCS paid increased attention to ensuring control over observance of the legislation of personnel that directly perform customs control and customs clearance of goods. For each detected violations conducted internal investigations and inspections. In all cases, improper and unfair duty against those guilty of customs officials immediately taken adequate decisions, including those regarding the termination of their stay in the service of the customs authorities.

Thus, in the period from 2011 to August 2012 to determine the circumstances, causes and conditions of corruption and civil violations of the customs service of Ukraine to the customs authorities carried out 571 official investigation and 1712 service checks. Based on this work to disciplinary action brought 2169 workers.

During the above period law enforcement agencies submitted information to the Customs Service of Ukraine concerning initiation of 132 criminal cases in respect of State Customs Service officials under indicia of crime concerning the official duties of customs officials, including 50 criminal cases (37.9% of the total number of initiated cases) under materials of the State Customs Service. 124 criminal cases are initiated against officials. During the same period 13 customs officials were convicted, 10 officials - exempt from criminal liability.

From July 2011 till August 2012 law enforcement agencies concluded 46 administrative protocols, including 13 (28.2% of all concluded protocols) under materials of the State Customs Service (SCS of Ukraine) agencies, with respect to the State Customs Service officials for corruption offences and special restriction of established by law.

During the same period under the court decisions for corruption offences 14 State Customs Service officials were brought to administrative liability. By rulings of court of various instances under the protocols for corruption 16 officials were exempted from the administrative liability due to the absence of corpus delicti or for other reasons.

From July 2011 till August 2012 the SCS of Ukraine submitted the law enforcement agencies with 234 materials concerning indicia of crime in the area of official responsibility or corruption (including for taking decision under the article 97 of the Criminal Procedure Code of Ukraine – 205 materials, to meet the requirements of the article 5 of the Law of Ukraine “On principles of Prevention and Combating Corruption” – 14 materials).

In order to eliminate or mitigate the negative impact of corruption risks in the state customs agencies of Ukraine preventive and educational measures are taken, as well

	<p>as study of anticorruption requirement of Ukrainian legislation was held.</p> <p>The State Customs Service of Ukraine has consistently taken measures to increase the effectiveness of preventive work, enforcement of anti-corruption legislation, to eliminate causes and conditions that assist corruption and other official violations in the customs service.</p> <p>During this period in order to prevent corruption and official violations, preventing involvement of customs officials in illegal activity in the customs authorities 1701 individual preventive conversations with staff were held.</p> <p>In order to increase professional level of the State Customs service officials of Ukraine on anti-corruption legislation the subject “Principles of Prevention and Combating Corruption” is included to the training plans of professional training programmes of all categories of customs officials that are trained in customs training institutions.</p>
<p>Measures taken to implement the recommendations since the adoption of the second progress report.</p>	<p>The State Fiscal Service of Ukraine is actively working towards combating corruption and measures to reduce the level of corruption influences on the customs sphere.</p> <p>So, in 2013-2014 on the grounds of committing by customs officials of the SFS of Ukraine of crimes in the sphere of official activities were opened 242 criminal proceedings.</p> <p>According to the investigation results in 2013-2015, 13 convictions were issued in courts to the custom officers.</p> <p>In addition, according to the Law of Ukraine "On principles of preventing and counteracting corruption" [14] in respect of customs officers 43 administrative protocols on corruption offenses were compiled.</p> <p>For committing corruption offences 30 officers of the customs were brought to administrative responsibility.</p> <p>To clarify the circumstances, causes and conditions of corruption and official offences by customs officials were held 1457 official inspections and investigations. By results of this work 332 people were subjected to disciplinary action, 49 people were fired and 308 official warnings were made.</p> <p>Also, according to the recommendations of experts of the European Union at the end of last year Ukraine has adopted a package of new anti-corruption laws, namely the Laws of Ukraine "On principles of state anti-corruption policy in Ukraine (anti-Corruption strategy) for 2014-2017" [11], "On prevention of corruption" [13], "On the National anticorruption Bureau of Ukraine" [12].</p> <p>Due to changes in anti-corruption legislation in the State Fiscal Service of Ukraine active work on creating a new system of combating corruption in tax and customs administration is conducting, which will include comprehensive measures of organizational, legal, economic and preventive measures.</p> <p>Also, in October 2014, the working meeting of representatives of the State Fiscal Service of Ukraine with the EUBAM expert Paul Rutkowski in the fight against corruption took place.</p> <p>Anti-corruption measures were discussed in details during the meeting which were proposed in the Special Report of the EUBAM Mission on the implementation of the pilot project "standard checkpoint" and possible ways and mechanisms of their practical use in all checkpoints of the customs of the State Fiscal Service of Ukraine.</p> <p>The workshop participants came to the conclusion that the majority of the proposed EUBAM anti-corruption measures today in some way have already been embedded into the practices of the Ukrainian customs service, which is regulated by the relevant departmental normative documents. However it is noted that some of these documents need to be updated.</p>

	<p>The SFS of Ukraine takes measures on further development of international cooperation in combating corruption with law enforcement and anti-corruption public organizations of other States, a comprehensive study of their best experience, the most effective methods to identify and stop corruption and other offences in tax and customs matters.</p>
Recommendation of MONEYVAL report	<p><i>The number of supervisory staff in all three supervisory authorities should be increased in order to provide for efficient AML/CFT supervision over the obliged financial institutions</i></p>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	<p>In order to ensure an effective supervision of banks activity in sphere of prevention to application of bank system for legalization of the proceeds from crime and terrorist financing the resolution of the National Bank of Ukraine dated 29.04.2008 No. 119 fulfilled improvement of organization of the structure of the Department on prevention ML/TF in the banking system with increase of its staff (approximately 35). Also, the State Commission on Securities and Stock Market as well as the State Commission on Financial Services Markets Regulation reviewed personnel and prepared proposals to the Cabinet of Ministers of Ukraine to increase the number of officials of central board and territorial agencies (approximately 5).</p>
Measures reported as of 6 December 2012 to implement the Recommendations of the report	<p>Within the National Commission on Securities and Stock Market (NCSSM) operates a separate department for financial monitoring consisting of 5 persons. The functions of department include the specified regulation and supervision over professional participants of the securities market in the area of financial monitoring and methodical guidance of these institutions.</p> <p>Organizational structure of the NCSSM provides 5 experts of Financial Monitoring Department involved in organizing and conducting inspections of reporting entities. Four supervisory divisions include inspection departments that conduct scheduled inspections. It should be noted that the number of Financial Monitoring Department staff is planned to be increased.</p> <p>In order to ensure effective supervision of banking activities in the AML/CTF area by the Resolution of the NBU as of 29.04.2008 No 119 improvement of the organization structure of the Department for the prevention of the use of bank system for money laundering and terrorist financing by increasing the number of staff was held.</p> <p>According to the Resolution of the NBU as of 18.01.2011No 12 based on the Department for the prevention of the use of bank system for money laundering and terrorist financing was established and approved the structure of the Department for Financial Monitoring with staff of 36 officials.</p>
Measures taken to implement the recommendations since the adoption of the second progress report.	<p>With the aim of improving the organizational structure of National Bank of Ukraine by the decree of the NBU Board dated 24.12.2014 No. 841[139] new structure of the Department of financial monitoring has been approved and increased number of personnel to 133 persons. In connection with changes in the structure of the financial monitoring Department the number of staff increased to 168 persons in accordance to the resolution of the NBU Board dated 10.04.2015 No. 233[140].</p> <p>The organizational structure of the The National Commission for State Regulation of Financial Services Markets provides 5 experts from the financial monitoring unit, directly involved in organizing and conducting audits of entities of initial financial monitoring. Also, four Supervisory Department has inspection departments that provide scheduled inspections. In addition, it should be noted about planning to increase the count of personnel in financial monitoring unit.</p> <p>In the structure of the National Commission on securities and stock market operates, the financial monitoring Department consisting of 5 people. In the functions of this Department include management and supervision of professional participants of stock market (securities market) (other than banks) in the sphere of financial</p>

	monitoring and methodical maintenance of activity of these institutions.
Recommendation of MONEYVAL report	<i>There are some doubts related with the independence and autonomy of the SCFSMR. In addition, this supervisory body experience a high turnover of its staff, which adversely affects its possibility for attracting and sustaining competent staff. The authorities should take necessary measures to address these concerns</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	<p>With New AML/CFT Law entering into force the supervisory authorities will review their resources and prepared proposals to increase a number of officials, who will engage in issue of prevention to money laundering.</p> <p>State Commission on Financial Services Markets Regulation of Ukraine, according to the Law of Ukraine On Financial Services and State Regulation of Financial Services Markets, Decrees of the President of Ukraine dated 11.12.02 № 1153 On State Commission on Financial Services Markets Regulation of Ukraine and dated 04.04.03 № 292 On Approving of the Statute on State Commission on Financial Services Markets Regulation of Ukraine, is a central agency of executive power with a special status, authorized to undertake state regulation and supervision over the activities of financial services markets.</p> <p>According to the Constitution of Ukraine and the Law of Ukraine On the Cabinet of Ministers of Ukraine, the activities of this Commission is directed and coordinated by the Cabinet of Ministers of Ukraine. Consequently, Commission is an agency of executive power therefore in line with Constitution it is subordinated to the Government.</p>
Measures reported as of 6 December 2012 to implement the Recommendations of the report	<p>On July 7, 2011 the Verkhovna Rada of Ukraine in the framework of administrative reform adopted the Law of Ukraine “On amendments to some legislative acts of Ukraine on national committees that carry out state regulation of natural monopolies in the field of Communications and Information, securities markets and financial services” No 3610-VI, which raised the level of the state commissions - securities and financial markets regulators to the national, and provided the uniform procedure for their formation and activity. The National Commission that regulates financial services markets – is now a national collegiate body, subordinated to the President of Ukraine and accountable to the Parliament of Ukraine.</p> <p>By the Decree of the President of Ukraine as of 23.12.2011 No 1070 was established and adopted the Statute the National Commission (NCFSMR), which performs state regulation of financial services markets</p>
Measures taken to implement the recommendations since the adoption of the second progress report.	<p>National Commission on securities and stock market, carrying out the state regulation in the sphere of financial services markets (the financial services Commission) was established by the decree of the President of Ukraine dated 23.12.2011 No. 1070 [40].</p> <p>In accordance with the adopted organizational structure of National Commission on securities and stock market is a collegial, independent in decision making authority. Admission to the post held since May 2012.</p> <p>The system of professional training of civil servants is provided by the training and advanced training of officials of the National Commission on securities and stock market.</p>
Recommendation of MONEYVAL report	<i>According to the Law on Civil servants the training should be made at least once per every 5 years. This period seems too long and should be adequately altered</i>
Measures reported as of 27 September 2010 to implement the Recommendation	To execute the Decrees of the President of Ukraine dated 20.02.2006 № 140 On Concept for Development of the Legislation on Civil Service in Ukraine, dated 20.01.2006 №39 On Action Plan for Executing Obligations of Ukraine that Arouse from its Membership in Council of Europe and dated 20.09.2007 № 900 On Measures Aimed at Reforming Civil Service in Ukraine and Insuring of Civil Servants Rights

of the report	<p>Protection Main Department of Civil Service of Ukraine elaborated the Draft Law of Ukraine On Civil Service (new version).</p> <p>Paragraph 6 of the Article 53 of the aforesaid draft law provided for that civil servants of the first and second category shall undergo professional development not rarer than once for three years, and civil servants of the third - seventh category – not rarer than once for five years, and also in the case of necessity. The necessity on professional development of the civil servant shall be determined by his/her direct manager under the results of his/her official activity assessment.</p> <p>In June 2009 Draft Law of Ukraine On Civil Service (new version) was submitted by Main Department of Civil Service of Ukraine to the Cabinet of Ministers of Ukraine pursuant to the prescribed procedure.</p>
Measures reported as of 6 December 2012 to implement the Recommendations of the report	<p>The Article 30 of the Law of Ukraine "On Civil Service", which comes into force on January 1, 2013, sets forth the provisions to enhance the professional competence of public servants.</p> <p>Thus, according to the Article 30 of this Law enhancement of the professional competence of the civil servant is held by the state budget and other sources not prohibited by law, in the form of professional programs, special courses, seminars, workshops, trainings, other forms in order determined by the specially authorized central executive body of the civil service, and through study, including training, retraining and advanced training in the respective higher educational institutions under the law.</p> <p>Professional development of civil servants shall be carried out if necessary, but not less than once every three years (Article 30, part 4).</p>
Measures taken to implement the recommendations since the adoption of the second progress report.	
Recommendation of MONEYVAL report	<i>SCSSM and SCFSMR should continue their efforts for providing its supervisors with adequate AML/ CFT trainings</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	<p>During 2009, 1417 persons have undergone training and obtained qualification certificate in the FIU training center. During the first half 2010 428 persons have undergone training and obtained qualification certificate.</p>
Measures reported as of 6 December 2012 to implement the Recommendations of the report	<p>Training and professional development of financial institutions’ representatives, that are regulated and supervised by the National Commission on Financial Services Market Regulation (NCFSMR) in 2010 - 9 months of 2012 was carried out on a regular basis in the following institutions:</p> <ul style="list-style-type: none"> - Training Center of the SFMS of Ukraine; - JSC university “Kyiv inter-branch institute of professional development”, Kyiv; - Ukrainian Institute for Stock Market development of the Kyiv National Economics University, Kyiv; - “Centre for professional training and retraining and information and analytical support of insurance activity”, Kyiv; - International Academy of Finance and Investments, Kyiv; - Odessa State Economic University, Odessa;

	<p>- Kyiv National Trade and Economic University, Kyiv.</p> <p>Thus, in 2011 more than 1150 employees and executives of financial institutions responsible for financial monitoring of reporting entities, supervised by the NCFSMR that is responsible for the financial services markets state regulation were trained in the respective training institutions.</p> <p>Training of professional participants of the securities market for financial monitoring is carried out by the Ukrainian Institute of Stock Market of the Kyiv National Economic University under an agreement with the NCFSMR. In 2011, trained and received qualification certificate of 592 persons.</p> <p>In the first half of 2012, 116 persons were trained and obtained qualification certificate.</p>
<p>Measures taken to implement the recommendations since the adoption of the second progress report.</p>	<p>National Commission on securities and stock market during 2012 to 2014 with six educational institutions was concluded cooperation agreements to improve the skills of employees responsible for conducting financial monitoring by training with carrying out the relevant examinations).</p> <p>In 2012, 364 listener from reporting entities have been trained and received a certificate</p> <p>In 2013, 565 listeners from reporting entities have been trained and received a certificate.</p> <p>In 2014 809 listeners from reporting entities have been trained and received certificates.</p> <p>In the first quarter of 2015 98 listeners from reporting entities have been trained and received certificates.</p> <p>The staff of the Regulator on an ongoing basis participates in the work of examination boards and the conduct of organizational activities (seminars, round tables, lectures, interagency working groups, and the like) on relevant issues of implementation the entity of initial financial monitoring the requirements on preventing and counteracting the legalization (laundering) of illegally derived income, financing terrorism.</p> <p>Commission on regulation of financial markets for the period from 2012 to the first quarter of 2015 participated in more than 368 institutional arrangements for financial monitoring.</p> <p>In all events, particular attention is paid to identifying transactions associated with the financing of terrorism.</p> <p>Paragraph 4.6 of the Regulations on conducting financial monitoring by financial institutions approved by the Order of the State Commission for regulation of financial services markets of Ukraine dated 05.08.2003 No. 25[131] (hereinafter – the Regulation) [131], there is a list of events with dates (deadlines) of their performance and the identification of persons responsible for their implementation, which should contain the Program. One of the events is the order of informing the FIU of Ukraine on financial transactions subject to financial monitoring and for which there are reasonable grounds to suspect that they are connected, related to, or intended for financing of terrorism.</p> <p>Paragraph 4.12 Provisions are included, the list of activities which should contain Rules. One of the measures to ensure adequate training of workers to identify financial transactions that are subject to financial monitoring, the facility shall be developed and implemented training program, which is a separate internal document and approved annually by the Agency head or the person fulfilling its duties.</p> <p>Training employees responsible for conducting financial monitoring is carried out, in particular, on the basis of Educational-methodological center for retraining and advanced training of specialists on financial monitoring in the sphere of combating</p>

	<p>legalization (laundering) of income obtained by criminal means and financing of terrorism (Kyiv).</p> <p>In addition, the National Commission on securities and stock market as of 24.04.2015 has concluded agreements on cooperation in the training and certification of specialists on financial monitoring of professional participants of the securities market with the following educational institutions:</p> <ul style="list-style-type: none"> a. Ukrainian Institute of stock market development, Kyiv national economic University, Kiev – training and certification; b. The BPA "Ukrainian international cultural center", Kyiv – training; c. Odessa state Economy University, Odessa – training; d. Kharkiv center for scientific technical and economic information, Kharkiv – training; e. Dnieper University named after Alfred Nobel, M. Dnepropetrovsk – training. <p>Completed training and received a qualification certificate:</p> <ul style="list-style-type: none"> - in 2010 – 1322 persons; - in 2011, 592 persons; - in 2012 – 299 persons; - in 2013 - 613 persons; - in 2014 – 375 persons; - in the first quarter of 2015 is 30 persons.
Recommendation of MONEYVAL report	<i>The resources of the Ministry of Finance should be reviewed in order to enable it to cope with its now competencies in terms of AML/CFT supervision over gambling institutions, and measures should be made to ensure that the staff undertaking such supervision are adequately trained.</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	In Ukraine activity of casino is prohibited by the Law. With New AML/CFT Law entering into force the Ministry of Finance of Ukraine will review its resources and prepare proposals on increase the number of officials of central apparatus and territorial authorities of the Ministry of Finance of Ukraine.
Measures reported as of 6 December 2012 to implement the Recommendations of the report	The Ministry of Finance of Ukraine established the State Financial Monitoring Sector of Department for Tax Policy, Customs Policy and Accountancy Methodology. This Sector consists of 4 officials and provides state AML/CTF regulation and supervision.
Measures taken to implement the recommendations since the adoption of the second progress report.	Review of the Ministry of Finance of Ukraine resources so that it is able to perform new functions for supervision in the area of combating ML/CFT for gambling it is advisable, after the legislative ban on gambling.
Recommendation of MONEYVAL report	<i>Furthermore, the Ukrainian authorities should conduct an assessment of the staffing levels in authorities responsible for sending/receiving MLA and extradition requests as well as the level of workload and take any measures to ensure that they are adequately funded and staffed in order for them to be able to fully and effectively perform their functions.</i>
Measures reported as of 27 September 2010 to implement	International and Legal Department of the General Prosecutor’s Office of Ukraine is divided into three units: extradition unit, legal assistance unit and international cooperation unit – all in all 23 prosecutors that have a significant experience of

<p>the Recommendation of the report</p>	<p>practical prosecuting activity and high professional level in international law area. Besides, regional prosecutor's offices provide for, among other officials, special prosecutor to the duties of whom belong processing of requests on international legal assistance in criminal matters.</p> <p>These prosecutors have an appropriate level of qualification, high moral characteristics and significant experience of practical prosecuting activity.</p> <p>Besides, these prosecutors pass training in the Institute for professional development of prosecutors. Training programs contain the course devoted to general issues on providing legal assistance in criminal matters and specialized topics, for example, AML issue.</p> <p>Both Ministry of Justice and General Prosecutor's Office benefitted from the European Commission / Council of Europe UPIC project in the areas of staff training and getting special software for MLA.</p>
<p>Measures reported as of 6 December 2012 to implement the Recommendations of the report</p>	<p>Department of the implementation of international treaties on criminal justice of Department for the international private law and the international legal assistance within the Department for the International Law and Cooperation of the Ministry of Justice provides compliance by the Central Authority of Ukraine of 42 bilateral and 22 multilateral international treaties of Ukraine on legal cooperation in criminal proceedings the following areas:</p> <ul style="list-style-type: none"> - extradition; - transfer of sentenced persons; - mutual legal assistance; - adoption of criminal proceedings; - transfer of executions; - confiscation of property through international cooperation <p>Department consists of 6 experts and a head of department. According to the duties each expert simultaneously fulfils several areas of work. In order to ensure the proper fulfill the functions according to the new Criminal Procedure Code of Ukraine and international treaties there is an urgent need to increase the number of employees of Department.</p> <p>Experts of Department have adequate professional training and experience in international cooperation in criminal matters.</p>
<p>Measures taken to implement the recommendations since the adoption of the second progress report.</p>	<p>In the Ministry of justice of Ukraine performance of the functions of the Central authority of Ukraine on implementation of bilateral and multilateral international agreements on legal cooperation in criminal proceedings (including European conventions in criminal proceedings on extradition (extradition, transfer of sentenced persons, mutual legal assistance, the taking over of criminal proceedings, transfer of execution of sentences, confiscation of property through international cooperation) is provided by 2 units, each staffed with 5 people (the head of Department and 4 specialists).</p> <p>The distribution of functional responsibilities in the Department is the responsibility of each technician to perform multiple surround areas. In order to adequately ensure the fulfillment of the new criminal procedure code of Ukraine [2] and the international treaties of the functions there is an urgent need to further address the issue of increasing the number of employees of the Department.</p> <p>Specialists of the Department have adequate training and experience in the implementation of international cooperation in criminal matters.</p> <p>The Prosecutor General's office of Ukraine established the office of international legal cooperation, consisting of 4 departments: Department of international cooperation, extradition, the legal aid Department and translation Department. In</p>

	General, at the specified office has 24 attorneys, who have extensive experience and high professional level in the sphere of international cooperation.
Recommendation of MONEYVAL report	<i>Also, it is recommended to develop effective training and guidance for staff handling MLA requests, with a view to foster and raise the quality of the execution of MLA requests.</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	There is a National Academy of the General Prosecutor's Office that contains Institute for professional development of prosecutors. This institution provides short-term training for the prosecutors of all levels from all regions of the state. Training programs contain the topics devoted to general issues on providing legal assistance in criminal matters and specialized topics, for example AML issue.
Measures reported as of 6 December 2012 to implement the Recommendations of the report	Professional training of officials of the Ministry of Justice of Ukraine on providing compliance of international requests is being hold in the Center for Professional Development of the Ministry of Justice of Ukraine on an on-going basis. Moreover, the territorial departments of Justice of each region (27 regions) assigned one person, and sometimes several persons, to provide compliance of international requests for legal assistance in criminal and civil matters on the basis of international agreements. At least twice a year a professional training of officials of the territorial bodies of justice is being provided in the Center of retraining and professional training of Justice officials of the Ministry of Justice of Ukraine. Recent training on application of provisions of the Second Additional Protocol to the European Convention on Mutual Assistance in Criminal Matters and on main changes and requirements of the new Criminal Procedure Code of Ukraine concerning the international cooperation in criminal matters was hold in February 2012 and the training on compliance of international treaties on civil proceedings was hold in September 2012.
Measures taken to implement the recommendations since the adoption of the second progress report.	Ongoing training of employees of the Ministry of justice of Ukraine, which ensure the execution of international requests, in the Center of retraining and improvement of professional skills of workers of justice at Ministry of justice of Ukraine. In addition, in the territorial justice departments of each area (27 regions) identified the person responsible, and in some areas and by some people who deal exclusively with the execution of international requests for legal assistance in criminal and civil matters on the basis of international treaties. At least twice a year ensures the professional development of workers of territorial bodies of justice on training courses in the Center of retraining and improvement of professional skill of workers of justice the Ministry of justice of Ukraine. The last exercises were held on 05.06.2014, 21.11.2014, 23.04.2015 to ensure the fulfillment of international agreements in the field of criminal justice

Recommendation 33 (Legal persons – beneficial owners)	
Rating: Partially compliant	
Recommendation of the MONEYVAL Report	<i>Ukraine should make the necessary legislative changes to set up a system which ensures adequate transparency of legal persons concerning their beneficial ownership and control either through registration procedures or other means</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	According to part 2 of the Article 17 of the Law of Ukraine on State Registration of Legal and Natural Persons-Entrepreneurs (hereinafter referred to as the Law on registration), Unified State Register of legal and natural persons-entrepreneurs (hereinafter referred to as Unified state register), namely registration file of a legal person, formed electronically in this Register on every legal person in the process of its state registration and conducting further registration actions, contains 33 types of data,

	<p>among which there are data on the list of founders (stockholders) of a legal person, including name, place of residence, identification number of a natural person – tax payer if a founder is a natural person; denomination, address and identification code if a founder is a legal person; data on size of statutory fund (statute or consolidated capital), etc.</p> <p>According to the requirements of the Law on registration information on all amendments in data on legal persons and natural persons-entrepreneurs (amendments to the statutory documents, founders, manager, address, size of statutory fund, activities, information on taking decision by the founders to liquidate this legal person or to transform it, etc) are included on-line to Unified state register.</p> <p>Therefore, for the present moment existent in Ukraine automatic system for collecting, accumulating, protecting, registering and providing information on legal persons and natural persons-entrepreneurs that operates on electronic data carrier pursuant to the state standards that ensure its correspondence and interaction with other information systems and networks, gives a real opportunity to get comprehensive and up-to-date information on the founders (stockholders) of legal persons, including the information on beneficiaries (except stockholders of joint stock companies and foreign persons-founders of legal persons of Ukraine).</p> <p>Additionally, late legislative changes, namely the Law of Ukraine on Introducing Amendments to Some Legislative Acts of Ukraine on Counteraction to Illicit Takeover and Merge of Enterprises dated 17.11.2009 № 1720-VI introduced amendments to the Law on registration, pursuant to which since 17.03.2010 Unified State Register, apart from other data provided for by the Law, shall contain the data on opening and closing accounts of legal persons and natural persons-entrepreneurs in banks and other financial institutions and also the information on imposition and lifting of arrests of the accounts of legal persons and natural persons-entrepreneurs and their property (including the one belonging to separated divisions of the legal person), the data on instituting of executive proceedings etc.</p>
<p>Measures reported as of 6 December 2012 to implement the Recommendations of the report</p>	<p>The Law of Ukraine On Amending the Law of Ukraine On Prevention and Counteraction to Legalization (laundering) of the Proceeds from Crime (the Basic Law) dated 18.05.2010 No 2258 (entered into force on 21.08.2010) amended the Law of Ukraine On the State Registration of Legal Entities and Individuals-Entrepreneurs, under which in order to carry out incorporation of legal entity a founder (founders) or the authorized person shall submit the information with the documents confirming the ownership structure of the founders - business entities enabling to find out the individuals – owners of qualifying holding of these business entities (part 1 of the Article 24 of the Law On the State of Legal Entities and Individuals-Entrepreneurs).</p> <p>Besides, the Basic Law amended the Law of Ukraine on Charity and Charitable Activities, under which a ground to refuse incorporation of charity organization is the availability of designated as related to terrorist activities founders/owners of qualifying holding of business entity-founder or the person exercising direct or indirect influence on the business entity-founder and/or obtaining a significant share of income from its activities.</p> <p>In addition, the Law of Ukraine On Civil Associations adopted 22.03.2012 No 4572-VI stipulates that a founder of the civil association may not be a business entity of private law if the founder (owner of qualifying holding) of this business entity is designated as the person related to terrorist activities or against which the international sanctions are imposed.</p>
<p>Measures taken to implement the recommendations</p>	<p>On the 4 March, 2015 the Law of Ukraine "On amendments to some legislative acts of Ukraine on ensuring of activities of the National anticorruption Bureau of Ukraine and the National Agency for prevention of corruption" [33] entered into force</p>

<p>since the adoption of the second progress report.</p>	<p>adopted on February 12, 2015 N 198-VIII, sought to implement the recommendations provided by the experts of the monitoring mission of the International monetary Fund regarding the improvement of the provisions adopted in October 2014 anti-corruption legislation and legislation in the sphere of combating corruption and on preventing and counteracting the legalization (laundering) of illegally derived income, financing terrorism, and financing proliferation of weapons of mass destruction.</p> <p>The act, among other things, improved the provisions of the law of Ukraine "On prevention of corruption" [13] in particular, in updating the list of information submitted in the annual returns by persons authorized to perform functions of state or local government, namely the disclosure of legal entities, the ultimate beneficial owner (controller) which is the subject of the Declaration or the members of his family.</p>
<p>Recommendation of the MONEYVAL Report</p>	<p><i>Competent authorities should be able to obtain or have timely access to such information</i></p>
<p>Measures reported as of 27 September 2010 to implement the Recommendation of the report</p>	<p>According to paragraph b, part 1 of the Article 3 of the Law of Ukraine On Organizational and Legal Principles of Fight Against Organized Crime, special units on fight against organized crime of the Ministry of Interior and Security Service of Ukraine are authorized to receive on the base of written requirement of Heads of such units from banks, credit, custom, financial and other institutions, entities, organizations (irrespective of form of ownership) the information and documents on the transactions, accounts, deposits, domestic and foreign economic agreements of natural and legal persons.</p> <p>According to paragraph 17, part 1 of the Article 11 of the Law of Ukraine On Militia, militia for executing its obligations shall have the right to obtain without obstruction and free of charge from enterprises, institutions and organizations irrespective of their ownership forms and from associations of citizens under the written request information (including information containing commercial and banking secrecy), necessary in cases on crimes investigated by militia. Obtaining from banks information containing banking secrecy shall be performed under the procedure and in scope prescribed by the Law of Ukraine "On Banks and Banking".</p> <p>State agencies, pursuant to paragraph 11, part 2 of the Article 7 of the Law on registration are provided with the data from Unified State Register by specially authorized agency on state registration according to prescribed procedure, and pursuant to paragraph 8 of the Article 20 of this Law, they are exempted from payment for receiving under their request the data from Unified State Register, provided that such request is related to execution of their duties prescribed by the law.</p> <p>Such agency, pursuant to the Resolution of the Cabinet of Ministers of Ukraine dated 26.04.2007 № 667, is State Committee of Regulatory Policy and Entrepreneurship.</p> <p>To execute the aforesaid requirements and other requirements of the Law on registration, the Order of State Committee of Regulatory Policy and Entrepreneurship dated 20.10.2005 № 97 approved the Statute on the procedure for providing data from Unified State Register of legal persons and natural persons-entrepreneurs (hereinafter referred to as Statute).</p> <p>For the present moment, to ensure the possibility of direct (stationary) access of state agencies to Unified State Register, State Committee of Regulatory Policy and Entrepreneurship elaborates a new edition of the Statute, pursuant to which these agencies will be able to use the data from this Register on-line. Appropriate software is being devised.</p> <p>Taking into account an urgent need to provide as soon as possible key financial and tax</p>

	<p>institutions with the access to State Unified Register in the framework of AML/CFT program, State Committee of Regulatory Policy and Entrepreneurship has already provided access to the National Bank of Ukraine and State Tax Administration of Ukraine.</p> <p>Besides, to provide the opportunity for operative obtaining of data on economic entities from Unified State Register in electronic form through Internet, pursuant to the Order of State Committee of Regulatory Policy and Entrepreneurship dated 08.07.2009 № 123, website of this register has been formed, and the data can be received free of charge.</p>
<p>Measures reported as of 6 December 2012 to implement the Recommendations of the report</p>	<p>The Parliament of Ukraine passed:</p> <ol style="list-style-type: none"> 1) the Law of Ukraine On Amending the Article 20 of the Law of Ukraine On the State Registration of Legal Entities and Individuals-Entrepreneurs dated 18.11.2011 No 4067 (entered into force on 17.03.2012), that introduced amendments to the following provisions: <ul style="list-style-type: none"> - part 2 of the Article 20 of the Law of Ukraine On the State Registration of Legal Entities and Individuals-Entrepreneurs in part of ensuring submission of digital data of the Unified state register of business entities and individuals-entrepreneurs needed for the state agencies in the exercise of the functions thereof defined by the law; - Part 3 of the Article 20 of the Law in part of prescribing that the procedure for submission to the state authorities of digital data of the Unified state register and the list thereof shall be stipulated by the specially authorized agency on state registration with approval of an appropriate state agency. <p>To enforce the above mentioned Law the Order of the Ministry of Justice of Ukraine dated 16.03.2012 No 420/5 On Approval of the Procedure for submission to the State Financial Inspection of Ukraine and its regional units of digital data of the Unified state register of business entities and individuals-entrepreneurs (entered into force on 06.04.2012).</p> <p>2) The Law of Ukraine On Amending Some Laws of Ukraine dated 22.12.2011 No 4223-VI amended part 2 of the Article 7 of the Law of Ukraine On the State Registration of Legal Entities and Individuals-Entrepreneurs that provides for the obligation of the State Registration Service of Ukraine to ensure on the official website access to the data of the Unified state register the list whereof shall contain the information necessary to obtain permission documents and licenses, namely as for the availability of data on the state registration of liquidation of the entity incorporated or on the business entity being in the state of liquidation, and ensures the search of all entities incorporated, particularly under the identification code, registration number of the tax payer's card, series and number of the passport (for the persons that because of their religious convictions refused obtaining registration number of the tax payer's card under the procedure prescribed by the law).</p> <p>3) Law of Ukraine on Amending Some Laws of Ukraine on Registration of Legal Entities and Individuals-Entrepreneurs dated 24.05.2012 no 4839-VI. This law contains the provisions of establishment of the "one window" principle in the course of incorporation business entities and registration thereof in the state agencies of statistics, the State Tax Service and the Pension Fund through introduction of the unified document – excerpt of the Unified state register of business entities and individuals-entrepreneurs confirming registration of the newly founded business entity in the appropriate agencies.</p>

	<p>4) The Law of Ukraine On Amending the Tax Code of Ukraine On Enhancement of Some Tax Provisions dated 24.05.2012 No 4834-VI. The provisions of this Law are aimed at enhancement of levying of taxes and duties, avoiding of conflict of interest between tax payers and control agencies, providing more opportunities to the tax payers to apply special regimes and establishment in the agencies of state tax service of the “one window” principle in the course of incorporation of business entities and the registration thereof.</p> <p>The Order of the Ministry of Justice of Ukraine dated 19.08.2011 No 2009/5 On organization of the access to the data of the Unified state register of legal entities and entrepreneurs-individuals registered in the Ministry of Justice on 23.08.2011 No 998/19736 (entered into force on 09.09.2011) ensures a free 24/7 on-line access to the key data of the Unified state register of business entities and entrepreneurs-individuals through the web-sites of the State Registration Service of Ukraine (www.drs.gov.ua) and the State entity Information and Resource Centre (www.irc.gov.ua).</p> <p>5) The Article 17 of the Law of Ukraine On Civil Associations dated 22.03.2012 No 4572-VI provides for that the data of the Register of civil associations are open for free access on the official web-site of the authorized registration agency. For the present moment the State Registration Service of Ukraine together with the Ministry of Justice of Ukraine are drafting the following regulations:</p> <ul style="list-style-type: none"> - Order of the Ministry of Justice of Ukraine On Approval of the Procedure for Submission of the Data of the Unified State Register of Business Entities and Entrepreneurs-Individuals that provides extension of the list of data from the Unified state register that may be provided to the request of legal entities and individuals; - Order of the Ministry of Justice of Ukraine On Approval of the Procedure for Authorizing Access of State Executors to the State Register of Property Rights to the Real Estate; - Order of the Ministry of Justice of Ukraine On Approval of the Procedure for Submission of the Digital Data of the Unified State Register of Business Entities and Entrepreneurs-Individuals to the Agencies of State Tax Service.
<p>Measures taken to implement the recommendations since the adoption of the second progress report.</p>	<p>April 26, 2015 came into force the Law of Ukraine "On prevention of corruption" [13] focuses on a comprehensive reform of the prevention of corruption in accordance with international standards and best practices of foreign States.</p> <p>The act significantly improved financial control of the property status of public servants, namely, provides for the introduction of e-Declaration system.</p> <p>In this case the information specified in the Declaration on property, incomes, expenses and obligations of financial nature for the previous year will be included in the Unified state register of declarations of persons authorized to perform state functions or local government that will be formed and maintained by the National Agency for prevention of corruption (hereinafter – the National Agency).</p> <p>The national Agency will provide open access to the Unified state register of declarations of persons authorized to perform state functions or local self-government, official web site of the National Agency.</p> <p>Access to the Unified state register of declarations of persons authorized to perform state functions or local self-government, official web site of the National Agency will be provided by view, copy and print information, as well as in the form of a set of data (electronic document), organized in a format which allows its automatic processing by electronic means for the purpose of reuse.</p> <p>Information about the person in the Uniform state register of declarations of persons authorized to perform state functions or local government will be maintained at all times to exercise the functions of state or local government, and within five</p>

	years after the termination of the fulfillment of these functions, except the last Declaration filed by a person which is stored indefinitely.
Recommendation of the MONEYVAL Report	<i>Ukraine should strengthen preventative measures for deterring from the practice of setting up fictitious companies</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	<p>The Government of Ukraine pays special attention to this issue. Thus, paragraph 5¹ of AML/CFT Action Plan for 2009, approved by the Resolution of the Cabinet of Ministers of Ukraine and the National Bank of Ukraine dated 10.12.2008 № 1077 (with amendments introduced by the Resolution of the Cabinet of Ministers of Ukraine and the National Bank of Ukraine dated 21.10.2009 № 1119), provides for that in IV quarter 2009 it is required to take measures aimed at detecting fictitious enterprises and suspending their activities.</p> <p>In 2009 State Tax Administration of Ukraine detected 846 fictitious economic entities regarding to which the courts took decisions to find their registration documents invalid. Under the results of examination of such entities 641 criminal cases have been initiated, including 407 - for intentional tax evasion in especially significant size (p.3 of the Article 212 of the Criminal Code of Ukraine) and 49 – fictitious entrepreneurship (p.5 of the Article 205 of CC of Ukraine).</p> <p>Moreover, there has been suspended illicit activities of 224 criminal groups that rendered services on illicit conversion of cashless money into cash. Under the results of the law enforcement measures taken 115 organizers and 136 accomplices of the abovementioned conversion centers have been brought to criminal liability.</p> <p>Under the results of examination of economic entities – legal tax payers that used the services of the above mentioned enterprises the budget has been additionally replenished by the amount of UAH 701, 9 million due to taxes and other obligatory duties.</p> <p>To inform the reporting entities State Securities and Stock Market Commission keeps and updates on a regular basis the list of securities issuers regarding which there is information on the absence of a legal person under the address or absence of confirmation of the data on legal person. Besides, in IV quarter of 2009 the Decision of the Commission suspended amending registration system of nominal securities owners and systems of depository registration of securities issued by 24 joint stock companies the activities of which have the signs of fictitiousness.</p> <p>In 2009 the Ministry of Interior discovered 467 fictitious entities used in 179 instances related to minimization of taxes, in 14 instances related to illegal VAT reimbursement, 7 instances – to undertaking foreign economic activities, 64 instances related to acquisition of goods, execution of works or rendering services using public funds, 6 instances related to credits. There has been revealed 71 facts of illicit transfer of public funds to the accounts of fictitious entities. There has been disclosed 42 facts of legalization of the proceeds acquired through activity of fictitious firms and conversion centers.</p> <p>There were registered 654 crimes related to fictitious entrepreneurship and money conversion. 467 criminal cases have been initiated under the Article 205 of CC of Ukraine. There has been revealed 115 crimes the amount of losses of every of them constitutes UAH 100 thousand.</p> <p>Investigative agencies investigate 645 criminal cases under which total amount of losses constitutes UAH 304,5 million. In the process of investigation of these cases it has been confiscated UAH 30,7 million. The funds and property to total amount of UAH 10 million have been arrested.</p> <p>Besides, paragraph 11 of Action Plan for 2010 № 1119 provides for taking complex measures aimed at disclosing fictitious entities and suspending their activities.</p>

	<p>To reinforce preventive measures in order to counteract to establishment and operation of fictitious companies, State Committee of Regulatory Policy and Entrepreneurship elaborated draft Law on Introducing Amendments to Some Legislative Acts of Ukraine on Counteraction to Illicit Takeover and Merge of Enterprises dated 17.11.2009 № 1720-VI that will envisage prohibition to provide extract from Unified State Register to the legal person that failed to provide to the state register prescribed by the law accounting on its economic activities. On January 27, 2010 this draft law was considered and approved during the sitting of the Cabinet of Ministers of Ukraine.</p>
<p>Measures reported as of 6 December 2012 to implement the Recommendations of the report</p>	<p>During November – December 2010 the units of tax police disclosed 20 conversion centers that have been using the accounts and essential elements of fictitious 121 business entities. Total amount of the funds converted constituted UAH 1,15 billion. There were revealed 966 business entities of the real sector of economy that used the services of the conversion centers revealed. Under the results of examination of 209 business entities out of the number mentioned 44 criminal proceedings were initiated. During 2011 the units of tax police disclosed 118 conversion centers that have been using the accounts and essential elements of fictitious 590 business entities. Total amount of the funds converted constituted UAH 15,6 billion. There were revealed 3 780 business entities of the real sector of economy that used the services of the conversion centers revealed. Under the materials of tax police 3 546 business entities, including 1 183 revealed in 2010, were subject to inspections, and 2 169 out of them are carried out. UAH 729,5 million was additionally revealed, out of this amount UAH 320,1 million was retrieved to the state budget. 383 criminal proceedings were initiated with regard to the business entities.</p> <p>During 2012 the units of tax police disclosed 70 conversion centers that have been using the accounts and essential elements of fictitious 421 business entities. Total amount of the funds converted constituted UAH 7,9 billion. There were revealed 5 857 business entities of the real sector of economy that used the services of the conversion centers revealed. Under the materials of tax police 4 095 business entities, including 1 750 revealed in previous years, were subject to inspections, and 2 034 out of them are carried out. UAH 1,1 billion was additionally revealed, out of this amount UAH 328,7 million was retrieved to the state budget. 280 criminal proceedings were initiated with regard to the business entities.</p> <p>To enforce the AML/CFT System Development Strategy till 2015 approved by the Directive of the Cabinet of Ministers of Ukraine dated 09.03.2011 No 190-p, the measures aimed at disclosure and termination of illicit activities of conversion centers and fictitious business entities involved into money laundering, are being taken on a regular basis.</p> <p>In 2010 under the materials of the agencies of internal affairs 420 criminal proceedings related to conversion of funds and fictitious entrepreneurship were initiated, under which 928 crimes were registered, including 508 crimes – under the Article 205 of the CC of Ukraine, out of them 53 crimes involving damages to an amount exceeding UAH 100 000 and 38 crimes involving damages to an amount exceeding UAH 1 million, and 132 crimes – under the Article 209 of the CC of Ukraine. Besides, 1364 fictitious business entities were revealed, 92 conversion centers were liquidated. 169 criminal cases were forwarded to the court, under which 374 crimes were investigated.</p> <p>In 2011 under the materials of the agencies of internal affairs 448 criminal proceedings related to conversion of funds and fictitious entrepreneurship were initiated, under which 978 crimes were registered, including 491 crimes – under the Article 205 of the CC of Ukraine, out of them 55 crimes involving damages to an</p>

	<p>amount exceeding UAH 100 000 and 80 crimes involving damages to an amount exceeding UAH 1 million, and 135 crimes – under the Article 209 of the CC of Ukraine. Besides, 880 fictitious business entities were revealed, 66 conversion centers were liquidated. 133 criminal cases were forwarded to the court, under which 376 crimes were investigated.</p> <p>During 8 months of 2012 under the materials of the agencies of internal affairs 241 criminal proceedings related to conversion of funds and fictitious entrepreneurship were initiated, under which 473 crimes were registered, including 231 crimes – under the Article 205 of the CC of Ukraine, out of them 29 crimes involving damages to an amount exceeding UAH 100 000 and 28 crimes involving damages to an amount exceeding UAH 1 million, and 92 crimes – under the Article 209 of the CC of Ukraine. Besides, 350 fictitious business entities were revealed, 27 conversion centers were liquidated. 81 criminal cases were forwarded to the court, under which 288 crimes were investigated.</p> <p>According to part 1 of the Article 4 of the Law of Ukraine On the State Registration of Legal Entities and Individuals-Entrepreneurs the incorporation of business entities and entrepreneurs being individuals shall be certification of the fact of founding or cessation of the business entity, certification of the fact of acquittal or deprivation of the individual of the entrepreneurial status, and conducting other registration actions provided for by the Law, by entering appropriate data to the Unified state register of legal entities and entrepreneurs-individuals.</p> <p>According to part 1 of the Article 17 of the Law of Ukraine On the State Registration of Legal Entities and Individuals-Entrepreneurs the data on the business entity on entrepreneur-individual shall be included to the Unified state register by entering the notes on the base of data of appropriate registration cards and data provided by business entities to the state registrar under the location of the registration case pursuant to the legislation of Ukraine.</p> <p>The Article 1 of the Law On the State Registration of Legal Entities and Individuals-Entrepreneurs stipulates that the registration card shall be the document of established pattern confirming the will of the person to have her/his data entered to the Unified state register.</p> <p>The above mentioned measures are sufficient to prevent and suppress the founding of fictitious companies on the stage of incorporation. Otherwise, the application principle of state incorporation will be degraded.</p>
<p>Measures taken to implement the recommendations since the adoption of the second progress report.</p>	<p>During the 2013 the State Fiscal Service of Ukraine liquidated 59 "conversion centers", which consisted of 367 transit-conversion of a business entity. Total amount of converted funds amounted to 5.9 bill. UAH.</p> <p>Installed 2642 entity of the real sector of the economy that have benefited from the services of entities that were part convicted of "conversion centers".</p> <p>Initiated inspection in respect of 3905 entities, including relatively 1910 beneficiaries who have used the services of "conversion centers", eliminated in previous years.</p> <p>Conducted 1852 inspections, the results of which are additionally accrued to payment in the budget 786, 8 million UAH. recovered - 382,5 million UAH.</p> <p>In the course of 2014 eliminated 48 "conversion centers", which included 647 transit-conversion of a business entity. Total amount of converted funds amounted to 22.5 billion UAH.</p> <p>Established 1982 entities of the real sector of the economy that have benefited from the services of entities that were part convicted of "conversion centers".</p> <p>Initiated inspections in respect of 2843 business entities, including in respect 1558 beneficiaries who have used the services of "conversion centers", eliminated in</p>

previous years.

Held 1228 inspections, the results of which are additionally accrued to payment in the budget 485, 8 million UAH. Recovered - 341, 3 million UAH.

According to the results of the elimination of "conversion centers" in the state register accounted for 121 of the criminal offense, including, on the facts of the fictitious business, evasion of taxes, duties (mandatory payments), the assignment, waste of property or a taking to them by abuse of official position, the legalization (laundering) of funds obtained by criminal means.

In the course of 2015 as liquidated 22 01.05.2015 "conversion centers", which consisted of 501 transit-converting business entities. Total amount of converted funds amounted to 6.3 billion UAH.

Installed 1116 entities of the real sector of the economy that benefited convicted of "conversion centers".

Initiated the conduct of inspections in respect of 1463 of business entities, including in respect 921 beneficiaries who have used the services of "conversion centers", eliminated in previous years.

Held 320 inspections, the results of which are additionally accrued to payment in the budget 276, 6 million UAH. Recovered is 121.1 million UAH.

According to the results of the elimination of "conversion centers" in register accounted for 59 criminal offences, including, on the facts of the fictitious business, evasion of taxes, duties (mandatory payments), the assignment, waste of property or a taking to them by abuse of official position, the legalization (laundering) of funds obtained by criminal means.

In 2012, the Ministry of internal Affairs 294 filed criminal cases in which the investigated 601 the crime of fictitious entrepreneurship and the conversion of funds, including 126 – on the grounds of article 209 of the criminal code of Ukraine[3].

Discontinued operations 17 organized groups whose members provided the functioning of "conversion centers", including 5 such groups involved the legalization of the proceeds obtained from the illegal activities.

Sent to court 119 criminal cases are investigated 362 crimes, including discontinued operations 18 organized groups whose members provided the functioning of "conversion centers", of which two criminal organizations. The amount of the loss caused to the state for indictments amounted 610, 7 million UAH. Of which indemnity 566, 6 million UAH. Including the seized cash and property to the amount of 5.2 million UAH. Seized assets totaling 38.3 million UAH voluntarily reimbursed 523, 1 million UAH.

The Ministry of internal Affairs of Ukraine in Kharkiv region exposed 7 members of the criminal organization composed of officials of the JSC, which has been fraud in the allocation of land and their subsequent legalization of the use of the fictitious enterprises. It is established that the defendants picked up 350 citizens, who have provided false data on privatization of land for private farming and for a cash consideration of 450-1000 million UAH. each received an application for free allocation and privatization of land and the General power of attorney for ownership, use and disposition of these parcels with a total area 697, 5 ha value of 6.8 million UAH. After obtaining ownership rights on land plots of the participants in a criminal organisation legalized them by passing through a transaction of sale in favor of specially created fictitious businesses. Documented 6 episodes of criminal activity for which the amount of damages caused to the state amounted to 497, 7 million UAH. Are refunded in full. A criminal case under part 4 of article 28, part 4 of article 190, part 1 of article 205, part 3 of article 209, part 1 of article 255 of the criminal code of Ukraine[3], which is directed to court. The three accused were arrested.

In 2013, the Ministry of internal Affairs of the collected materials of employees of internal Affairs bodies openly 712 criminal proceedings for committing 725 crimes under articles 190 (65), 191 (55), 205 (477), 209 (97), 210 (1), 212 (27), 219 (2), 364 (13), 366 (37), 369 (2) the criminal code of Ukraine[3], which discontinued operations 45 "conversion centers" and exposed 775 fictitious firms.

These "conversion centers and fictitious firms were involved in the schemes of acquisition of goods, works and services for public funds (46), minimize the payment of mandatory payments to the budget (45), of illegal compensation of a value added tax (24), money laundering (37), in the implementation of foreign economic activity (3), credit (16), bringing to bankruptcy (1), the withdrawal of funds abroad (1), and the use of when making investments for the construction of (7) and dividing the land into shares land (1). Documented the Commission of financial operations of the state (69) and local (17) budgets, state-owned enterprises (31), agriculture (28), construction (32), (39), health (3), education (5) and controls (2) and the financial sphere (151).

The court directed 174 indictments on the results of 272 pre-trial investigation of crimes related to bogus business and conversion of the funds, including suppressed the activity of 9 organized groups, including 2 of the criminal organization whose members provided the functioning of "conversion centers".

Set the amount of damages in these cases is 42 million UAH. compensated 45.2 mln., including the seized funds and property for \$ 8.3 million UAH. seized proceeds of crime, \$ 24.1 million UAH. and the property of the accused cost of 5.6 million USD. voluntarily reimbursed 7.3 million UAH.

UMVD of Ukraine in Zhitomir area exposed four members of the criminal group with corrupt relationship (in law enforcement) that the use of the "conversion center" as part of the fictitious enterprises has created a really existing entities terms for tax evasion by unfounded formation of the tax credit from the value added tax totaling over 30.9 million UAH. All through the "center" conducted financial transactions totaling more than 107 million UAH. The total amount of losses caused to the state as a result of criminal activities of an organized group, is 1 million UAH. of which repaid – 1,49 million UAH., in particular voluntary – 292 thousand UAH. seized assets – UAH 1.2 million.

Initiated criminal proceedings under part 3 of article 28, part 2 of article 205, part 1 of article 209, part 3 of article 212, part 4 of article 358, part 2 St. 366 criminal code of Ukraine. The indictment was forwarded to the court.

The Royal district court of Zhitomir 10.10.2013 sentenced, and confirmed crimes committed in an organized group. Members of the criminal group were sentenced to imprisonment with probation terms, the right to hold the positions connected with performance organizationally-administrative and administrative-economic functions and confiscation of all property owned by them.

According to collected materials of employees of internal Affairs bodies in 2014 the Ministry of internal Affairs openly 291 criminal proceedings for committing 304 crimes under articles 190 (9), 191 (41), 205 (152), 209 (72), 212 (6), 222 (1), 364 (8), 366 (94), 367 (1), 368 (1) the criminal code of Ukraine, which discontinued operations 100 "conversion centers" and disclosed 513 fictitious firms.

These "conversion centers and fictitious firms were involved in the schemes of acquisition of goods, works and services for public funds (37), minimize the payment of mandatory payments to the budget (37), of illegal compensation of a value added tax (11), bringing to bankruptcy (5), money laundering (26), the implementation of foreign economic activity (3), the withdrawal of funds abroad (3), credit (4), the use of the investment in the construction of (2). Documented the Commission of financial

operations of the state (114) and local (46) budgets, state-owned enterprises (35), agriculture (28), construction (9), (100), health (4), education (5) and the financial sphere (16).

The court directed the indictments drawn up in the Commission 88 of the crimes documented in the framework 63 criminal proceedings, including suppressed the activity of 4 organized groups (Volyn, Zaporizhzhya, Odesa and Kharkiv), as well as one criminal organization (Dnipropetrovsk region) in which participants were provided the functioning of "conversion centers" and made 36 criminal offences.

The Ministry of internal Affairs of Ukraine in Dnipropetrovsk region 14 exposed members of the criminal organization from the leaders and founders of commercial structures that have created the network of subordinate structures, and used these details in illegal activities on the translation of non-cash funds into cash, minimization of tax payments totalling \$ 14.1 million UAH.

According to the results of the pre-trial investigation of criminal proceedings No. 3201325000000010 for part 1 of article 255, part 5, article 27, part 4 of article 28, part 2 of article 205, part 3 of article 212, part 1 of article 366 of the criminal code of Ukraine[3] the court sent the indictment. Arrested on 4 the helper. Filed a civil lawsuit in the amount of 14.1 million UAH.

In the Kharkiv region exposed three members of an organized group that organized the activity of "conversion center" by creating a series of fictitious companies and registration of fake financial documents turnover, evaded tax and reward the amount of to conduct financial transactions on the conversion of funds outside of state control, than has caused losses to the state totaling \$ 3.1 million UAH. in neonatologie mandatory fees and charges.

According to the results of the pre-trial investigation of criminal proceedings No. 12012220140000009 for part 2 of article 205, part 3 of article 358 of the criminal code of Ukraine[3] the court sent the indictment. Recovered 2.8 million UAH. and seized property worth \$ 3.5 8 million UAH.

Documented facts of assignment of budgetary funds with the use of "conversion centers" (Zaporizhzhya, Khmelnytsky region).

The Ministry of internal Affairs of Ukraine in the Zaporozhye area exposed three members of the criminal group that with the use of "conversion center" as part of the fictitious enterprises has created a really existing entities terms for tax evasion totaling more than 28.5 million UAH. Only through the "center" conducted financial transactions over \$ 140 million UAH. including 200 thousand UAH. budget funds.

Initiated criminal proceedings under part 3 of article 28, part 2 of article 205, part 3 of article 358, part 2 St. 366 criminal code of Ukraine[3]. The indictment was forwarded to the court.

During the First quarter of 2015, the Ministry of internal Affairs of the collected materials of employees of internal Affairs bodies openly 117 criminal proceedings for the Commission of the 116 crimes under articles 190 (3), 191 (15), 205 (66), 209 (26), 212 (1), 364 (1), 366 (13), 367 (1) the criminal code of Ukraine[3], which discontinued operations 11 "conversion centers" and exposed 174 fictitious company.

These "conversion centers and fictitious firms were involved in the schemes of acquisition of goods, works and services for public funds (14), minimizing the payment of mandatory payments to the budget (12), illegal compensation of a value added tax (7), money laundering (7), credit (2) and use of investments for the construction of (1). Documented the Commission of financial operations of the state (14) and local (7) the budgets of public enterprises (2), agriculture (8), trade (3), construction (4) and the financial sphere (69).

The court directed the indictments drawn up for the Commission 43 of the crimes

	<p>documented in 40 criminal proceedings, including suppressed the activity of two organized groups (Dnipropetrovsk, Rivne region) in which participants were provided the functioning of "conversion centers" and made 15 of criminal offences.</p> <p>UMVD of Ukraine in the Rivne region sent to the court indictment on the results of the pre-trial investigation of criminal proceedings No. 12013190020000126 for part 3 St, part 2 of article 205, part 2 St. 366 criminal code of Ukraine against three members of an organized group with interregional ties that have created and acquired in M. Kiev a number of business entities and used them to cover up the illegal activities on the conversion and reconverter means of tax evasion for a number of companies Rivne, Ternopil and other regions of Ukraine, to the Bank accounts which were sent and subsequently appropriated money last, including funding.</p> <p>It is established that such persons financial transaction takes place outside the control of the state with reconverts funds in the amount of 18 million UAH. but for the purpose of evasion of taxes generated tax credit for 11 companies, resulting in the state budget was not paid VAT in the total amount of 4.3 million UAH.</p> <p>During a pretrial investigation seized cash in the amount of 948 thousand UAH. seized during the searches, the actual location of the fictitious business entities.</p>
<p>Recommendation of the MONEYVAL Report</p>	<ul style="list-style-type: none"> • <i>The authorities should also consider measures to facilitate access to the data contained in the USR, in particular to the private sector</i>
<p>Measures reported as of 27 September 2010 to implement the Recommendation of the report</p>	<p>According to part 5 of the Article 16 and part 3, 5 of the Article 20 of the Law of Ukraine on State Registration of Legal and Natural Persons-Entrepreneurs (hereinafter referred to as the Law on registration), Unified State Register is established and managed by specially authorized agency on state registration issues which is its administrator and which specifies the procedure for providing data from this Register. Such agency, pursuant to the Resolution of the Cabinet of Ministers of Ukraine dated 26.04.2007 № 667, is State Committee of Regulatory Policy and Entrepreneurship. To execute the aforesaid requirements and other requirements of the Law on registration, the Order of State Committee of Regulatory Policy and Entrepreneurship dated 20.10.2005 № 97 approved the Statute on the procedure for providing data from Unified State Register of legal persons and natural persons-entrepreneurs (hereinafter referred to as Statute).</p> <p>For the present moment, to ensure the possibility of direct (stationary) access of state agencies to Unified State Register, State Committee of Regulatory Policy and Entrepreneurship elaborates a new edition of the Statute, pursuant to which these agencies will be able to use the data from this Register on-line. Appropriate software is being devised.</p> <p>Besides, to provide the opportunity for operative obtaining of data on economic entities from Unified State Register in electronic form through Internet, pursuant to the Order of State Committee of Regulatory Policy and Entrepreneurship dated 08.07.2009 № 123, website of this register has been formed, and the data can be received free of charge.</p>
<p>Measures reported as of 6 December 2012 to implement the Recommendations of the report</p>	<p>Paragraph 1 of the Decree of the President of Ukraine dated 9.12.2010 No 1085/2010 On Optimization of The System of Central Agencies of Executive Power the State Registration Service is in charge of effectuation of the state policy in the area of registration of legal entities and entrepreneurs being individuals.</p> <p>According to the Article 7 of the Law of Ukraine On the State Registration of Legal Entities and Individuals-Entrepreneurs the specially authorized agency on the state registration ensures establishment and keeping of the Unified state register of business entities and entrepreneurs individuals.</p> <p>According to paragraph 5 of the Article 16 and paragraphs 3 and 5 of the Article 20 of</p>

the Law of Ukraine On the State Registration of Legal Entities and Individuals-Entrepreneurs, the Unified state register of business entities and entrepreneurs individuals is established and kept by the specially authorized agency on the state registration. The authorized agency administrates the Unified state register and stipulates the procedure for providing data thereof.

Under the above mentioned Law the data from the Unified state register may be obtained in the following form:

- Excerpt from the Unified state register that is the document containing the data on the legal entity or entrepreneur-individual that submitted the application on the issue thereof (the Article 21 of the Law, paragraph 3.1 of the Regulation on the procedure for providing data from the Unified state register, approved by the Order of the State Committee of Regulatory Policy and Entrepreneurship dated 20.10.2005 No 97);

- Extract from the Unified state register that is the document containing the data on the legal entity or entrepreneur-individual under the criterion of the search defined in the request (paragraph 2 of the Article 20 of the above mentioned Law of Ukraine, paragraph 5.1 of the above mentioned Regulation)

- Certificate from the Unified state register that is the document containing the data on availability or absence in the Unified state register of the information on registration actions with regard to business entities and entrepreneurs-individuals (paragraph 2 of the Article 20 of the above mentioned Law of Ukraine, paragraph 4.1 of the above mentioned Regulation).

The State Registration Service of Ukraine drafted and forwarded for processing by the units of the Ministry of Justice of Ukraine the Order of the Ministry of Justice On Approval of the Procedure for providing data from the Unified state register of business entities and entrepreneurs individuals that expands the list of data of the Unified state register that may be provided under the request of business entities and individuals.

The Law of Ukraine On Amending Some Laws of Ukraine dated 22.12.2011 No 4223-VI (entered into force 13.04.2012) amended part 2 of the Article 7 of the Law of Ukraine On the State Registration of Legal Entities and Individuals-Entrepreneurs that provides for the obligation of the State Registration Service of Ukraine to ensure on the official web-site access to the data of the Unified state register the list whereof shall contain the information necessary to obtain permission documents and licenses, namely as for the availability of data on the state registration of liquidation of the entity incorporated or on the business entity being in the state of liquidation, and ensures the search of all entities incorporated, particularly under the identification code, registration number of the tax payer's card, series and number of the passport (for the persons that because of their religious convictions refused obtaining registration number of the tax payer's card under the procedure prescribed by the law).

The Order of the Ministry of Justice of Ukraine dated 19.08.2011 No 2009/5 On organization of the access to the data of the Unified state register of legal entities and entrepreneurs-individuals registered in the Ministry of Justice on 23.08.2011 No 998/19736 (entered into force on 09.09.2011) ensures a free 24/7 on-line access to the key data of the Unified state register of business entities and entrepreneurs-individuals through the web-sites of the State Registration Service of Ukraine (www.drs.gov.ua) and the State entity Information and Resource Centre (www.irc.gov.ua).

<p>Measures taken to implement the recommendations since the adoption of the second progress report.</p>	<p>The first part of article 16 of the Law of Ukraine "On state registration of legal entities and physical persons – entrepreneurs"[22] established that for the purpose of ensuring public bodies, as well as participants of civil turnover with reliable information about legal entities and physical persons - entrepreneurs to create the Unified state register of legal.</p> <p>The list of information about legal entities contained in the Unified state register, defined in article 17 of the Law of Ukraine "On state registration of legal entities and physical persons – entrepreneurs"[22].</p> <p>The first part of article 20 of the Law of Ukraine "On state registration of legal entities and physical persons – entrepreneurs"[22] it is established that the information contained in the Unified state register shall be open and public, except for the registration number of the accounting card of the taxpayer, information about opening and closing of accounts, imposition and lifting of arrests on accounts and assets.</p> <p>The procedure for providing information from the Unified state register of legal entities and physical persons-entrepreneurs approved by the Ministry of justice of Ukraine on 31.03.2015 No. 466/5 and establishes a mechanism for providing information from the Unified state register.</p>
<p>(Other) changes since the second progress report (e.g. draft laws, draft regulations or draft “other enforceable means” and other relevant initiatives</p>	

<p>Recommendation 35 (Conventions) & Special Recommendation I (Implementation of United Nations instruments)</p>	
<p>Rating: Partially compliant & Non Compliant</p>	
<p>Recommendation of the MONEYVAL Report</p>	<p><i>The same recommendations with regard to certain aspects of criminalisation of the money laundering offence, as well as the application of provisional measures and confiscation. Ukraine should also institute criminal liability of legal persons</i></p>
<p>Measures reported as of 27 September 2010 to implement the Recommendation of the report</p>	<p>The liability of legal persons for money laundering stipulated by the Law of Ukraine “On Liability of Legal Persons For Commitment of Corruption Offenses” № 1507-VI, adopted on June 11, 2009 (Article 2 of the Law) with amendments introduced by New AML/CFT Law, corresponds with Palermo Convention. Amounts of fines are essentially increased (Article 23 of New AML/CFT Law).</p>
<p>Measures reported as of 6 December 2012 to implement the Recommendations of the report</p>	<p>According to the Article 62 of the Constitution of Ukraine a person is presumed innocent of committing a crime and shall not be subjected to criminal punishment until his or her guilt is proved through legal procedure and established by a court verdict of guilty. No one is obliged to prove his or her innocence of committing a crime. Guilt constitutes a mental element of crime (together with the motive, purpose and emotional state of the person). In its turn, a mental element of crime shall be the internal aspect of crime, that is psychic activity of the person that reflects the attitude of his/her will and conscience to the socially dangerous act being committed thereby and to the consequences of the crime.</p>

	<p>Due to the fact that the Constitution of Ukraine provides for the possibility for bringing to criminal liability of guilty person only, a legal entity can not be found guilty.</p> <p>Therefore, making legal entities of Ukraine criminally liable for TF contradicts with the constitutional principal of guilty and personal liability of the person for criminalized act, that is imposible.</p>
<p>Measures taken to implement the recommendations since the adoption of the second progress report.</p>	<p>The law of Ukraine "On amendments to some legislative acts of Ukraine regarding the implementation of the action Plan to liberalize the EU visa regime for Ukraine regarding liability of legal persons" [38] the General part of the Criminal code of Ukraine was supplemented by section XIV1 "measures of CRIMINAL-LEGAL NATURE relating to LEGAL PERSONS."</p> <p>Thus, under section 963 of the criminal code of Ukraine [3] the grounds for the application to the legal entity of measures of criminal-legal nature are:</p> <ul style="list-style-type: none"> - making its authorized person on behalf of and in interests of the legal entity any of the offences under articles 209 of the criminal code of Ukraine[3] (legalization (laundering) of incomes obtained in a criminal way) - startpagina in performing its authorized person by law or the constituent documents of the legal entity responsibilities for the adoption of measures to prevent corruption, which led to commit any of the offences referred to in articles 209 of the criminal code of Ukraine [3] (legalization (laundering) of incomes obtained in a criminal way) <p>Under article article 966 of the criminal code of Ukraine[3] To legal persons, the court may apply such measures of criminal-legal nature:</p> <ol style="list-style-type: none"> 1) fine; 2) confiscation of property; 3) liquidation. <p>Legal entities the penalty and elimination can only be used as primary measures of criminal law, and the confiscation of property only as an extra. At application of measures of criminal-legal nature of the legal person is obliged to compensate the damages in full, and the amount received improper benefits received or could be received by a legal entity.</p>
<p>Recommendation of the MONEYVAL Report</p>	<p><i>The same recommendations on criminalisation of terrorist financing offence, as well as on further improvement of freezing mechanisms of terrorist funds are reiterated in this context. Ukraine should take measures to fully implement the provisions of UNSCR 1267, 1373 and successor resolutions</i></p>
<p>Measures reported as of 27 September 2010 to implement the Recommendation of the report</p>	<p>The legislation of Ukraine considers key provisions on implementation of Convention On Financing of Terrorism and Resolutions of UN Security Council 1267, 1373 and further resolutions.</p> <p>The amendments to Criminal Code of Ukraine were introduced which criminalized the crime of financing of terrorism (Article 258⁵ of Criminal Code of Ukraine).</p>
<p>Measures reported as of 6 December 2012 to implement the Recommendations of the report</p>	<p>Under the UN Charter, Ukraine as a member of the United Nations should accept and carry out the decisions of the Security Council in accordance with the present Charter (the Article 25 of the Charter).</p> <p>The Countries should have effective laws and procedures in place to freeze the terrorist assets or other assets under the sanctions of the UN Committee.</p> <p>The international financial sanctions defined in the UN SC Resolutions that provide for, particularly, freezing of assets, freezing of funds and other financial assets or economic resources of the persons that commit or attempt to commit terrorist acts or participate in the commission thereof (<i>UN SC Resolutions dated 23.12.2006 № 1737, dated 24.03.2007 № 1747, dated 03.03.2008 № 1803, dated 09.06.2010 № 1929</i>).</p>

Ukraine has determined a unified approach to freezing of the assets related to terrorist activities or internationally sanctioned with regard to the persons involved into nuclear programs or ballistic missile programs in Iran.

The issue of freezing financial transactions if its participants or beneficiaries are designated or internationally sanctioned persons is defined by the Basic Law.

Ukraine has taken measures to implement the above mentioned UN SC Resolutions and relevant FATF Recommendations through implementation of the following laws:

- The Law of Ukraine On Prevention and Counteraction to Legalization (Laundering) of the Proceeds of Crime, or Terrorist Financing that entered into force on August 21, 2010;

- The Law of Ukraine On Amending Some Legislative Acts of Ukraine Regarding Freezing of Assets Related to Terrorist Financing or Financial Transactions Suspended Pursuant to the Decisions Taken on the Base of UN Security Council Resolutions, and Stipulating the Procedure for Authorizing Access Thereto that entered into force on May 19, 2011;

- The Resolution of the Cabinet of Ministers of Ukraine dated September 5, 2007 No 1097 On Enforcement of the UN SC Resolutions regarding the Islamic Republic of Iran;

- The Resolution of the Cabinet of Ministers of Ukraine dated June 1, 2002 No 749 On Enforcement of the UN SC Resolutions regarding Usama ben Laden, Al-Kaida and Taliban (Afganistan).

1. The Basic Law has put in place the suspicious transactions freezing mechanism. Under the Article 17 (part 1) of the Basic Law a reporting entity is obliged to suspend execution of financial transaction if its participant or beneficiary is included to the list of persons, related to terrorist activity or internationally sanctioned, and within the same day to report it to the Specially Authorized Agency.

Such suspension (freezing) of financial transactions shall be performed for a period up to two business days that may be extended to five business days, and the SFMS of Ukraine shall inform about this fact the reporting entity and the law enforcement agencies authorized to take decision under the criminal procedure law without delay.

If the grounded suspicion is confirmed the SFMS of Ukraine shall prepare and submit appropriate case referrals to the law enforcement agencies. In this case the term of freezing the financial transaction may be extended to seven business days unless the overall term of freezing exceeds 14 business days.

The Cabinet of Ministers of Ukraine approved the Procedure of Composing the List of Persons Related to Terrorist Activities or regarding whom International Sanctions are Applied by the Resolution dated 18.08.2010 № 745.

Under the above mentioned Procedure the reasons of the SFMS for enlisting the legal or natural person are the following:

- 1) the court decision, which came into force on determination of the natural person guilty of committing crimes stipulated in Articles 258, 258¹, 258², 258³, 258⁴ and 258⁵ of the Criminal Code of Ukraine;

- 2) the information composed by international organizations or their authorized bodies on organizations, legal and natural persons related to terrorist organizations or terrorists, as well as on the persons, with regard to whom international sanctions are applied;

- 3) judgments or court decisions, the decisions of other competent authorities of foreign countries regarding organizations, legal and natural persons related to terrorist

	<p>activities that are recognized by Ukraine according to international treaties of Ukraine.</p> <p>Under paragraph 5 of the Procedure, the list of designated persons (amendments) shall be formed and approved by the Order of the SFMS of Ukraine within 3 business days from the day of receipt of appropriate data (documents) and information.</p> <p>Additionally, the Order of the SFMS of Ukraine dated August 27, 2010 No 149 approved the Procedure for Informing reporting entities concerning the list of persons related to terrorist activity and to whom international sanctions are applied and the Instruction on entering information to the list of persons related to terrorist activity or internationally sanctioned persons.</p> <p>The SFMS of Ukraine notifies the reporting entities on the list of designated persons (amendments to it) via the official web-site of the SFMS of Ukraine.</p> <p>In its turn, on September 28, 2010 the SFMS of Ukraine passed the Order No 172 that approved the Procedure for Taking Decisions by the State Financial Monitoring Service of Ukraine on Suspension of Financial Transactions.</p> <p>This Procedure sets forth the process for taking by the SFMS of Ukraine the decision on further freezing of financial transaction for a five day period if its beneficiary or participant is the designated or internationally sanctioned person.</p> <p>The Procedure stipulates that the decision on further freezing of such financial transaction shall be taken by the SFMS of Ukraine not later than the next business day from the day of receipt of the notification of the reporting entity and shall be sent to the reporting entity without delay.</p> <p>At the same time, under the order of the SFMS of Ukraine submitted to fulfill foreign authorized agency request on suspension of the relevant financial transaction that could be related to money laundering or terrorist financing, the reporting entity shall suspend execution or ensure monitoring of such financial transaction (the Article 6, part 2 (17)).</p> <p style="padding-left: 40px;">2. Ukraine as the UN member enforces the UN SC Resolutions on the freezing of terrorist assets and other designated assets. Such freezing shall be carried out without delay and for indefinite term, that is until this person is delisted from the UN list on the base of the UN SC Resolution.</p> <p>Consequently, the Law of Ukraine On Amending Some Legislative Acts of Ukraine Regarding Freezing of Assets Related to Terrorist Financing or Financial Transactions Suspended Pursuant to the Decisions Taken on the Base of UN Security Council Resolutions, and Stipulating the Procedure for Authorizing Access Thereto ensures the mechanism of such freezing.</p> <p>Thus, the Security Service of Ukraine is authorized to address the court with the request to freeze terrorist assets. This is provided for by the amendments to Law of Ukraine on the Security Service of Ukraine and the Law of Ukraine On Fight against Terrorism.</p> <p>The Code on Administrative Justice stipulates the procedure of consideration of such requests by the courts. The Code is supplemented by the new Article that clarifies the peculiarities of proceedings in the cases concerning freezing or lifting of freezing terrorist assets. The court ruling shall be delivered not later than the next business day from the day of receipt of the motion to freeze or to lift freezing of the terrorist assets. Court rulings shall be enforced without delay.</p>
<p>Measures taken to implement the recommendations since the adoption</p>	<p>In accordance with the Charter of the United Nations, Ukraine, as a member of the United Nations, should ensure the implementation of resolutions of the UN Security Council (article 25 of the UN Charter).</p> <p>Countries should have effective laws and procedures to freeze terrorist funds or</p>

<p>of the second progress report.</p>	<p>other assets, sanctions, defined by the UN Committee.</p> <p>International financial sanctions against the Islamic Republic of Iran are determined in the Resolutions of the UN Security Council, which include, in particular, the freezing of assets, freezing of funds and other financial assets or economic resources of persons who commit or attempt to commit, terrorist acts or participate in the Commission (Resolution of the UN Security Council from 23.12.2006 No. 1737, dated 24.03.2007 No. 1747, dated 03.03.2008 No. 1803, from 09.06.2010 No. 1929).</p> <p>Ukraine has taken some measures to implement the resolutions of the UN Security Council and the relevant FATF Recommendations through the adoption of: Law 2015</p> <ul style="list-style-type: none"> - The law of Ukraine "On amendments to some legislative acts concerning the seizure of assets related to terrorist financing and related financial operations are stopped in accordance with the decision taken on the basis of resolutions of the UN security Council, and determine the order of access to such assets"[37], which entered into force on May 19, 2011[37] <p>Resolution of the Cabinet of Ministers of Ukraine dated September 5, 2007 № 1092 "On the implementation of resolutions of the UN Security Council regarding the Islamic Republic of Iran" [48]</p> <p>Resolution of the Cabinet of Ministers of Ukraine from June 1, 2002 № 749 "On the implementation of resolutions of the UN Security Council regarding Osama bin Laden, El-Qaeda and the Taliban (Afghanistan)" [49].</p> <p>Question about blocking financial transactions where its participants or beneficiaries for them have faces, which are included in the list of persons in respect of whom applied international sanctions determined by Law 2015 .</p> <p>According to article 17 of the Law 2015 the entity of initial financial monitoring is obliged to stop the conduction of financial transaction if its participant or vegetative it has a face, which is included in the list of persons related to terrorist activities or regarding whom applied international sanctions, and on the same day to inform the FIU of Ukraine.</p> <p>Suspension (freezing) of the financial operations carried out by the entity of initial financial monitoring for the period of 2 working days, which may be extended by the FIU for a period of 5 working days, what the FIU of Ukraine promptly notify the entity of initial financial monitoring and law enforcement authorities authorized to take action under the criminal procedure law.</p> <p>If confirmed reasoned suspicions the FIU of Ukraine prepares and delivers the corresponding generalized materials to law enforcement agencies,</p> <p>The duration of the suspension of the relevant financial (financial) operations (operations) continues the FIU of Ukraine from the next working day after submission of the corresponding generalized material or secondary generalized material, provided that the total period of such suspension will not exceed 30 working days.</p> <p>The Cabinet of Ministers of Ukraine by order dated 18.08.2010 No. 745 [50] adopted the Procedure of forming the list of persons related to terrorist activities or regarding whom applied international sanctions.</p> <p>According to the specified Order the grounds for making the FIU of Ukraine the legal or natural person in the list is:</p> <ol style="list-style-type: none"> 1) the sentence of the court, which gained legal force, on the recognition of natural persons guilty of committing crimes under articles 258, 2581 - 2585 of the Criminal code of Ukraine[3]; 2) information, which are formed international organizations or bodies authorized by them, organizations, legal and natural persons related to terrorist organizations or terrorists, and also the individuals for which applied international sanctions;
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	<p>3) judgments or court decisions, decisions of other competent authorities of foreign States with regard to organizations, entities or persons associated with terrorist activities that are recognized by Ukraine according to international treaties of Ukraine.</p> <p>According to paragraph 5 of the order of the list of persons (amendment to it) shall be approved by the FIU within three working days from the date of receipt of the relevant information (documents) and information.</p> <p>Along with this, the order of the FIU of Ukraine August 27, 2010 № 149 (as amended by the order of FIU of Ukraine from 04.12.2012 No. 1272[89]) approved the Procedure of bringing to the attention of the subjects of primary financial monitoring of the list of persons related to terrorist activities or regarding whom applied international sanctions and the Instructions for entering information into the list of persons related to terrorist activities or regarding whom applied international sanctions.</p> <p>The list of persons (amendment to it) shall be communicated by the FIU of Ukraine to the entities of initial financial monitoring by posting it on the official web-site of the FIU of Ukraine.</p> <p>However, according to paragraph 17 of part two of article 6 of the Law 2015 by the FIU of Ukraine provided with the aim of fulfilling the request of a foreign state on the stop of the relevant financial transactions as such that is may be related to legalization of the incomes received by a criminal way, or terrorism financing, the entity of initial financial monitoring stops conducting or monitoring such financial transactions.</p> <p>Ukraine, as a member of the United Nations, should ensure that the resolutions of the UN Security Council to freeze the assets of terrorists "al-Kaida", the Taliban and other terrorist organizations. While such freezing should be carried out immediately for an indefinite period, that is, until the person will not be excluded from the UN list and only on the basis of Security Council resolutions.</p> <p>In this regard, the Law of Ukraine "On amendments to some legislative acts concerning the seizure of assets related to terrorist financing and related financial operations are stopped in accordance with the decision taken on the basis of resolutions of the UN security Council, and determine the order of access to such assets" № 3266-VI dated 21.11.2011 [37] provides a mechanism of the freeze.</p> <p>So, the Law of Ukraine № 3266-VI dated 21.11.2011[37]:</p> <ul style="list-style-type: none"> - The security service of Ukraine received the right to the court for freezing terrorist assets (amendments to the Law of Ukraine "About security Service of Ukraine" [20] and the law of Ukraine "On combating terrorism" [19]); - The code of administrative procedure of Ukraine[5] supplemented with a new article that defines the specifics of performing in cases concerning the imposition or removal of arrest on terrorist assets, namely, judgment is made not later than the next day from the date of receipt of the submission of the imposition or withdrawal of the arrest of terrorists ' assets. Judicial decisions are executed immediately.
<p>(Other) changes since the second progress report (e.g. draft laws, draft regulations or draft “other enforceable means” and other relevant initiatives</p>	

Recommendation 36 (Mutual legal assistance) & Special Recommendation V (International co-operation)	
Rating: Partially compliant	
Recommendation of the MONEYVAL Report	<i>Ukraine should speed up the adoption of the new Criminal Procedure Code, as it is understood that it would provide for a more comprehensive framework and elaborate further detailed procedures for provision of various types of MLA as well as related guidance for all staff working on these matters. Such procedures should also stipulate timeframes for responses of MLA requests</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	<p>Since November 23, 2009 the project of new Criminal Procedural Code of Ukraine is being processed by the Cabinet of Ministers of Ukraine in order to be forwarded for further consideration to the Parliament of Ukraine.</p> <p>Besides, for the present moment Draft Law on Introducing Amendments to the Criminal Procedural Code of Ukraine concerning legislative provision of the procedure for giving legal assistance in extradition of offenders has been elaborated and forwarded for consideration of the Parliament of Ukraine. In January, 2010 this Draft Law was adopted by the Ukrainian Parliament in the first reading.</p> <p>After law in proposed version will be adopted by the Parliament of Ukraine, it will solve the majority of challenges faced by appropriate state agencies engaged in extradition of offenders and will ensure observance of rights and legal interests of the persons regarding to whom extradition is being solved.</p>
Measures reported as of 6 December 2012 to implement the Recommendations of the report	<p>The New Criminal-Procedure Code of Ukraine was adopted on April 13, 2012 by the Parliament of Ukraine and comes into force on November 19, 2012.</p> <p>The New Criminal-Procedure Code of Ukraine is highly appreciated not only by national experts in the field of law, but also by international experts. Thus, to assess compliance of the new Criminal-Procedure Code of Ukraine provisions with modern democratic standards its text has been sent to the experts of the Council of Europe, who have indicated in their findings that the new Criminal-Procedure Code of Ukraine takes into account the most significant recommendations made in consultation of Ukrainian authorities with the experts of Council of Europe.</p> <p>Experts, in particular, indicated that at the stage of entry into the Parliament of Ukraine a draft of the new Criminal-Procedure Code of Ukraine "was an essential document which contained a lot of positive changes and took into account the many requirements of European standards for regulating criminal procedure." And amendments made during its consideration by the Parliament of Ukraine "have greatly improved a draft." Thus, the experts noted that the final version of the new Criminal-Procedure Code of Ukraine reflected "positive cooperation of Ukrainian authorities with the experts of Council of Europe throughout the legislative process."</p> <p>Provisions of Chapter IX of the new Criminal-Procedure Code of Ukraine comprehensively regulated the issue of international cooperation in criminal proceedings, its general principles, procedures of providing and obtaining international assistance, depending on its type, procedural deadlines of execution international requests, clear central (authorized) and competent bodies, the order of transfer of convicted persons and the recognition and enforcement of judgments of foreign courts in Ukraine.</p> <p>In particular, Article 581 of the new Criminal-Procedure Code of Ukraine defines the rights of the person whose extradition is requested. According to Article 558 of the new Criminal-Procedure Code of Ukraine the request of foreign country competent authority on international legal assistance is executed within one month from the date of its receipt by the direct executor. If it is necessary to perform complex and large in term proceedings, including those which require approval of the prosecutor or can be</p>

	<p>made only on the ground of the decision of investigating judge, the deadline of execution may be extended by the central authority of Ukraine or the body authorized to perform intercourse with foreign competent authorities pursuant to зфке еркyy шa Article 545 of the Code.</p>
<p>Measures taken to implement the recommendations since the adoption of the second progress report.</p>	<p>The new criminal procedure code of Ukraine [2] adopted April 13 2012 the Parliament and entered into force on 19 November 2012.</p> <p>The provisions of Section IX of the criminal procedure code [2] Ukraine comprehensively address the issues of international cooperation during criminal proceedings, the General principles, procedure of granting and receiving of international assistance depending on its type, the procedural deadlines for international requests, a clear competence of the Central (commissioners) and competent authorities, order the transfer of sentenced persons and the recognition and enforcement of judgements of foreign courts in Ukraine.</p> <p>In particular, article 581 of the criminal procedure code of Ukraine [2] defines the rights of the person whose extradition is requested. In accordance with article 558 of the new criminal procedure code of Ukraine [2] the request of the competent authority of a foreign state on international legal assistance is made within one month from the date of its receipt until close by. You need to perform complex and high-volume procedural actions, including those that require approval of the Prosecutor or can be made only on the basis of the decision of the investigating judge, the deadline may be extended by the Central authority of Ukraine or the body authorized to engage in intercourse with the competent authorities of a foreign state in accordance with part three of article 545 of this Code.</p>
<p>Recommendation of the MONEYVAL Report</p>	<p><i>The Ukrainian authorities should enable rendering MLA in the absence of dual criminality, in particular for less intrusive and non compulsory measures</i></p>
<p>Measures reported as of 27 September 2010 to implement the Recommendation of the report</p>	<p>It should be mentioned that the term “dual criminality” is not available in the international treaties of Ukraine. We consider that for the present moment mutual legal assistance system in the criminal matters fully complies with European standards, as for it is based on European Convention on Mutual Legal Assistance in Criminal Matters, 1959.</p> <p>Any international treaty does not contain the obstacles for giving international legal assistance in criminal matters to the request of international court or other competent agencies in the instance when the matter is not subject to jurisdiction of Ukraine. When dual criminality as the condition for giving legal assistance is implied, then the majority of international treaties precisely stipulates that legal assistance shall be given irrespective of the fact whether an act is recognized as a crime under the law of the requested party. At the same time, at executing extradition requests, requests of convicts transfer, property confiscation requests dual criminality is obligatory condition.</p>
<p>Measures reported as of 6 December 2012 to implement the Recommendations of the report</p>	<p>According to Article 1 of the European Convention on Mutual Assistance in Criminal Cases in a wording of the Second Additional Protocol of 2001 to the Convention (which entered into force for Ukraine on January 01, 2012) Ukraine undertook to provide, without delay, to another state pursuant to the provisions of this Convention, the widest mutual assistance in proceedings in respect of offenses the punishment of which at the time of the request for assistance falls under the jurisdiction of the judicial authorities of requesting Party. Mutual assistance may also be provided in proceedings brought by the administrative authorities in respect of acts which are punishable under the national law of the requesting or requested Party on the grounds that they are in violation of the law, in cases where the decision may give rise to proceedings before a court that has jurisdiction, especially in criminal cases. Mutual</p>

	<p>assistance may not be refused solely on the ground that it relates to offenses for which a legal person may be held liable in the requesting Party. However, the Convention does not apply to arrests, enforcement of sentences and to offenses under military law which are not offenses under ordinary criminal law.</p> <p>In the absence of an international treaty of Ukraine legal assistance or other cooperation may be provided on the basis of the request of another State or requested on the basis of reciprocity (Article 544 of the new Criminal-Procedure Code of Ukraine, which comes into force on November 19, 2012). Regarding the extradition and transfer of convicted persons Article 573 of the new Criminal-Procedure Code states that the request for extradition of a person is sent only if under the law of Ukraine for at least one of the offenses in respect of which extradition is requested is punishable in the form of imprisonment for a maximum term of not less than one year or a person sentenced to a punishment of imprisonment and unserved term is not less than four months.</p> <p>Article 606 of the new Criminal-Procedure Code states that the person sentenced by the court of Ukraine may be transferred to serve his punishment to another state, and a citizen of Ukraine sentenced by foreign court is accepted to serve his/her punishment in Ukraine provided only the criminal offense as a result of the commission of which the sentence was delivered is an offense under the law of the State of enforcement sentence or would be a crime punishable by imprisonment if committed on its territory.</p>
<p>Measures taken to implement the recommendations since the adoption of the second progress report.</p>	<p>According to the Article 1 of the European Convention on Mutual Assistance in Criminal Matters of the Second Additional Protocol as of 2001 to the Convention (which came into force in Ukraine 01.01.2012) Ukraine committed to provide without delay another State under the provisions of this Convention, the widest measure of mutual assistance in proceedings in respect of offenses the punishment of which at the time of the request for assistance within the jurisdiction of the judicial authorities of the requesting Party. Mutual assistance may also be granted in proceedings conducted by administrative authorities in respect of acts which are punishable under the domestic law of the requesting or requested Party on the grounds of law violations, in cases where the decision may lead to court proceedings, which has jurisdiction, especially in criminal cases. Mutual assistance may not be refused only on the grounds that it relates to acts for which a legal entity may be held liable in the requesting Party. However, the Convention does not apply to arrests, the enforcement of sentences and the offenses under military law which are not offenses under ordinary criminal law.</p> <p>In the absence of international agreement of Ukraine legal assistance or other cooperation may be granted on the basis of the request of another state or requested on the basis of reciprocity (Article 544 of the new Code of Ukraine [2], which entered into force on 19.11.2012).</p> <p>Regarding extradition and transfer of sentenced persons in Article 573 of the new Code of Ukraine [2]is stated that the request for extradition (extradition) is sent only in case where the law of Ukraine at least one of the offenses in respect of which extradition is requested are punishment of imprisonment for a maximum period of at least one year or a person sentenced to punishment of imprisonment and unserved term is not less than four months.</p> <p>In article 606 of the new criminal procedure code of Ukraine [2] is stated that condemned by the court, the person may be transferred to serve their sentence in another state, and convicted by a foreign court of a citizen of Ukraine adopted to serve their sentences in Ukraine only on the condition if the criminal offence as a result of which the sentence was pronounced, is a crime under the laws of the state of</p>

	enforcement or would be an offence if committed on its territory, the convicted person may be punished with imprisonment.
Recommendation of the MONEYVAL Report	<i>The authorities should keep annual statistics on all MLA and extradition requests (including requests relating to freezing, seizing and confiscation) that are made or received, relating to ML, the predicate offence and FT, including the nature of the request, whether it was granted or refused and the time required to respond.</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	<p>The Ministry of Justice keeps registration of statistical data on the requests, obtained and forwarded under different types of international assistance: mutual legal assistance, extradition, execution of court rulings on confiscation and others. Requests related to money laundering, predicated offences and terrorism financing are absent in 2009.</p> <p>The General Prosecutor's Office keeps registration of statistical data on the requests, obtained and forwarded to be executed by the GPO, including the requests in criminal matters related to money laundering, and arrest of funds and property of accused persons. Registration reporting reflects the data on the nature of the request, its actual execution and the time for execution.</p> <p>With regard to the statistics on AML/CFT issues please see the attached <i>Appendix V</i>.</p>
Measures reported as of 6 December 2012 to implement the Recommendations of the report	<p>The Ministry of Justice of Ukraine conducts quarterly, semi-annual and annual accounting on requests sent and received by certain types of international assistance: mutual legal assistance, extradition, enforcement of sentences of confiscation and others. Statistics on requests related to money laundering, predicate offenses and terrorist financing for 2010-2012 (for 9 months) is added.</p> <p>In 2011 the Division of Legal Assistance of International and Legal Department of the General Prosecutor's Office of Ukraine sent 5 applications of Ukrainian investigation authorities investigation on providing legal assistance in criminal cases, investigated under the facts of legalization of the proceeds from crime.</p> <p>In this period the General Prosecutor's Office of Ukraine organized execution of 23 orders of foreign competent authorities of 13 countries on providing legal assistance in criminal cases, investigated under the facts of legalization of the proceeds from crime.</p> <p>Within 6 months of 2012 the General Prosecutor's Office of Ukraine organized execution of 9 orders of foreign competent authorities of 7 countries on providing legal assistance in criminal cases, investigated under the facts of legalization of the proceeds from crime.</p>
Measures taken to implement the recommendations since the adoption of the second progress report.	<p>The Ministry of Justice of Ukraine is conducted quarterly, semiannual and annual account of the requests sent and received on certain types of international assistance, mutual legal assistance, extradition, the carrying out of the confiscation and others. Statistics on requests related to money laundering, predicate offenses and terrorist financing, in 2010-2015 (5 months.) added to the application.</p>
(Other) changes since the second progress report (e.g. draft laws, draft regulations or draft "other enforceable means" and other relevant initiatives	

Special Recommendation III (Freezing and confiscating terrorist assets)	
Rating: Partially compliant	
Recommendation of the MONEYVAL Report	<i>The Basic Law should envisage the power for executing initial suspension (freezing) of financial transactions not only for the designated financial and non-financial entities, but also for authorized state agencies (the SFMS or other)</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	Article 17 of New AML/CFT Law introduces the right of FIU to suspend financial transactions subject to reasonable suspicion to be connected to money laundering or terrorist financing or internationally sanctioned. Moreover, the Resolution of the Cabinet of Ministers of Ukraine On Adopting the Procedure of Composing of the List of Persons Related to Terrorist Activities or with Regard to Whom International Sanctions are Applied was adopted as of August 18, 2010 No 745.
Measures reported as of 6 December 2012 to implement the Recommendations of the report	<p>The Article 17 empowers the reporting entity and the SFMS of Ukraine to freeze financial transactions with regard to which there is a reasonable suspicion that they are related to ML/TF or internationally sanctioned.</p> <p>Overall term of such freezing shall not exceed 14 business days. The Basic Law stipulates the following procedure of the financial transactions freezing.</p> <p>1 stage: for a 2 day period – the reporting entity is authorized to freeze the financial transaction provided the transaction has the indicators set up by the Articles 15 and 16 of the Basic Law and is obliged to freeze financial transaction if its participant or beneficiary is included to the list of persons, related to terrorist activity or internationally sanctioned, and within the same day to report it to the SFMS of Ukraine (part 1, the Article 17 of the Law);</p> <p>2 stage: for a 5 day period – the SFMS of Ukraine may take decision to extend freezing of the financial transaction and debit transactions under customer's (person's) accounts to carry out analysis (part 2, the Article 17 of the Law) and, where there are sufficient grounds, to prepare case referrals;</p> <p>3 stage: for a 7 day period – the SFMS of Ukraine, where the reasonable ground is confirmed and the case referrals are submitted to the law enforcement agencies, takes decision to extend freezing of the financial transaction and debit transactions under customer's (person's) accounts.</p> <p>At the same time under part 5 of the Article 22 of the Basic Law fulfillment of relevant request of foreign authorized agency on suspending relevant financial transaction as related to ML/TF, the SFMS of Ukraine is empowered to assign the reporting entity to freeze or renew performing or to provide monitoring of financial transaction of relevant person within the period mentioned in the request. Freezing and renewal procedure of such financial transaction shall be established by the supervisory authority regulating and controlling reporting entities within its competence.</p>
Measures taken to implement the recommendations of the second progress report.	<p>Article 17 of the Law 2015 [1] introduced the right of the FIU of Ukraine to suspend financial transactions with respect to which there is a reasonable suspicion that they be related to legalization (laundering) of proceeds from crime, financing terrorism, or to which international sanctions are applied.</p> <p>So, this article provides the right to reporting entity and Financial Monitoring Service to suspend financial transactions with respect of connection to legalization (laundering) of proceeds from crime, or terrorism financing, to which international sanctions are applied.</p> <p>The total period of such suspension of financial transactions should not exceed 30 working days. The procedure of suspension of financial transactions is the following:</p> <p>1st stage: in 2 working days – the reporting entity has the right to suspend conduction of financial transactions if such transaction contains indications under the Articles 15 and 16 of the Basic Law[1], and is obliged to suspend the conduction of</p>

	<p>financial transaction if its participant or beneficiary, w is included in the list of persons related to terrorist activities or regarding to whom international sanctions are applied, and on the same day to notify FIU (part one of article 17 of the Law[1]);</p> <p>2nd stage: in 5 working days – FIU can make a decision about subsequent suspension of financial transactions and debit transactions for clients ' accounts (entities) to conduct analytical work (part two and three of article 17 of the Law[1]) and, if there are sufficient grounds to undertake the preparation of case referrals;</p> <p>3rd stage: the period of suspension of the relevant financial (financial) operations (operations) can be prolong by the FIU from the next working day after submission of the corresponding case referrals or additional case referrals, in case that the total period of such suspension will not exceed 30 working days.</p> <p>At the same time, according to the part 3 of article 23 of the Basic Law [1] on the implementation of the relevant request of the authorized body of a foreign state authorised body has the right to entrust the reporting entity to suspend or resume the carrying out or procure the carrying out of financial monitoring (financial) operation(operations) of the person concerned within the period specified in such request.</p>
Recommendation of the MONEYVAL Report	<i>Ukraine should prescribe in an evident manner that suspension (freezing) of terrorist funds extends to the cases where no national court decision or appropriate foreign decision are existent, but the funds are disclosed to be owned or controlled by persons who commit, or attempt to commit terrorist acts or participate in or facilitate the commission of terrorist acts</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	<p>According to the Article 17 of New AML/CFT Law reporting entity has the right to suspend carrying out of financial transaction for a period up to two business days, and SFMS as FIU – up to 5 business days. Besides, in case of submitting case referrals to the law enforcement authorities New AML/CFT Law prescribes automatic prolonging of suspension for 7 business days more.</p> <p>Thus, the legislation of Ukraine prescribes the right of FIU to suspend performing suspicious financial transactions without relevant court decision.</p> <p>The paragraph 6 of the Resolution of the Cabinet of Ministers of Ukraine On adopting the procedure of composing of the list of persons related to terrorist activities or with regard to whom international sanctions are applied as of August 18, 2010 No 745, foresees the procedure of seizure of terrorist funds.</p>
Measures reported as of 6 December 2012 to implement the Recommendations of the report	<p>Under the Article 17 of the Basic Law the reporting entities are authorized to freeze the financial transactions for a 2 day period and the SFMS of Ukraine as the national FIU is empowered to freeze the transactions for a 5 day period.</p> <p>Besides, where the case referrals are submitted to the law enforcement agencies, the Basic Law provides for automatic extension of freezing of the financial transactions for additional 7 business days.</p> <p>Therefore, the legislation of Ukraine provides for the power of FIU to freeze suspicious financial transactions without the court ruling. Besides, paragraph 6 of the Procedure of Composing the List of Persons Related to Terrorist Activities or regarding whom International Sanctions are Applied, approved by the Resolution of the Cabinet of Ministers of Ukraine No 745, prescribes the terrorist funds freezing process.</p>
Measures taken to implement the recommendations since the adoption of the second progress report.	<p>Under the Article 17 of the New Basic Law[1]the reporting entities shall be entitled to suspend suspicious transactions within two working days, and the FIU, as the national financial intelligence unit – to five business days. In addition, the duration of the suspension of the relevant financial (financial) operations (operations)can be extended by FIU from the next working day after submission of the corresponding case referrals or additional case referrals, in case that the total</p>

	<p>period of such suspension will not exceed 30 working days.</p> <p>Thus, Ukrainian legislation provides the right for the FIU of Ukraine to suspend conduction of suspicious financial transactions without judicial authorization.</p> <p>In addition, part 6 of the Decree of the Cabinet of Ministers of Ukraine No. 745 "On approval of the Procedure of forming the list of persons related to terrorist activities or regarding to whom international sanctions are applied " [50] defines the procedure of confiscation of terrorist funds.</p>
Recommendation of the MONEYVAL Report	<i>Freezing mechanisms of other jurisdictions are undertaken through the Security Service of Ukraine, which provides to the SFMS the submitted court decisions and other decision of foreign competent authorities. It is recommended to enable prompt determination and suspension (freezing) of terrorist funds also on the basis of appropriate foreign requests, received by the SFMS or other competent authorities</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	According to the Article 22 Part 5 of New AML/CFT Law according the request was received from the relevant foreign authority on suspension of relevant financial transaction as such that can be related to legalization of the proceeds from crime or terrorist financing, FIU shall have the right to assign the reporting entity to suspend or to renew or to monitor the conduction of financial transaction during the period stated in the request. The procedure for suspension and renewal of such financial transaction shall be designated by the entity of state financial monitoring regulating and supervising over the reporting entities within its competence.
Measures reported as of 6 December 2012 to implement the Recommendations of the report	<p>On 21st of April 2011 the Law “On Introducing Amendments to Some Legislative Acts of Ukraine Regarding Freezing of Assets Related to Terrorist Financing or Financial Transactions Suspended Pursuant to the Decisions Taken on the Base of UN Security Council Resolutions, and Stipulating the Procedure for Authorizing Access to Them” was adopted by the Parliament of Ukraine.</p> <p>This Law amends the Code of Administrative Justice of Ukraine and the Laws of Ukraine On Fight Against Terrorism, On the Security Service of Ukraine.</p> <p>The Security Service of Ukraine is authorized to initiate freezing of the assets related to terrorist financing or to financial transactions suspended pursuant to the decisions taken on the base of UN Security Council Resolutions, lifting of such freezing and authorizing access to them under the requests of person that may confirm the needs to cover basic and extraordinary expenditures by the documents.</p> <p>The terrorist assets can be frozen for an indefinite term; case is processed by the court in one work day and without notification of the owner of the assets.</p> <p>Thus, the Code on Administrative Justice of Ukraine was supplemented with the Article 183-4 “Peculiarities of proceedings in cases initiated under the request of the Security Service of Ukraine on imposition of freezing on assets related to terrorist financing or financial transactions suspended under the decisions taken on the base of UN SC Resolutions, lifting of freezing from such assets or authorizing access to them”.</p> <p>This procedure is effectuated according to the Instruction on organization of defense of the SSU interests in courts pursuant to civil and administrative justice (Order of the Security Service of Ukraine as of 18.03.2009 No 155). The order has been amended in 2011 and now includes the section IX “Cases under the address of the Security Service of Ukraine regarding arresting assets related to terrorist financing and concerned to financial transactions suspended pursuant to the decision taken on the base of UN SC Resolutions, lifting arrest of these assets as well as providing an access to them” The Order regulates organization and procedure of representation interests of the Security Service of Ukraine in the courts, the procedure itself and a range of persons entitled to represent these interests as well as legal base regulating this sphere.</p>

The State Court Administration of Ukraine sent to the administrative courts the letters of explanation regarding the procedure for deciding in cases on the procedure of freezing terrorist assets, access to such assets and withdrawal freezing of such assets. At the same time the Law imposes no restrictions to the Security Service of Ukraine as for sources of information on the persons owning assets related to terrorist activities.

Therefore the source of such information can be a request from the relevant foreign authority or other not prohibited by the law means that may provide a sufficient proof base for the appropriate decision to be taken by the Security Service of Ukraine. The information provided to the court should be enough to prove that person is listed in the UN SC Resolutions or is related to the terrorist activities (e.g. the broad definition of terrorist activity in the Article 1 of the Law on fight against Terrorism) As far as the court process in such cases is not of competition nature the level of proof is significantly lower than in criminal cases.

The above mentioned fully complies with the UN SC Resolution No 1373 according to paragraph 2 (b) of which all the states shall take the necessary steps to prevent the commission of terrorist acts, including by provisions of early warning to other States by exchange of information.

In accordance with the provisions of the Law, provided that there is necessary information, the Security Service of Ukraine initiates the issue on imposition of freezing for an indefinite term of the assets related to terrorist financing or financial transactions suspended under the decisions taken on the base of UN SC Resolutions (amendments to the Article 5 of the Law of Ukraine on Fight Against Terrorism).

Such freezing shall be conducted under the court ruling.

According to new provisions of the Code on Administrative Justice (the Article 183-4) the proceedings in the above mentioned cases shall be conducted on the base of administrative lawsuit of Head of the Security Service of Ukraine or his/her deputy. An administrative lawsuit shall be submitted to the court of the first instance under the jurisdiction stipulated by the Code of Administrative Justice.

Administrative lawsuit shall be composed in writing and shall contain:

- 1) name of administrative court;
- 2) name, postal address and telephone number of the applicant;
- 3) reasons of lawsuit, circumstances confirmed by proofs and the demands of an applicant;
- 4) list of documents and other materials annexed;
- 5) sealed signature of the authorized person of the subject of power authorities.

The Law provides for that the resolution in essence of the claims laid shall be passed by the court not later than the next business day from the day of obtaining of the lawsuit in the closed court session with notification and with participation of the applicant only. And the person-owner of assets related to terrorist financing or whose financial transactions have been suspended under the decisions taken on the base of UN SC Resolutions, subject to freezing, shall not be notified on the consideration of the case by the court.

Judgment on refusal in acceptance of the lawsuit may be contested in appeal procedure. Court of Appeal within three days from the day of receipt of appeal claim shall verify the legality of the judgment of the court of first instance and deliver court ruling in essence.

Court decisions of this category of cases that came into force are final and shall be executed without delay.

The State Financial Monitoring Service of Ukraine and the Security Service of Ukraine have enough powers to suspend financial transactions and to freeze the assets

	<p>related to terrorist financing or internationally sanctioned (including sanctions imposed on the base of UNSC Resolutions on WMD proliferation financing). And such suspension (freezing) may be conducted in the instance of the request of the relevant foreign authority that fully complies with essential criteria III.2 ra III.3 (the FATF Special Recommendation III) of the Methodology for Assessing Compliance with the FATF 40 Recommendations and FATF 9 Special Recommendations.</p>
<p>Measures taken to implement the recommendations since the adoption of the second progress report.</p>	<p>Article 6 of the Law 2015[1] determined that the reporting (further – SPFM) must inform the FIU of Ukraine of identified financial transactions for which there are reasonable grounds to suspect that they are connected, related to, or intended for financing of terrorism - on the day of their identify, or attempt to hold them, but also to inform the law enforcement agencies.</p> <p>Furthermore, according to paragraph first Art. 17 Law [1]SPFM obliged to suspend the conduction of financial transaction if its participant or beneficiary h is included in the list of persons related to terrorist activities or regarding whom international sanctions are applied, and on the same day to notify the FIU.</p> <p>According to part 5 of Article 22 of the Law[1] 5 to perform a corresponding request of the authorized body of the foreign state about suspension relevant financial transactions that may be related to the legalization (laundering) of proceeds from crime, or terrorism financing, the FIU has the right to entrust the reporting entity to suspend or resume the conduction or ensure the monitoring of the financial operations of the person concerned the period specified by this request. The procedure of suspension and renewal of such financial transaction is determined by the entities of state financial monitoring, which performs regulation and supervision of reporting entities, within the limits of its powers.</p> <p>On April 21, 2011, the Verkhovna Rada of Ukraine adopted the Law of Ukraine "On amendments to some legislative acts concerning the seizure of assets related to terrorist financing and related financial operations are suspended in accordance with the decision taken on the basis of resolutions of the UN Security Council, and determine the order of access to such assets"[37].</p> <p>The Law is a tool of the implementation of international commitments of Ukraine regarding the improvement of national legislation in the sphere of prevention and counteraction to legalization (laundering) of proceeds from crime and financing of terrorism, in particular, in the possibility of seizure of assets related to financing of terrorism, to remove a seizure of such assets and provide access to them.</p> <p>Legislative innovation was the definition of "assets related to terrorist financing and related financial operations are suspended in accordance with the decision taken on the basis of resolutions of the UN Security Council". The law of Ukraine "On combating terrorism" [19] under such assets mean cash, property, property and non-property rights, wholly or partially, directly or indirectly owned or controlled by persons related to terrorist activities or regarding to whom international sanctions are applied and assets obtained or derived from such funds, property, property and non-property rights and other assets of specified persons.</p> <p>To persons who possess such assets include:</p> <ul style="list-style-type: none"> - individuals who are associated with terrorist activities; - persons with respect to which international sanctions are applied (including on the basis of resolutions of the UN Security Council). <p>In case of identification of actors, directly involved in the fight against terrorism and/or involved in the fight against terrorism, financial operations or any assets of the persons included in the list of persons related to terrorist activities or regarding whom international sanctions are applied such subjects, without delay, give information on revealed financial transactions or terrorist assets in the Security Service of Ukraine.</p>

<p>Recommendation of the MONEYVAL Report</p>	<p><i>The AML/CFT legal framework of Ukraine should enable suspension (freezing) of funds or other assets not connected with financial transactions</i></p>
<p>Measures reported as of 27 September 2010 to implement the Recommendation of the report</p>	<p>The Part 3 of the Article 17 of New AML/CFT Law provides that FIU can take a decision to suspend the expense transactions under customer's (person's) account, if such transaction contains indicators provided in the Articles 15, 16 of the current Law, up to ten business days, and is obliged to inform immediately about it the reporting entity, as well as law enforcement authorities, authorized to take decision according to Criminal Procedure legislation.</p> <p>If the decision has been taken to suspend the expense transactions under customer's (person's) account, FIU performs analytical activity, collects necessary additional information, processes, verifies and analyses such information.</p> <p>While confirming reasonable suspicion FIU prepares and submits relevant case referrals within term of suspension of such transaction to the law enforcement authorities authorized to take decision according to Criminal Procedural Code.</p> <p>At that the term for financial transaction suspension is prolonged on seven business days from the date of submitting such case referrals if the overall term would not exceed fourteen business days, Part 5 of the Article 17 of New AML/CFT Law.</p> <p>Article 126 of Criminal Procedure Code of Ukraine establishes that securing civil action and possible confiscation of property shall be performed by arresting deposits, values and other property of accused or suspected or persons who shall be responsible under the law for his actions independently on location of such property as well as by seizure of arrested property. Arresting deposits of mentioned persons shall be provided only under court decision.</p>
<p>Measures reported as of 6 December 2012 to implement the Recommendations of the report</p>	<p>Article 126 of Criminal Procedure Code of Ukraine establishes that securing civil action and possible confiscation of property shall be performed by arresting deposits, values and other property of accused or suspected or persons who shall be responsible under the law for his actions independently on location of such property as well as by seizure of the arrested property. Arresting deposits of mentioned persons shall be done under the court decision.</p> <p>Also Article 17 of the AML/CFT Law foresees that FIU of Ukraine may take a decision on suspension of the transactions on customer's account up to 14 business days about which the law enforcement authorities should be informed. Such suspension may be not linked to any transaction reports received (e.g. FIU has no reports but knows about the existence of account)</p> <p>If the decision is taken to suspend transactions on customer's account, the FIU of Ukraine performs analytical activity, collects necessary additional information, processes, verifies and analyses such information. If a reasonable suspicion is confirmed the FIU of Ukraine prepares and submits relevant case referrals within term of suspension of such transaction to the law enforcement authorities empowered to take decision according to Criminal Procedure legislation.</p> <p>The FIU of Ukraine on the day of submitting case referrals shall inform relevant reporting entity on expiry date of the term of financial transaction suspension.</p> <p>If the FIU analysis does not confirm the suspicion on legalization (laundering) of the proceeds from crime or terrorist financing, the FIU of Ukraine shall immediately cancel its freezing order.</p> <p>According to the Article 25, part 2 (7) of the Law of Ukraine On Security Service of Ukraine, SSU officials are authorized to initiate the issue concerning arrest for indefinite term of the assets related to terrorist financing or financial transactions suspended under the decision taken on the base of UNSC Resolution.</p> <p>Please see also item 18.</p>

	<p><i>Case example:</i> During the investigation in September 2010 the FIU of Ukraine sent a request to all Ukrainian banks in order to find the assets of suspect Mr. X. The FIU received information on two accounts of Mr. X. No transactions on these accounts have been reported to the FIU. The FIU of Ukraine issued the freezing order on these accounts, later the money has been arrested under the court decision.</p>
Measures taken to implement the recommendations since the adoption of the second progress report.	<p>Part 11 of Article 17 of Law 2015[1] determines that the exclusion from the list of persons related to terrorist activities or regarding to whom international sanctions are applied, determined by the Cabinet of Ministers of Ukraine.</p> <p>In addition, part 9 of the Decree of the Cabinet of Ministers of Ukraine No. 745 "On approval of the Procedure of forming the list of persons related to terrorist activities or regarding to whom international sanctions are applied " [50] defines a procedure for the exclusion of persons from such list.</p> <p>Part 11 of Article 17 of the Act provides that the exception from the list of persons related to terrorist activities or regarding to whom international sanctions are applied, determined by the Cabinet of Ministers of Ukraine.</p> <p>Paragraph 9 of the Procedure of forming the list of persons related to terrorist activities or regarding to whom international sanctions are applied, approved by the Decree of the Cabinet of Ministers of Ukraine No. 745 [50], defines the procedure for exclusion of persons from such list.</p> <p>According to paragraph 7 of the Order the grounds for exclusion person from the list is:</p> <ol style="list-style-type: none"> 1) repayment or the removal of criminal records of individuals convicted of committing crimes stipulated by Articles 258, 2581 – 258-5 of the Criminal Code of Ukraine[3]; 2) the exclusion of a person from the information generated by international organizations or bodies authorized by them on organizations, legal and natural persons related to terrorist organizations or terrorists, and also the individuals for which applied international sanctions; 3) repayment or removal of conviction from individuals convicted by the verdict or decision of a court, other competent authorities of foreign States on the organizations legal or individuals associated with terrorist activities that are recognized by Ukraine according to international treaties of Ukraine; 4) the availability of documented data about the death of a natural person included to the list, and for legal entities - disposal policy.
Recommendation of the MONEYVAL Report	<i>Ukraine should review and complete the existing procedures for considering delisting requests, develop procedures for unfreezing the funds or other assets of delisted persons or entities in a timely manner and take necessary measures to ensure that such procedures are effective and publicly known</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	<p>Part 11 of the Article 17 of New AML/CFT Law provides for that procedure for delisting of persons related to terrorist activity or which are internationally sanctioned is defined by the Cabinet of Ministers of Ukraine. At the present moment, relevant draft of normative act was submitted to Cabinet of Ministers for adoption.</p> <p>Mentioned draft act foresees procedures of considering requests on delisting and unfreezing funds and other assets of delisted persons.</p> <p>The paragraph 9 of the Resolution of the Cabinet of Ministers of Ukraine On adopting the procedure of composing of the list of persons related to terrorist activities or with regard to whom international sanctions are applied as of August 18, 2010 No 745, foresees procedure for de-listing requests.</p>
Measures reported	Part 11 of the Article 17 of the Basic Law sets up that the procedure for delisting the

<p>as of 6 December 2012 to implement the Recommendations of the report</p>	<p>persons from the list of persons related to terrorist activities or internationally sanctioned shall be stipulated by the Cabinet of Ministers of Ukraine.</p> <p>Paragraph 9 of the Procedure of Composing the List of Persons Related to Terrorist Activities or regarding whom International Sanctions are Applied approved by the Resolution of the Cabinet of Ministers of Ukraine No 745 defines the delisting procedure.</p> <p>According to paragraph 7 of the Procedure the reasons to delist the person by the SFMS shall be the following:</p> <ol style="list-style-type: none"> 1) quashing or cancellation of criminal record of the natural person, convicted of committing crimes stipulated in Articles 258, 258¹, 258², 258³, 258⁴ and 258⁵ of the Criminal Code of Ukraine; 2) exclusion of the person from data that composed by international organizations or their authorized bodies on organizations, legal and natural persons related to terrorist organizations or terrorists, as well as on persons, with regard to whom international sanctions are applied; 3) quashing or cancellation of criminal record of the natural person convicted under the verdict of guilty or the court ruling, the decision of other competent authorities of foreign countries regarding organizations, legal and natural persons related to terrorist activities which are recognized by Ukraine according to international treaties of Ukraine; 4) availability of documentary approved data on the death of the natural person included to the list, and for organizations and legal persons – on their liquidation.
<p>Measures taken to implement the recommendations since the adoption of the second progress report.</p>	<p>Part 11 of article 17 of Law 2015[1] determines that the exclusion from the list of persons related to terrorist activities or regarding whom applied international sanctions, determined by the Cabinet of Ministers of Ukraine.</p> <p>In addition, part 9 of the decree of the Cabinet of Ministers of Ukraine No. 745 "About approval of the Procedure of forming the list of persons related to terrorist activities or regarding whom applied international sanctions" [50] defines a procedure for the exclusion of persons from such list.</p> <p>Part 11 of article 17 of the Act provides that the exception from the list of persons related to terrorist activities or regarding whom applied international sanctions, determined by the Cabinet of Ministers of Ukraine.</p> <p>Paragraph 9 of the Procedure of forming the list of persons related to terrorist activities or regarding whom applied international sanctions, approved by the decree of the Cabinet of Ministers of Ukraine No. 745 [50], defines the procedure for exclusion of persons from such list.</p> <p>According to paragraph 7 of the Order the grounds for exclusion person from the list is:</p> <ol style="list-style-type: none"> 1) repayment or the removal of criminal records of individuals convicted of committing crimes stipulated by articles 258, 258¹ – 258⁵ of the Criminal code of Ukraine[3]; 2) the exclusion of a person from the information generated by international organizations or bodies authorized by them on organizations, legal and natural persons related to terrorist organizations or terrorists, and also the individuals for which applied international sanctions; 3) repayment or removal of conviction from individuals convicted by the verdict or decision of a court, other competent authorities of foreign States on the organizations legal or individuals associated with terrorist activities that are recognized by Ukraine according to international treaties of Ukraine; 4) the availability of documented data about the death of a natural person included to the list, and for legal entities - disposal policy.

<p>Recommendation of the MONEYVAL Report</p>	<p><i>Ukraine should establish procedure for authorising access to funds or other assets that were frozen and that have been determined to be necessary for basic expenses, the payment of certain types of fees, expenses and service charges or for extraordinary expenses</i></p>
<p>Measures reported as of 27 September 2010 to implement the Recommendation of the report</p>	<p>New Basic Law (part 9 of the Article 17) provides that the procedure for authorization access to the funds related to terrorist financing and which relates to financial transactions suspended according to the decision taken under resolutions of UN Security Council shall be defined by the law. Such access is executed for covering basic or extraordinary expenses.</p>
<p>Measures reported as of 6 December 2012 to implement the Recommendations of the report</p>	<p>The Basic Law (part 9, the Article 17) provides for that the procedure for authorization access to the funds related to terrorist financing and financial transactions suspended according to the decision taken under resolutions of UN Security Council shall be defined by the Law. Such access is executed for covering basic or extraordinary expenses.</p> <p>The Article 11-2 of the Law of Ukraine on Fight against Terrorism stipulates the procedure for authorizing access to the assets related to terrorist financing and the financial transactions frozen under the decision taken on the base of the UN SC Resolution.</p> <p>Access to the assets related to terrorist financing or financial transactions suspended under the decisions taken on the base of UN SC Resolutions, shall be authorized under the court decision to cover basic and extraordinary expenditures, including payment for products, rent expenses, mortgage credit, utilities, medicine and medical aid, payment of taxes, insurance premium, or exclusively to cover, under ordinary price, expenses related to special services and to reimburse expenses related to legal services, to pay fees or to make payment pursuant to the legislation for provided on-going money keeping or saving services, the financial transactions with regard to which are suspended, other financial assets or economic resources.</p> <p>If there is need to cover basic or extraordinary expenditures at the expense of the assets related to terrorist financing or financial transactions suspended under the decisions taken on the base of UN SC Resolutions, Head of the Security Service of Ukraine or his/her deputy shall address with submission the Ministry of Foreign Affairs of Ukraine on the necessity to obtain access to such assets.</p> <p>The Ministry of Foreign Affairs of Ukraine within three business days from the date of obtaining the mentioned submission shall address the Committee of UN Security Council for obtaining access to the assets related to terrorist financing or financial transactions suspended under the decisions taken on the base of UN SC Resolutions, to cover basic or extraordinary expenditures.</p> <p>After obtaining by the Ministry of Foreign Affairs of Ukraine of the decision of the Committee of UN Security Council the Ministry of Foreign Affairs of Ukraine shall inform in writing the Head of the Security Service of Ukraine or his/her deputy about satisfaction or refusal in satisfaction of the submission.</p> <p>The information provided in writing from the Ministry of Foreign Affairs of Ukraine on satisfying submission concerning authorizing access to the assets related to terrorist financing or financial transactions suspended under the decisions taken on the base of UN SC Resolutions, in order to cover basic and extraordinary expenditures, is a ground for Head of the Security Service of Ukraine or his/her deputy to address the court with the purpose of obtaining access to such assets.</p>
<p>Measures taken to implement the</p>	<p>Law 2015[1] (Part 9 Article 17) provides the right of access to assets that are associated with terrorist financing and related financial operations are suspended in</p>

<p>recommendations since the adoption of the second progress report.</p>	<p>accordance with the decision taken on the basis of resolutions of the UN Security Council, established by Law. Such access shall cover basic or emergency expenses.</p> <p>Thus, Article 11-2 of the Law of Ukraine "On combating terrorism" [19] determined the order of access to assets that are associated with terrorist financing and related financial operations are suspended in accordance with the decision taken on the basis of resolutions of the UN Security Council.</p> <p>Access to assets related to terrorist financing and related financial operations are suspended in accordance with the decision taken on the basis of resolutions of the UN Security Council, by decision of the court to cover basic and extraordinary expenses, including payment for foodstuffs, rent, mortgage, utilities, medicines and medical aid, payment of taxes, insurance premiums, or solely for implementation at the regular price of the costs of professional services and reimbursement of costs associated with the provision of legal services, the payment of fees or Deposit in accordance with legislation fees for the provision of services in the current storage or preservation of, the financial operation of which is suspended, other financial assets and economic resources.</p> <p>In case of need to cover basic or emergency expenses from the assets related to terrorist financing and related financial operations are suspended in accordance with the decision taken on the basis of resolutions of the UN Security Council, the Chairman of the Security Service of Ukraine or his Deputy refers to the Ministry of Foreign Affairs of Ukraine with the idea of the necessity of obtaining access to such assets.</p> <p>The Ministry of Foreign Affairs of Ukraine within three working days from the date of receipt of the submission refers to the Committee of the UN Security Council for permission to access the assets related to terrorist financing and related financial operations are suspended in accordance with the decision taken on the basis of resolutions of the UN Security Council, to cover basic or emergency expenses.</p> <p>After admission to the Ministry of Foreign Affairs of Ukraine the decision of the Committee of the UN Security Council, the Ministry shall promptly inform in writing form the Chairman of the Security Service of Ukraine or his Deputy on satisfaction or refusal in satisfaction of the request.</p> <p>Filed in writing by the Ministry of Foreign Affairs of Ukraine information on how to accommodate ideas about giving permission to access the assets related to terrorist financing and related financial operations are suspended in accordance with the decision taken on the basis of resolutions of the UN Security Council, to cover basic or emergency expenses is the basis for the appeal to the Chairman of the Security Service of Ukraine or his Deputy in the court for the purpose of obtaining access to such assets.</p>
<p>Recommendation of the MONEYVAL Report</p>	<p><i>It is recommended to review existing provisions to enable confiscation of terrorist related funds in the course of criminal proceedings on terrorist related offences (specified under Articles 258, 258.1-258.4 of the CC)</i></p>
<p>Measures reported as of 27 September 2010 to implement the Recommendation of the report</p>	<p>Article 258-5 of Criminal Code of Ukraine prescribes the confiscation of property in the result of financing of terrorism crime.</p>
<p>Measures reported as of 6 December 2012 to implement the</p>	<p>N/A</p>

Recommendations of the report	
Measures taken to implement the recommendations since the adoption of the second progress report.	<p>Article 258-5 of the Criminal Code [3] provides for liability for terrorist financing, in particular:</p> <p>1. Financing of terrorism, i.e. acts committed with the purpose of financial or material support of an individual terrorist or a terrorist group (organization), organization, preparation or commission of an act of terrorism, involvement in a terrorist act, public incitement to commit a terrorist act, to facilitate the commission of a terrorist act, the creation of a terrorist group (organization), - shall be punishable by imprisonment for a term of five to eight years, with the deprivation of the right to occupy certain positions or engage in certain activities for a term up to two years and with forfeiture of property.</p> <p>2. The same actions committed repeatedly or for selfish motives, or by a group of persons upon their prior conspiracy or on a large scale, or if they caused significant property damage - shall be punishable by imprisonment for a term of eight to ten years, with the deprivation of the right to occupy certain positions or engage in certain activities for a term up to three years and with forfeiture of property.</p> <p>3. Actions envisaged by paragraph 1 or 2 of this Article committed by an organized group or on a large scale, or if they caused other grave consequences, - shall be punishable with imprisonment for a term of ten to twelve years, with the deprivation of the right to occupy certain positions or engage in certain activities for a term up to three years and with forfeiture of property.</p> <p>4. Person other than an organizer or leader of a terrorist group (organization) is exempted from criminal liability for actions under this Article, if he/she voluntarily informed about appropriate terrorist activities or otherwise contributed to its suspension or prevention of crime, which it sponsored, or commission which has contributed, upon condition that his/her actions do not constitute another crime.</p> <p>Note. 1. Financing of terrorism shall be deemed as large if the amount of financial or material support exceeds 6000 tax-free minimum incomes. 2. Financing of terrorism shall be deemed as especially large if the amount of financial or material support exceeds 18000 tax-free minimum incomes.</p> <p>Article 258-5 of the Criminal Code of Ukraine [3] provides for the confiscation of property as a result of the crime of terrorist financing.</p>
(Other) changes since the second progress report (e.g. draft laws, draft regulations or draft “other enforceable means” and other relevant initiatives	

Special Recommendation VI (AML requirements for money/value transfer services)	
Rating: Partially compliant	
Recommendation of MONEYVAL report	<i>MVT service operators (whether they are registered to transfer national or foreign currency) should be required to maintain a current list of agents which they use</i>

<p>Measures reported as of 27 September 2010 to implement the Recommendation of the report</p>	<p>According to the Provision № 348 the members/participants of international payment systems may be banks, non-banking financial institutions, national postal services operator.</p> <p>Banks, non-banking financial institutions, national postal services operator are obliged to register the contracts on membership/participation in the international payment systems before providing services of the relevant international payment system.</p> <p>Banks - payment organizations of money transfer systems are obliged to coordinate with the NBU the rules of these systems before providing services of systems.</p> <p>In order to register contracts on membership/participation in the international payment systems non-bank financial institutions are obliged to provide:</p> <p>certificate on registration of financial institution and license on carrying out of money transfer issued by the State Commission on Regulation of Financial Services Market of Ukraine;</p> <p>license of the NBU to carrying out of individual banking transactions (in case of money transfer from current accounts, opened in non-banking financial institution);</p> <p>general license of the NBU to carrying out of currency transactions. National postal services operators submit the document confirming its registration by the State Commission on Financial Services Market Regulation of Ukraine in the part of providing financial services of postal transfer, and general license of the NBU to carry out of currency transactions.</p> <p>The NBU conducts electronic register of payment systems and its members/participants.</p>
<p>Measures reported as of 6 December 2012 to implement the Recommendations of the report</p>	<p>N/A</p>
<p>Measures taken to implement the recommendations since the adoption of the second progress report.</p>	<p>According to the Law of Ukraine "On Payment Systems and Money Transfer in Ukraine" of 05.04.2001 № 2346-III [29] (hereinafter - the Law N 2346-III) banks and / or resident non-bank institutions shall have right to form and to be members of national and / or international payment systems.</p> <p>The participants of the payment system in Ukraine have the right to be a bank with a banking license from the National Bank of Ukraine, as well as non-bank financial institution that has a license from the National Bank of Ukraine on money transfer without opening accounts which have concluded agreements with the organization of the relevant payment system. Such banks and non-bank financial institutions have right to conclude agreements with payment organizations of international payment systems, created by non-residents, on participation in the relevant systems if these systems are filed in the Register of payment systems, settlement systems, participants of these systems and payment infrastructure service providers (hereinafter - Register), which is kept by the National Bank of Ukraine.</p> <p>Payment organizations of payment systems, participants of payment systems and payment infrastructure service providers are entitled to carry out activities in Ukraine only after their registration by filing information about them in the Register.</p> <p>National Bank of Ukraine files the information in the Register concerning:</p> <p>domestic payment system and international payment systems payment organization of which is a resident, but after agreement of rules of these payment system;</p> <p>international payment systems payment organization of which is a non-resident, but after agreement of conditions and procedures of activity of this payment system in</p>

Ukraine;

- interbank payment system after receiving bank notification about the beginning of activity of this system;
- the participant of domestic payment system and international payment systems payment organization of which is a resident, but after receiving notification from payment organization about the concluded agreement with this participant;
- the participant of international payment system, payment organization of which is a non-resident, after the registration of the contract on participation in international payment system;
- payment infrastructure service providers after agreeing the terms and procedure of its activities.

The procedure of registration of domestic and international payment systems and settlement systems by the National Bank of Ukraine, participants / members of payment system and payment infrastructure service providers are defined by the Provision on the registration procedure of payment systems, payment system's participants and payment infrastructure service providers, approved by the Resolution of the National Bank of Ukraine of 04.02.2014 N 43 [72] (hereinafter – Provision N 43).

According to the Paragraph 1 of Section III of the Provision N 43 [72], payment organization of payment system-resident is obliged within 15 days from the date of conclusion of the contract with a participant of the payment system in writing form to notify the National Bank.

This report shall contain the following information:

- date and number of concluded contract;
- terms of a contract;
- full name of the participant of payment system, Unified State Register of Enterprises and Organizations of Ukraine code (EDRPOU code) – (for resident members), its location;
- a list of services on money transfer that according to the contract the participant shall provide for users.

Payment organization of payment system-resident shall within 15 calendar days from the date of contract change, prolongation, cancellation of the contract with a participant of the payment system to notify the National Bank in a writing form (Paragraph 5 of Section III of the Provision N 43 [72]).

In accordance with the Section V of Provision N 43 [72], bank, national mail operator, non-bank financial institution are required / obliged for the registration of the agreement on participation in international payment system, payment organization of which is non-resident, to submit documents to the National Bank, in particular a copy of the agreement on participation in international payment system in original language and a copy of its translation into Ukrainian and copies of internal documents which regulate the procedure of financial monitoring during operations carried out by means of international payment system.

The register is kept in accordance to the Provision on the Register procedure of payment systems, settlement systems, participants in these systems and payment infrastructure service providers approved by the National Bank of Ukraine of 08.07.2014 N 401 [141]. Publication of the data from the Register is made on the official website of the National Bank of Ukraine.

The procedure of license issuance for non-banking financial institutions is defined by the Provision on the procedure for issuing licenses for non-banking financial institutions to transfer money in the national currency without opening accounts approved by the National Bank of Ukraine of 26.02.2013 N 57. This Provision

	<p>determined that the National Bank of Ukraine keeps an electronic register of issued licenses by the National Bank of Ukraine to non-bank financial institutions to transfer money in the national currency without opening accounts.</p> <p>The publications of the data on non-bank financial institutions that have the license to transfer money in the national currency without opening accounts is provided on the official web-site of the National Bank of Ukraine.</p> <p>By the Resolution of the National Bank of Ukraine of 12.02.2013 N 42 "On the settlement of issues concerning the acceptance of cash for its subsequent transfer" [71] is defined that operations concerning cash in hryvnia (UAH) for its further transfer using payment devices and receiving cash point (workplace of the worker is equipped by a payment device that gives the opportunity to initiate a transfer) and it is carried out, in particular by the commercial agents of banks - legal entities that have entered into agency agreements with banks.</p> <p>In Paragraph 3 of the Provision on the registration procedure of payment systems, payment system's participants and payment infrastructure service providers, approved by the Resolution of the National Bank of Ukraine of 04.02.2014 N 43 [72], registered by the Ministry of Justice of Ukraine of 05.03.2014 N 348/25125, is defined that National Bank registers payment system, the participant of payment system and payment infrastructure service providers by keeping information on them in the Register of payment systems, settlement systems, participants in these systems and payment infrastructure service providers (hereinafter - the Register). Payment organization of payment systems, payment systems participants and payment infrastructure service providers are entitled to carry out activities in Ukraine only after their registration by the National Bank.</p> <p>In accordance to the Paragraph 4 of the Provision on the registration procedure of payment systems, payment system's participants and payment infrastructure service providers, approved by the Resolution of the National Bank of Ukraine of 04.02.2014 N 43 [72], registered by the Ministry of Justice of Ukraine of 05.03.2014 N 348/25125, the National Bank shall keep Register on the following data:</p> <ul style="list-style-type: none"> on payment system, payment institution of which is resident, after agreement of the rules of this payment system; on international payment system, payment institution of which is non-resident, after agreement of conditions and procedure of payment system's activity in Ukraine; on interbank payment system, after receiving notification of the bank about the beginning of activity of this system; on participant of the payment system, payment organization of which is resident, after receiving notification of the organization about concluded contract with this participant; on international payment system, payment organization of which is non-resident, after registration of the contract on participation in international payment system; on payment infrastructure service providers after agreeing terms and procedure of its operations.
<p>Recommendation of MONEYVAL report</p>	<p><i>In relation to MVT services, Ukraine should implement requirements in relation Recommendations 5, 6, 7, 9, 10, 13, 15, and 22, as discussed earlier in section 3 of this report</i></p>
<p>Measures reported as of 27 September 2010 to implement the</p>	<p>Payment organizations, members of payment systems, national postal services operators, other institutions which provide financial transactions on money transfer are reporting entities. Accordingly, requirements of AML/CFT Law are expand on these MVT services providers.</p>

Recommendation of the report	
Measures reported as of 6 December 2012 to implement the Recommendations of the report	<p>The provisions of Article 47 of the Law On Banks established that the bank has the right to provide its clients (except banks) financial services, including through concluding agency agreements with legal persons (commercial agents). A list of financial services that the bank has the right to provide its clients (except banks) through concluding agency agreements is established by the National Bank of Ukraine. The Bank shall inform the National Bank of Ukraine on agency agreements concluded by it. The National Bank maintains a register of commercial agents of banks and establishes requirements to them. The Bank has the right to conclude agency agreement with legal person that meets the requirements of the National Bank of Ukraine.</p> <p>In order to address the issues related to the activities of international payment systems in Ukraine, money transfer systems between natural persons without opening an account, payment organizations of which are banks-residents (hereinafter – money transfer systems), and conducting of its monitoring the resolution of the Board of the National Bank Ukraine as of September 25, 2007 No 348 approved the Regulation on functioning of domestic and international payment systems in Ukraine.</p> <p>The Regulation No 348, in particular, determines the procedure for registration by the National Bank of Ukraine the agreements on membership or participation in the international payment systems, concluded by banks, non-bank financial institutions, licensed by specially authorized agency of executive power in the sphere of financial services markets regulation to transfer funds by national postal operator, payment organizations of domestic payment systems and other organizations, the founders (participants) of which are banks and non-banking financial institutions with payment organizations of international payment systems-non-residents or institutions-non-residents authorized by them.</p> <p>In accordance with the Regulation No 348 members/participants of international payment systems may be banks licenced by the National Bank of Ukraine, non-banking financial institutions licenced by the National Commission for Financial Services Markets Regulation, as well as national postal services operator, and which concluded agreement with payment organization of certain payment system.</p> <p>Banks, non-banking financial institutions, national postal operator must register the agreement on membership/participation in international payment systems established by non-residents before the provision of services of the relevant international payment system.</p> <p>Payment organization of payment system established by resident of Ukraine shall coordinate with the National Bank of Ukraine the rules of the system before provision services of system.</p> <p>A legal entity, which registered agreement on membership/participation in international payment system at the National Bank, shall inform the National Bank through a letter about concluding, amending, prolonging, terminating of agreement with other legal entity (except for a dealer), under which this legal entity acquires the right to provide money transfer services to the customers in corresponding international payment system established by non-resident of Ukraine.</p> <p>Payment organization of payment system, which agreed the rules of the system with the National Bank, shall inform the National Bank, within 15 calendar days after it begins to provide services of the system to a resident member/resident participant of corresponding payment organization, on agreement concluded with this member/participant.</p> <p>Payment organization of international payment system-resident of Ukraine, which</p>

	<p>agreed the rules of the system with the National Bank, shall provide the National Bank, within 15 calendar days after it begins to provide services of the system to a legal person-non-resident, with a copy of agreement concluded with this legal person-non-resident.</p> <p>the National Bank conducts electronic register of payment systems and its members/participants.</p> <p>In accordance with the requirements of the Statute on activity in Ukraine domestic and international payment systems, approved by the resolution of the Board of the National Bank of Ukraine as of September 25, 2007 No 348 of State Entity of Postal Services "Ukrposhta":</p> <p>1. Rules of payment system "Postal transfer" are coordinated with the National Bank of Ukraine and received Permission as of December 29, 2009 No 3 and as of January 11, 2011 No 3/1.</p> <p>2. Registration of the following agreements was performed:</p> <p>Agreement as of July 27, 2009 No 365 on the provision services of money transfer payment "IUNISTRIM" and an additional contract to the Agreement, Registration certificates as of December 11, 2009 No 519, as of September 08, 2011 No 519/1 were obtained at the National Bank of Ukraine;</p> <p>Agreement as of December 28, 2007 No 105/1207-Д which provides for participation in international money transfer system BLIZKO and an additional contract to the Agreement Registration certificates as of March 18, 2008 No 349, as of September 30, 2010 No 349/1 were obtained at the National Bank of Ukraine;</p> <p>Agreement on international money transfers as of September 27, 2006 that provides for participation in international money transfer system Money Gram and an additional contract to Agreement Registration certificates as of April 24, 2007 No 279, as of April 24, 2009 N 279/1.</p>
<p>Measures taken to implement the recommendations since the adoption of the second progress report.</p>	<p>According to the Section II of the Provision N 43 [72], payment organization of payment system-resident shall submit to the National Bank the payment system rules for harmonization that shall include the following:</p> <p>a) procedure of compliance with the Ukrainian legislation requirements in the sphere AML / CFT that shall apply to participant of the payment system;</p> <p>b) procedure of ensuring Recommendations of the Financial Action Task Force (FATF) in the payment system concerning transfers that shall include:</p> <p>for transfers made on the amount that equals or exceeds UAH 10,000 or the amount in foreign currency that equals or exceeds UAH 10,000, the requirements for inclusion in the document to support the transfer of information on the initiator of this transfer, including full name, information on place of residence or temporary residence / location (place of residence or temporary residence / location may indicate the registration number of the taxpayer's registration card / ID code for the Unified State Register of Enterprises and Organizations of Ukraine (hereinafter – EDRPOU code) or the date and place of birth / date of state registration) and account number (if there is no account, a unique operation number is indicated); recipient of the transfer which includes full name and account number (if there is no account, a unique operation number is indicated);</p> <p>for transfers made on the amount not exceeding UAH 10,000 or the amount in foreign currency that in equivalent not exceeding UAH 10,000, the requirements for inclusion in the document to support the transfer of information on the initiator and recipient of this transfer shall include full name and account number (if there is no account, a unique operation number is indicated);</p> <p>obligation to keep all information about the initiator / recipient at least five years after the transfer;</p>

procedure of verifying the information on the initiator / recipient of the transfer in case of suspicion that the transaction is carried out with the purpose of legalization of criminal proceeds or terrorist financing;

procedure of suspending financial transactions for which there is reasonable suspicion that they are related to the legalization (laundering) of criminal proceeds or terrorist financing, or for which international sanctions applied, including financial transactions, participants or beneficiaries of which are included in the list of persons related to terrorist activity or for which international sanctions are applied;

procedure of risk management of legalization (laundering) of criminal proceeds, or terrorism financing;

procedure of refusal or suspension of a transfer that does not contain relevant information on initiator or recipient of the transaction, and the further actions of financial institution;

obligation to verify the person, the recipient of international money transfer the amount of which equals or exceeds UAH 10,000 or the amount in foreign currency equivalent that equals or exceeds UAH 10,000, based on official documents or their duly certified copies and keep these copies of relevant documents at least five years after the transfer.

According to the Section IV of the Provision N 43 [72], payment organization of payment system-nonresident shall submit to the National Bank the payment system conditions and procedures of conducting activity in Ukraine for harmonization that shall include documents' copies (excerpts from documents) of international payment system that regulates the following:

requirements in the sphere AML / CFT that will apply to participants of the international payment system and procedure of fulfillment of these requirements;

procedure of ensuring FATF Recommendations in the international payment system concerning transfers.

According to the Section V of the Provision N 43 [72], bank, national postal operator, non-banking financial institutions for registration of the contract on participation in international payment system is obliged to submit to the National Bank of Ukraine, in particular, copies of internal documents regulating the procedure of financial monitoring during operations carried out by means of international payment system.

Regulation on the procedure of issuance licences to transfer money in national currency without opening accounts for non-banking financial institutions approved by the Resolution of National Bank of Ukraine of 26.02.2013 № 57 [73] (hereinafter - Regulation number 57) decided that internal regulations on money transfer submitted by non-banking financial institutions to the NBU with a purpose of obtaining a license on money transfer in national currency without opening accounts shall include, in particular, provision on the procedure of personal identification that are initiators or recipients of money transfer and the procedure of ensuring FATF Recommendations on money transfers.

Currently, the draft amendments to the Regulation N 43 [72] and the Regulation N 57 [73] were developed to bring them compliance with the requirements to the Law of Ukraine "On prevention and counteraction to legalization (laundering) of criminal proceeds, terrorism financing and financing of proliferation of weapons of mass destruction".

According to the Provision on procedure of registration of payment systems, participants of payment system and payment infrastructure service providers, approved by the resolution of the Board of the National Bank of Ukraine as of 04.02.2014 N 43 [72], registered in the Ministry of Justice of Ukraine of 05.03.2014

	<p>N 348/25125, information on the payment system "Postal Transfer" payment organization of which is UDPPZ "Ukrposhta", recorded into the Register of payment systems, settlement systems, participants of these systems and payment infrastructure service providers by the National Bank of Ukraine.</p> <p>Registration of treaties between UDPPZ "Ukrposhta" and international payment systems was also performed:</p> <p>Agreement as of 27.07.2009 N 365 on the provision services of money transfer payment "IUNISTRIM" and an additional contract to the Agreement, Registration certificates as of 11.12.2009 N 519, as of September 08.09.2011 N 519/1 were obtained at the NBU;</p> <p>Agreement as of December 28.12.2007 N 105/1207-Д which provides for participation in international money transfer system BLIZKO and an additional contract to the Agreement Registration certificates as of 18.03.2008 N 349, as of 30.09.2010 No 349/1 were obtained at the NBU;</p> <p>Agreement on international money transfers as of 27.09.2006 that provides for participation in international money transfer system Money Gram and an additional contract to Agreement Registration certificates as of April 24.04.2007 N 279, as of 24.04.2009 n 279/1.</p> <p>UDPPZ "Ukrposhta" at the conclusion of agreements on the exchange of international postal remittance with foreign postal services stipulates the requirements for compliance with the FATF Recommendations on preventing money laundering and the Special Recommendations on combating terrorism financing by the national legislation in combating money laundering and crimes in financial sector.</p>
<p>(Other) changes since the second progress report (e.g. draft laws, draft regulations or draft “other enforceable means” and other relevant initiatives</p>	

<p align="center">Special Recommendation VII (Wire transfer rules)</p>	
<p>Rating: Partially compliant</p>	
<p>Recommendation of MONEYVAL report</p>	<p><i>Ukraine should implement the detailed criteria required by FATF Special Recommendation VII, that is</i></p> <p align="center"><i>a) apply the exemptions that exist</i></p>
<p>Measures reported as of 27 September 2010 to implement the Recommendation of the report</p>	<p>The Provision № 348 of the NBU prescribes coordination of rules of the money transfer system established by banks-residents. In particular, the indicated rules shall contain the procedure of ensuring in the money transfer system of execution of the FATF Special Recommendation VII regarding CFT, especially:</p> <ul style="list-style-type: none"> - identification of client – originator of transfer at the amount that is equally or exceeds UAH 5000 or is equally or exceeds the amount in foreign currency equally to UAH 5000 (pursuant to rate of exchange of the NBU at the moment of carrying out of transaction) including point out in the document on transfer of family name and name (if it is available) of client, unique registration number of transaction, name or code of originator’s bank, place of originator’s registration (it is possible instead of

	<p>his identification number of taxpayer of client or date and place of his birth to point out his address), as well as fixing in the document for transfer of all date of transfer originator;</p> <p>- accompaniment of money with information on originator at all stages of carrying out of money transfer.</p> <p>According to the Article 64 of the Law on Banks and Banking, banks are prohibited:</p> <p>to open or keep anonymous (numbered) accounts;</p> <p>to establish contractual relations with clients-legal or natural persons in case, if there is suspicion that a person acts on behalf of other person;</p> <p>bank is obliged to identify pursuant to the legislation of Ukraine: opening accounts by clients in bank; carrying out by clients of cash transactions without opening account at the amount that equals or exceeds UAH 150 000 or equals amount in foreign currency equivalent to UAH 150 000(pursuant to rate of exchange of the NBU at the moment of carrying out of transaction), persons authorized to act on behalf of the mentioned clients;</p> <p>client's account is opened and the mentioned transactions are carried out solely after client identification and taking measures pursuant to the legislation, which regulates relationships in AML/CFT area;</p> <p>bank is entitled to demand, and client – to provide documents and information necessary for identification of his identity, activity and financial state.</p>
<p>Measures reported as of 6 December 2012 to implement the Recommendations of the report</p>	<p>According to Section V of the Resolution of the National Bank Ukraine No 189 the bank shall identify and study the financial activities of the following persons:</p> <ul style="list-style-type: none"> a) the customers establishing the business relations with the bank (opening accounts, concluding agreements); b) the customers performing the financial transactions subject to the financial monitoring; c) the customers performing cash transactions without establishing an account for an amount equal to or exceeding UAH 150,000.00 or an amount equivalent thereto in a foreign currency. <p>The bank shall assure itself of validity of the documents submitted by the customer (trustee) and their compliance with the requirements of the laws of Ukraine before establishing the business relations with the customer (opening an account, performance of a financial transaction, etc.).</p> <p>Under paragraph 5.6 of the Resolution, the bank being a payment organization or a member of a payment system, when a customer initiates transfer of funds for the benefit of third parties in an amount equal to or exceeding UAH 8,000.00 in a foreign currency, shall include in the transfer document the following information:</p> <ul style="list-style-type: none"> surname, name and patronymic (if exists) of the customer; place of residence or temporary stay of the customer (instead of the residence or temporary stay place the identification (registration) number of the customer may be indicated or the date and place of his/her birth); the customer's account number (if the account does not exist, indicated shall be the unique registration number of the financial transaction); name or code of the bank by means whereof the transfer of funds is performed by the customer. <p>The bank shall ensure that the transfer of funds be accompanied with the information above about the transfer initiator at all the stages of the money transfer.</p> <p>The requirements and criteria concerning customers' identification are set up in elaborated by the Ministry of Infrastructure draft Regulation on conducting financial monitoring by the reporting entities regulated and supervised by the Ministry of</p>

	Infrastructure.
<p>Measures taken to implement the recommendations since the adoption of the second progress report.</p>	<p>According to the amended Article 64 of the Law of Ukraine "On Banks and Banking" [10] (Laws of Ukraine of 16.10.2012. N 5463-VI and of 10.14.2014 and N 1702-VII) banks are prohibited, in particular:</p> <ul style="list-style-type: none"> enter into contractual relations (conduct foreign exchange transactions, financial transactions with precious metals, cash (funds on hand) with clients - legal entities or natural persons: to establish contractual relations with clients-legal or natural persons in case, if there is suspicion that a person acts on behalf of other person; which are included in the list of persons related to terrorist activity or for whom international sanctions are applied. <p>A bank is obliged to identify and to verify in accordance with the laws of Ukraine the following:</p> <ul style="list-style-type: none"> clients (individuals) in case, if there is suspicion that their financial transactions may be related to terrorism financing and financing of weapons of mass destruction; carrying out by clients of cash transactions without opening account at the amount that equals or exceeds UAH 150 000 or equals amount in foreign currency equivalent to UAH 150 000, persons authorized to act on behalf of the mentioned clients; precious metals and other assets; bank is entitled to demand, and client (individual, client's representative) is obliged to provide documents and information necessary for client's identification and/or verification, and other documents and information provided by law. <p>If the client (individual, client's representative) fails to provide documents required for the identification and / or verification, an account shall not be opened, the contracts (financial transactions) would not be concluded (not implemented).</p> <p>The Bank has the right to refuse contractual relationships (including cancellation of contractual relationships) or financial transaction in case of the client's unacceptably high risk of the evaluation or reevaluation of risk.</p> <p>The Bank has the right to demand the information concerning client's identification (including client's chiefs – legal entities, client's representative), to study the client and clarify information about him, to perform customers due diligence, in state authorities, state registrars, banks and other legal entities, as well as take measures to collect such information from other sources.</p> <p>Besides, information concerning setting requirements to identification of the initiator / recipient of transaction during registration of domestic and international payment systems, participants / members of payment systems by the NBU is provided in paragraph VI.I of Special Recommendation VI.</p> <p>Order of the Ministry of Infrastructure of 01.04.2013 № 199 [136] "On Approval of the Provision on financial monitoring by reporting entities, state regulation and supervision of activity of the Ministry of Infrastructure of Ukraine", registered by the Ministry of Justice of Ukraine of 19.04.2013 N 650 / 23182, defines the procedure of organization and financial monitoring in prevention and counteraction to legalization (laundering) of criminal proceeds or terrorist financing by the reporting entities, state regulation and supervision of activity of which is performed by the Ministry of Infrastructure of Ukraine - by operators of mail service who conducts financial transactions with money transfer and their subdivisions.</p> <p>Section IV of the abovementioned Provision sets out the requirements for the implementation of customer identification who conduct financial transactions, and study their financial performance, particularly in paragraph 4.1. of this section are specified that the identification and study of the financial activities of customers who conduct financial transactions carried out in the following cases:</p>

establishment of business relations with clients;
suspicion that financial transaction can be related to legalization (laundering) of criminal proceeds, or terrorism financing;
conduction of financial transactions subject to financial monitoring;
conduction of single financial transactions without establishment of business relations with clients on the amount specified by the first paragraph of Article 15 of the The Law 2015 [1].

Depending on the level of risk of the financial transaction, the identification and verification of the client are also performed if the amount of the financial transaction equals the amount provided in Part 1 Article 15 the Law 2015 [1], regardless of whether such financial operation is one-time, or multiple financial transactions may be related to such person.

According to paragraph 4.2. Section IV of the abovementioned Provision, customer identification and examination of his financial activity shall include the following:

- performing of primary identification;
- carrying out measures aimed to check and clarify information regarding customer identification when there are doubts about the reliability or completeness of the information provided;
- carrying out measures aimed to clarify information regarding customer identification in case of change of information or the expiry of the documents on which it was performed;
- carrying out activities aimed at studying the content of the activities and financial situation of the client, the client's financial transactions according to the specifics of its activities;
- monitoring of customer's transactions whose activity indicates a high (increased) risk of their financial transactions that could be related to the legalization (laundering) of criminal proceeds, or terrorist financing.

Paragraphs 4.4. and 4.5. Section IV of the aforementioned Regulation stipulates that the identification of customers who conduct financial transactions on the basis of the submitted official documents or their duly certified copies. Documents which identify individuals that are participants of financial transactions must be valid at the date of submission and include all necessary information to carry out identification. If the documents, on which the identification was carried out, have been changed or expired term of their action, repeated identification of the client is carried out. In case of doubt about the reliability or completeness of the information provided by the client, the reported entities should take steps to verify and clarify information regarding the identification of the client. Additional data for customer identification and determination of content of his activities and financial position, a subject has the right to demand from the customer and from other sources, if such information is public (opened). Necessary to verify and clarify information regarding customer identification data, a subject has the right to request at public authorities under the procedure for granting state authorities at the request of reported entity, the information on customer identification approved by the Cabinet of Ministers of Ukraine of 25.08.2010 N 746 [46].

According to paragraph 4.6 Section IV of the abovementioned Provision, the primary customer identification is performed by the subject (subject unit) before/ or while making business relations with him, but before conduction of financial transaction.

According to paragraph 4.7 – 4.9 Section IV of the abovementioned Provision it is defined that during the primary client identification, who are residents, the reporting entities shall establish the following:

for an individual - the last name, first name and patronymic, the date of birth, number and series of the passport (or any other identification document), the date of issue and the issuing authority, the registration number of the registration card of the taxpayer (or the number and series of the passport stamped to deny the registration number of the registration card of the taxpayer or the passport number with the record on refusing to accept the registration number of the registration card of the taxpayer);

for an individual entrepreneur - the last name, first name and patronymic, the date of birth, number and series of the passport (or another identification document), the date of issue and the issuing authority. While identification, residence or place of stay of an individual - entrepreneur, the details of the bank in which an account opened, and the number of the current account (if any);

for a legal entity - the full name, location; information about management bodies and their composition; the identification information of the persons who have the right to manage the accounts and/or property; information about the owners of substantial participation in a legal entity; information about controllers entity; identification code according to the Unified State Register of Enterprises and Organizations of Ukraine; the details of the Bank in which an account is opened, and the number of the current account.

During the identification and verification of non-residents the reporting entities shall establish the following:

for an individual - the last name, first name and patronymic(if any), the date of birth, the number and series of the passport (or any other identification), the date of issue and the issuing authority, the citizenship. When identifying find out information about the residence or place of stay of the individual in Ukraine;

for a legal entity - the full name, location; details of the bank in which the account is opened, the number of the bank account; the information on the management bodies; the identification information of the persons who have the right to manage the accounts and/or property, and the data which allow to establish the ultimate beneficial owners (controllers). The reported entity is also provided with a copy of legalized extract from the trade, bank or court register or a notarized registration certificate of the authorized body of the foreign state on the registration of the respective legal entity.

With respect to trust, the reporting entity also finds out the identity of trusters and trustees.

If the person acts as the representative of another person, reporting entities should also check the availability of the person in the relevant authority.

Paragraph 4.11. of Section IV of the abovementioned Provision provides that at the stage of establishing business relations with a client, the entity (subject unit) must carry out the classification of the client and establish a risk level. To the customers who set high (elevated) level of risk applies an appropriate precautions measures.

According to paragraph 4.12 of Section IV of the abovementioned Provision, if during the identification or examination of clients financial activity (person acting on his behalf), an employee of the subject (subject unit) established client's relations to PEPs or related persons or to charitable or a non-profit organization, he shall notify the compliance officer of the entity (subject unit), who shall perform the following:

to get a permission of the chief of the entity (entity unit) on establishment of business relations with such client;

to take measures to ascertain the source of funds of the client;

to monitor transactions of such client in the manner prescribed for the customers of high risk level.

Paragraph 4.13 of Section IV of the abovementioned Provision provides that during the identification and examination of the financial activities of the client, the subject can fill in questionnaire. Questionnaire is an internal document of the subject that is filled and signed by the employee, authorized person to perform identification.

With regard to the activities of the national mail operator UDPPZ "Ukrposhta", according to its internal documents on identification of financial monitoring, client identification is performed to / or while establishing business relations, commission contracts, but before the transaction.

With the aim of identification of residents, postal officer finds out the following information:

for an individual - the last name, first name and patronymic, the date of birth, number (and if any - series) of the passport of the citizen of Ukraine (or any other identification document and in accordance with the legislation of Ukraine may be used in the territory of Ukraine to conclude transactions), the date of issue and the issuing authority, the registration number of the registration card of the taxpayer of Ukraine (or the identification number according to the state registry of individuals who are the payers of taxes and other mandatory payments) or the number (and if any - series) of the passport of the citizen of Ukraine stamped to deny the registration number of the registration card of the taxpayer of Ukraine or the passport number with the record on refusing to accept the registration number of the registration card of the taxpayer of Ukraine on an electronic non-contact carrier;

for an individual entrepreneur - the last name, first name and patronymic, the date of birth, number (and if any - series) of the passport of the citizen of Ukraine (or another identification document which in accordance with the legislation of Ukraine may be used in the territory of Ukraine to effect transactions), the date of issue and the issuing authority, the registration number of the taxpayer's registration card (or the identification number according to the state registry of individuals who pay taxes and make other mandatory payments) or the number (and if any - series) of the passport of the citizen of Ukraine with the stamp indicating the refusal to accept the registration number of the taxpayer registration card of Ukraine or the passport number with the note on refusing to accept the registration number of the registration card of the taxpayer of Ukraine on an electronic no-contact carrier; the date and number of the record in the unified state register of legal entities and individual entrepreneurs on state registration; the details of the bank in which an account opened, and the number of the current account (if any), the purpose of transaction.

For a legal entity - the full name, location; the date and number of the record in the Unified State Register of Legal Entities and Individual Entrepreneurs on state registration, the information on the executive body; the identification information of the persons who have the right to manage the accounts and/or property, the data which enable to establish the ultimate beneficial owners (controllers); the identification code according to the Unified State Register of Enterprises and Organizations of Ukraine; the details of the Bank in which an account is opened, and the number of the current account, the purpose of transaction.

With the aim of identification of non-residents, postal officer finds out the following information:

for an individual - the last name, first name and (if any) patronymic, the date of birth, the number (and if any - series) of the passport (or any other identification document which in accordance with the legislation of Ukraine may be used in the territory of Ukraine to effect transactions), the date of issue and the issuing authority, the citizenship, the purpose of transaction;

for a legal entity - the full name, location; details of the bank in which the account

	<p>is opened, the number of the bank account; the information on the management bodies; the identification information of the persons who have the right to manage the accounts and/or property, and the data which allow to establish the ultimate beneficial owners (controllers). The reporting entity is also provided with a copy of legalized extract from the trade, bank or court register or a notarized registration certificate of the authorized body of the foreign state on the registration of the respective legal entity, the purpose of transaction.</p> <p>With respect to trust, the reporting entity also finds out the identity of trusters and trustees.</p> <p>The document which certifies a place of residence or temporary accommodation of non-resident in Ukraine for his identification can be: permanent residence permit, migration card or passport. Since permanent residence permit or place of stay confirms the registration of non-resident during customer identification postal officer can request this permit (certificate).</p> <p>If there is doubt as to whether the client acts on his own behalf or beneficiary is another person, postal officer shall also identify the person by or on behalf of or for the benefit of any financial transaction is carried out or who is beneficiary. If the client acts as the representative of another person postal officer shall also check the presence of that person's relevant authority (power of attorney).</p> <p>While examining documents of legal entity (client) and documents confirming its state registration, special attention is paid to:</p> <ul style="list-style-type: none"> correctness of their execution (including all registered changes); the founders of the legal entity and its related parties; management structure of legal entities and their powers; size of the registered and paid authorized capital. <p>Information concerning client identification accompanies postal order at all stages of its delivery.</p> <p>Acceptance and payment of money orders in UDPPZ "Ukrposhta" is carried out by using AS "Wire Transfer", all information is transmitted using secure communication channels on the corporate network. Software of AS "Wire Transfer" involves the stages as acceptance and payment transfers control information transfer on eligibility and mandatory internal financial monitoring.</p> <p>On an automatic basis the control on information is carried out concerning the following transfers in work with:</p> <ul style="list-style-type: none"> list of persons related to terrorist activity or for which international sanctions are applied; list of countries (territories) that do not participate in international cooperation in the field of prevention and counteraction to legalization (laundering) of criminal proceeds and terrorist financing; list of offshore zones.
<p>Recommendation of MONEYVAL report</p>	<p><i>b) Ensure the requirements in Order No. 211 are consistent with those under NBU Resolution No. 348 and FATF SR. VII</i></p>
<p>Measures reported as of 27 September 2010 to implement the Recommendation of the report</p>	<p>On August 13, 2009 on the base of the Order of the Ukrainian state enterprise of postal communication "Ukrposhta" № 732 has been amended the Provision on postal remittance in order to coordinate with requirements of the Provision on activity in Ukraine of national and international payment systems, approved by the Resolution of the Board of the NBU as of 25.09.2007 № 348, as well as considering provisions of VII FATF Recommendation in the part of identification of client's identity, accompanying of postal transfer with information on its remitter at all stages of money transfer.</p>

	<p>For the present, activity of “Ukrposta” in the part of providing of money transfer services is regulated by the Rules of payment system “Postal money transfer” approved by the Order as of 30.10.2009 № 887 (amended pursuant to the Order as of 11.12.2009 № 960).</p> <p>The Rules of payment system “Postal money transfer” coordinated with requirements of the Provision on activity of the national and international payment system in Ukraine, approved by the Resolution of the Board of the NBU as of 25.09.2007 №348 solution of the Board of the NBU as of 25.09.2007 № 348.</p>
<p>Measures reported as of 6 December 2012 to implement the Recommendations of the report</p>	<p>The activities of Ukrposhta in part of providing money order services are regulated by the Rules of payment system Money Order approved by the Order of Ukrposhta dated 30.10.2009 No 887 with amendments and Regulation on Money Order approved by the Order of Ukrposhta dated 31.05.2010 No 275 with amendments. The above mentioned regulations have taken into account the provisions of the FATF Special Recommendation VII concerning customer identification, support of money order by the information on its remitter and remittee at all stages of the transaction.</p> <p>The Resolution of the National Bank of Ukraine No 348 sets forth the procedure of registration of agreements on membership or participation in international payment systems, which were concluded by banks, non-banking financial institutions, which have a money transfer license of special authorized executive body in the sphere of regulation of financial services markets, national mail operator, payment organizations of domestic payment systems and other organizations, founders (stockholders) of which are banks and non-banking financial institutions with non-resident payment organizations of international payment systems or non-resident institutions authorized by them.</p> <p>Under the above-mentioned Regulation a member/stockholder of the payment system may be a bank that has bank license of the National Bank of Ukraine, as well as a non-banking financial institution, which has a money transfer license of the National Financial Services Markets Regulation Commission, the national mail operator that concluded an agreement with the payment organization of appropriate payment system.</p> <p>Banks, non-banking financial institutions and national mail operator are obliged to register agreements on membership/share in international payment systems before they begin to provide services of corresponding international payment system.</p> <p>Payment organization of payment system founded by the resident of Ukraine is obliged to agree the rules of this system with the National Bank of Ukraine prior to providing services of the system.</p> <p>The Resolution No 348 provides for the need to coordinate with the NBU the rules of domestic and international payments systems founded by residents of Ukraine prior to providing services of the system.</p> <p>These Rules shall contain the provisions on the following:</p> <ul style="list-style-type: none"> - requirements in the AML/CFT area, which will extend to a legal entity in case of its share in the payment system, and procedure of its observation of these requirements; - the order of enforcement in the payment system of the FATF Special Recommendation of on fight against terrorist financing, including on the following: <ul style="list-style-type: none"> identification of the customer initiating a transfer to the amount, which is equal to or exceeding UAH 5,000, or that amount in a foreign currency, which includes entering into the transfer document of name, patronymic name (if any) and surname of the customer, data on location and number of the account (in case of no account, unique account number of the transaction is indicated), the name or code of the bank of the initiator, place of the initiator’s registration (instead of the address, a customer’s taxpayer identification number or date and place of his birth can be

	<p>indicated); entering into the transfer document of all data on the initiator; accompanying the money transfer with information on the initiator at all stages of the money transfer.</p>
<p>Measures taken to implement the recommendations since the adoption of the second progress report.</p>	<p>NBU Board Resolution “On Approval Regulation on Operation of Domestic and International Payment Systems in Ukraine” of 25.09.2007, N348 was repealed by NBU Board Resolution of 04.02.2014 N 43 [72]. The same resolution approved the Regulation on the registration of payment systems, payment systems participants and payment infrastructure service provider. According to the requirements of the Regulations on the payment information system "Postal Order" the payment organization of which is UDPPZ "Ukrposhta", proposed by the NBU in the Register of payment systems, settlement systems, participants in these systems and payment infrastructure service provider and approved changes to the rules of payment system "Postal order", approved by the UDPPZ "Ukrposhta" of 29.08.2014 N 597 [151] and of 28.10.2014 N 784 [152]. Received at the National Bank of Ukraine Certificate of 18.12.2014 N 3 / 3 on the coordination of changes to the rules of the payment system.</p>
<p>Recommendation of MONEYVAL report</p>	<p><i>c) Requirement to adopt effective risk-based procedures for identifying and handling wire transfers that are not accompanied by complete originator information</i></p>
<p>Measures reported as of 27 September 2010 to implement the Recommendation of the report</p>	<p>Pursuant to the Provision № 348 and Order of the Ukrainian state enterprise of postal communication “Ukrposta” № 732 the members/participants of international payment systems may be banks, non-banking financial institutions, national postal services operator. All the mentioned participants shall be reporting entities. Accordingly, requirements of the New AML/CFT Law are applicable to these money transfer and valuables providers. According to the Article 11 the reporting entity shall be obliged to manage the risks of the legalization (laundering) of the proceeds from crime or terrorist financing considering of the results of customer identification, services provided to customer, analysis of conducted customer’s transactions and their correspondence to financial condition and nature of the client`s activity. The Article 11 Part 3 of the New AML/CFT Law prescribes that the reporting entity shall take measures to reduce detected risks, especially it concerns carrying out of money transfer, in case of absence of full information on originator.</p>
<p>Measures reported as of 6 December 2012 to implement the Recommendations of the report</p>	<p>According to the provisions of Section V of the Resolution of the National Bank No 189 of the following persons: a) the customers establishing the business relations with the bank (opening accounts, concluding agreements); b) the customers performing the financial transactions subject to the financial monitoring; c) the customers performing cash transactions without establishing an account for an amount equal to or exceeding UAH 150,000.00 or an amount equivalent thereto in a foreign currency. The bank shall identify as well the persons acting on behalf of the persons mentioned and the persons on behalf or under the instructions or for the benefit of whom the financial transaction is performed. The bank shall assure itself of validity of the documents submitted by the customer (trustee) and their compliance with the requirements of the laws of Ukraine before establishing the business relations with the customer (opening an account,</p>

	<p>performance of a financial transaction, etc.).</p> <p>Paragraph 5.6 of Section V the Resolution No 189 provides for that a bank that is payment organization and/or member of payment system, in the course of conducting by the customer that initiates money transfer in favor of third parties to an amount equal or exceeding the amount equivalent to UAH 8000 in foreign currency, is binding to enter the following information on:</p> <ul style="list-style-type: none"> - surname, name, patronymic name (if available) of the customer; - place of residence and place of temporary stay (the above mentioned data may be replaced by identification (registration) number of the customer and date and place of his/her/ birthday); - number of the customer's account (if the account is unavailable, a unique registration number of the financial transaction shall be entered); - name and code of the bank by means whereof money transfer is performed by the customer. <p>A bank shall support the money transfer with the above mentioned information on the money transfer's initiator on all stages of the money transfer.</p> <p>According to the Article 10 of the Basic Law shall be obliged to refuse from establishing business relations or conduction of financial transaction if execution of customer identification according to the legislation is impossible, except for the transaction of crediting of funds to the account of such a client. At that, the reporting entity is obliged to inform during one business day but not later than the next business day the Specially Authorized Agency on conduction of such transactions and persons that have or had intention to conduct them.</p> <p>Reporting entity has the right to refuse in conduction of financial transaction if the financial transaction contains indicators of transaction which according to the current Law is subject to financial monitoring and to inform the Specially Authorized Agency during one business day but not later than a next business day from the day of refusal.</p>
<p>Measures taken to implement the recommendations since the adoption of the second progress report.</p>	<p>In accordance with the provisions of Section II N 43 [72] payment organization of payment system-resident is obligated for harmonization of payment system rules of the system to submit to the National Bank the following:</p> <ul style="list-style-type: none"> a) the procedure of legislation enforcement of Ukraine on prevention and counteraction to legalization (laundering) of criminal proceeds, or terrorist financing which shall be applied to the participant of payment system; b) the procedure of realization of FATF Recommendations in payment system regarding transfers, which, in particular, should include: <ul style="list-style-type: none"> the risk management processes of legalization (laundering) of criminal proceeds, or terrorist financing; the procedure of transfer suspension or denial, which does not contain relevant information about the initiator of the payee, and further activities of financial institution. <p>According to the Section IV of the Provision N 43 [72], payment organization of payment system-nonresident shall submit to the National Bank the payment system conditions and procedures of conducting activity in Ukraine for harmonization that shall include documents' copies (excerpts from documents) of international payment system that regulates the following:</p> <ul style="list-style-type: none"> requirements in the sphere AML / CFT that will apply to participants of the international payment system and procedure of fulfillment of these requirements; procedure of ensuring FATF Recommendations in the international payment system concerning transfers. <p>According to the Section V of the Provision N 43 [72], bank, national postal</p>

operator, non-banking financial institutions for registration of the contract on participation in international payment system is obliged to submit to the National Bank of Ukraine, in particular, copies of internal documents regulating the procedure of financial monitoring during operations carried out by means of international payment system.

According to the Paragraph 12 of the Article 9 of the Law 2015, for the purpose of identifying an individual (resident, non-resident), an individual-entrepreneur initiating (making) money transfer (including an international one) without opening an account in an amount which equals or exceeds UAH 15,000, or the amount which is equivalent to the specified amount, including in foreign currency, precious metals, other assets, units of value, but is less than the amount provided by Part 1 Article 15 of this Law [1], the reporting entities which the initiator (payer) contacts to make such transfer, establishes the last name, the first name and (if any) patronymic; the place of residence (or place of stay of the individual who is resident or the place of temporary stay of the individual who is non-resident in Ukraine) or the registration number of the taxpayer's registration card or the identification number according to the State Registry of individuals who pay taxes and make other obligatory payments, the number (and if any - series) of the passport of the citizen of Ukraine with the note on refusing to accept an identification number or the passport number with the note on refusing to accept the registration number of the taxpayer's registration card of Ukraine on an electronic non-contact carrier) or the date and place of birth.

According to the Paragraph 1 of the Article 10 of the Law [1], the reporting entity is obliged to:

- refuse to establish (keep) business relationships (including by way of canceling business relations) or performing a financial transaction provided the identification and/or verification of the client (including the establishment of the data which enable to determine the ultimate beneficial owners (controllers) is impossible or provided the reporting entity has reason to doubt that the person acts on its own behalf;

- refuse to make a money transfer if the data provided by parts 12 and 13 Article 9 of this Law [1] are not available;

- refuse to service the client (including by way of canceling business relations) provided it is found to submit false information during its identification and/or verification (the client's detail verification) or any misleading information to the reporting entity.

The reporting entity may refuse to:

- effect a financial transaction provided the financial transaction contains any indicators of a transaction subject to financial monitoring under this Law [1];

- establish (keep) business relations (including by way of canceling business relations) or conducting a financial transaction provided the client fails to provide the documents or information which are necessary to examination, or provided the client is found to have unacceptably high risk following the results of risk assessment or reassessment.

In the cases provided by this Part of the Article, the reporting entity is obliged within one working day, but no later than on the next working day from the date of refusal, notify the specifically authorized body on crediting the money which is received in the account of such client, and on the individuals who intend or intended to establish business relations and/or conduct financial transactions.

Also it should be noted that the Order of the Ministry of Infrastructure of 01.04.2013 № 199 [136] "On Approval of the Provision on financial monitoring by reporting entities, state regulation and supervision of activity of the Ministry of Infrastructure of Ukraine", registered by the Ministry of Justice of Ukraine of

19.04.2013 N 650 / 23182, defines the procedure of organization and financial monitoring in prevention and counteraction to legalization (laundering) of criminal proceeds or terrorist financing by the reporting entities, state regulation and supervision of activity of which is performed by the Ministry of Infrastructure of Ukraine - by operators of mail service who conducts financial transactions with money transfer and their subdivisions.

Section IV of the abovementioned Provision sets out the requirements for the implementation of customer identification who conduct financial transactions, and study their financial performance, particularly in paragraph 4.1 of this section are specified that the identification and examination of the financial activities of customers who conduct financial transactions carried out in the following cases:

- establishment of business relations with clients;
- suspicion that financial transaction can be related to legalization (laundering) of criminal proceeds, or terrorism financing;
- conduction of financial transactions subject to financial monitoring;
- conduction of single financial transactions without establishment of business relations with clients on the amount specified by the first paragraph of Article 15 of the Law 2015 [1].

Depending on the level of risk of the financial transaction, the identification and verification of the client are also performed if the amount of the financial transaction equals the amount provided in Part 1 Article 15 the Law 2015 [1], regardless of whether such financial operation is one-time, or multiple financial transactions may be related to such person.

According to paragraph 4.2 of the Section IV of the abovementioned Provision, customer identification and examination of his financial activity shall include the following:

- performing of primary identification;
- carrying out measures aimed to check and clarify information regarding customer identification when there are doubts about the reliability or completeness of the information provided;
- carrying out measures aimed to clarify information regarding customer identification in case of change of information or the expiry of the documents on which it was performed;
- carrying out activities aimed at studying the content of the activities and financial situation of the client, the client's financial transactions according to the specifics of its activities;
- monitoring of customer's transactions whose activity indicates a high (increased) risk of their financial transactions that could be related to the legalization (laundering) of criminal proceeds, or terrorist financing.

According to paragraph 4.6 Section IV of the abovementioned Provision, the primary customer identification is performed by the subject (subject unit) before/ or while making business relations with him, but before conduction of financial transaction.

According to paragraph 4.7 – 4.9 Section IV of the abovementioned Provision it is defined that during the primary client identification, who are residents, the reporting entities shall establish the following:

- for an individual - the last name, first name and patronymic, the date of birth, number and series of the passport (or any other identification document), the date of issue and the issuing authority, the registration number of the registration card of the taxpayer (or the number and series of the passport stamped to deny the registration number of the registration card of the taxpayer or the passport number with the

	<p>record on refusing to accept the registration number of the registration card of the taxpayer);</p> <p>for an individual entrepreneur - the last name, first name and patronymic, the date of birth, number and series of the passport (or another identification document), the date of issue and the issuing authority. While identification, residence or place of stay of an individual - entrepreneur, the details of the bank in which an account opened, and the number of the current account (if any);</p> <p>for a legal entity - the full name, location; information about management bodies and their composition; the identification information of the persons who have the right to manage the accounts and/or property; information about the owners of substantial participation in a legal entity; information about controllers entity; identification code according to the Unified State Register of Enterprises and Organizations of Ukraine; the details of the Bank in which an account is opened, and the number of the current account.</p> <p>During the identification and verification of non-residents the reporting entities shall establish the following:</p> <p>for an individual - the last name, first name and patronymic(if any), the date of birth, the number and series of the passport (or any other identification), the date of issue and the issuing authority, the citizenship. When identifying find out information about the residence or place of stay of the individual in Ukraine;</p> <p>for a legal entity - the full name, location; details of the bank in which the account is opened, the number of the bank account; the information on the management bodies; the identification information of the persons who have the right to manage the accounts and/or property, and the data which allow to establish the ultimate beneficial owners (controllers). The reported entity is also provided with a copy of legalized extract from the trade, bank or court register or a notarized registration certificate of the authorized body of the foreign state on the registration of the respective legal entity.</p> <p>With respect to trust, the reporting entity also finds out the identity of trusters and trustees.</p> <p>If the person acts as the representative of another person, reporting entities should also check the availability of the person in the relevant authority.</p> <p>Paragraph 4.11. of Section IV of the abovementioned Provision provides that at the stage of establishing business relations with a client, the entity (subject unit) must carry out the classification of the client and establish a risk level. To the customers who set high (elevated) level of risk applies an appropriate precautions measures.</p>
<p>Recommendation of MONEYVAL report</p>	<p><i>The Ukrainian authorities should as a matter of urgency effectively supervise non-banking financial institutions and Ukrposhta 's compliance with the rules and regulations relating to SR.VII</i></p>
<p>Measures reported as of 27 September 2010 to implement the Recommendation of the report</p>	<p>The Article 10 the AML/CFT Law defines that the State Commission on Financial Services Market Regulation of Ukraine supervises non-banking financial institutions. The Article 14 of the New AML/CFT Law prescribes that state regulation and supervision in the area of prevention and counteraction to the legalization (laundering) of the proceeds or terrorist financing are carried out concerning insurance companies, pawn shops and other financial institutions, as well as legal persons, which according to legislation provide financial services (except financial institutions and other legal persons the regulation and supervision of which in AML sphere is conducted by other entities of state financial monitoring), payment organizations and members of payment systems which are non-bank institutions – by the State Commission on Financial Services Markets Regulation of Ukraine; postal</p>

	<p>services operators (in the part of conducting by them of money transfer) – by the Ministry of Transport and Communication of Ukraine.</p> <p>In 2009 the State Commission on Financial Services Markets Regulation of Ukraine has carried out inspections of “Ukrposta” performing wire money transfer regarding compliance of the mentioned financial institution of the legislation in AML/CFT area.</p> <p>In general, during 2009 the State Commission on Financial Services Markets Regulation of Ukraine has inspected two reporting entities performing wire money transfer regarding compliance of the mentioned financial institution of the legislation in AML/CFT area.</p>
<p>Measures reported as of 6 December 2012 to implement the Recommendations of the report</p>	<p>To ensure compliance of the DNFBPs with the AML/CFT requirements under the Requirement 24, the Ministry of Infrastructure drafted the following regulations:</p> <ol style="list-style-type: none"> 1. Regulation on conducting financial monitoring by the reporting entities regulated and supervised by the Ministry of Infrastructure. 2. Regulation on taking preventive measures with regard to the countries that do not meet or unduly meet the recommendations of international, intergovernmental organizations involved into AML/CFT. 3. Statute on the Commission of the Ministry of Infrastructure on imposing sanctions for violation of the requirements of the Law On Prevention and Counteraction to Legalization (Laundering) of the Proceeds of Crime, or Terrorist Financing and/or the AML/CFT regulations. <p>For the present moment, the following Orders of the Ministry of Transport and Communication are acute:</p> <p>The Order dated 15.11.2010 No 822 On Approval of the Instruction for Composing Protocols on Administrative Offences;</p> <p>The Order dated 15.11.2010 No 823 On Approval of the Procedure for conducting examinations by the Ministry of Transport and Communication of the reporting entities;</p> <p>The Order dated 28.10.2010 No 710 On Approval of the Procedure of consideration of the cases on violation of the requirements of the AML/CFT legislation and imposing sanctions.</p> <p>To ensure supervision over non-bank financial institutions and Ukrposhta as for the compliance thereby with the rules and procedures under part 2 (1) of the Article 14 of the Basic Law, the Order of the Ministry of Infrastructure dated 03.08.2012 No 157-Г approved the Plan of examinations by the Ministry of the reporting entities for the III quarter of 2012. This Plan also provides for inspection of the Ukrainian State entity on postal services Ukrposhta.</p>
<p>Measures taken to implement the recommendations since the adoption of the second progress report.</p>	<p>The Ministry of Infrastructure carries out field inspections of UDPPZ "Ukrposhta" regarding compliance with the requirements of legislation in the sphere AML / CFT, in particular:</p> <ul style="list-style-type: none"> in the period from 13.06.2012 to 31.12.2012, two planned field inspections of directorates of UDPPZ "Ukrposhta" were conducted; in the period from 01.01.2013 to 31.12.2013, 9 planned field inspections of directorates of UDPPZ "Ukrposhta" were conducted; in the period from 01.01.2014 to 08.01.2014, two planned field inspections were conducted. <p>In addition, on 31.07.2014 the Law of Ukraine "On the State Budget of Ukraine for 2014" [30] was supplemented by Article 31, which provides for inspection of enterprises, institutions and organizations, individual entrepreneurs by supervisory</p>

	<p>authorities (except State Fiscal Service of Ukraine) during August - December 2014, only with the permission of the Cabinet of Ministers of Ukraine or by the request from entity regarding their inspection. Further, the Law of Ukraine of 28.12.2014 N 76-VIII “On amendments and ceasing invalid some legislative acts of Ukraine” [35] a moratorium on inspections was extended for the period of January - June 2015. In relation to this, inspections of controlled reported entities conducted by the Ministry of Infrastructure were temporary suspended.</p>
<p>Recommendation of MONEYVAL report</p>	<p><i>Ukraine should introduce mechanisms for the enforcement of specific breaches for non-banking financial institutions and Ukrposhta by competent authorities and ensure that sanctions are adequate, proportionate and effective for specific breaches under NBU Resolution No. 348</i></p>
<p>Measures reported as of 27 September 2010 to implement the Recommendation of the report</p>	<p>According to the Article 14 of the New AML/CFT Law state regulation and supervision in the area of prevention and counteraction to the legalization (laundering) of the proceeds or terrorist financing are carried out concerning: stock exchanges, assets managing companies and other professional participants of the securities markets (except banks) – by the State Securities and Stock Market Commission; postal services operators (in part of conducting of money transfers) – by the Ministry of Transport and Communication of Ukraine. Article 23 of New AML/CFT Law establishes sufficient list of enforcement measures or AML/CFT regime violations – from fine up to imprisonment.</p>
<p>Measures reported as of 6 December 2012 to implement the Recommendations of the report</p>	<p>Resolution of the NBU No 348 provides for that for the violation by the banks or other persons subject to the oversight of the National Bank of Ukraine of the requirements of the Resolution, the National Bank of Ukraine may impose enforcement measures under the legislation of Ukraine. In case of revealing the facts of activity of payment organizations of payment system related to money transfer without compliance with the rules of payment system, the National Bank shall inform corresponding state authorities thereof (paragraph 11 of the Chapter 1 of the resolution no 348).</p> <p>For the present moment the possibility for taking the enforcement measures and imposing sanctions with regard to the non bank financial institutions and Ukrposhta for certain violation of the Resolution of the NBU no 348 is regulated by the Order of the Ministry of Transport and Communication dated 15.11.2010 No 822 On Approval of the Instruction for Composing Protocols on Administrative Offences; the Order dated 15.11.2010 No 823 On Approval of the Procedure for conducting examinations by the Ministry of Transport and Communication of the reporting entities; the Order dated 28.10.2010 No 710 On Approval of the Procedure of consideration of the cases on violation of the requirements of the AML/CFT legislation and imposing sanctions.</p> <p>Besides, the Ministry drafted the Statute on the Commission of the Ministry of Infrastructure on imposing sanctions for violation of the requirements of the Law On Prevention and Counteraction to Legalization (Laundering) of the Proceeds of Crime, or Terrorist Financing and/or the AML/CFT regulations.</p>
<p>Measures taken to implement the recommendations since the adoption of the second progress report.</p>	<p>NBU Board Resolution of 25.09.2007, N348 was repealed by NBU Board Resolution of 04.02.2014 N 43 [72] Provision N 43.</p> <p>According to the Paragraph 41.6 of the Article 41 of the Law N 2346-III [29] NBU has right to require the object of supervision (oversight) to eliminate violations of the law of Ukraine on payment systems and shall apply the following sanctions: negotiating with people who are objects of supervision (oversight), on the need to</p>

	<p>bring their activities into compliance with the established requirements; written warning to eliminate violations; restriction, suspension or termination of certain types of services in payment systems in Ukraine; imposition of fines on officials of legal entities or natural persons - entrepreneurs who are the objects of supervision (oversight), in accordance with the laws of Ukraine; exclusion of payment system / payment system participant / payment infrastructure service provider from the register of payment systems, settlement systems, participants in these systems and payment infrastructure service provider; prohibition on conduction activities in Ukraine.</p> <p>According to the Article 166-20 of the Code of Administrative Offences of Ukraine [4], liability in form of a fine is stipulated for violation of laws of Ukraine and legal acts of the National Bank of Ukraine regarding supervision (oversight) of payment systems and settlement systems.</p> <p>The application of measures is defined by the Regulations on the use of the National Bank of Ukraine of measures for violation of the objects of supervision (oversight) of legislation of Ukraine on payment systems in Ukraine, approved by the National Bank of Ukraine of 19.12.2013 N 524 [77].</p> <p>Imposition of administrative fines on officials of legal entities or individual-entrepreneurs, who are the objects of supervision (oversight) is carried out in accordance with the Regulations on the order of imposing administrative fines, approved by the National Bank of Ukraine of 29.12.2001 N 563 [76].</p>
<p>Recommendation of MONEYVAL report</p>	<p><i>Ukraine should put in places measures to ensure that Ukrposhta is effectively monitored for AML/CFT purposes</i></p>
<p>Measures reported as of 27 September 2010 to implement the Recommendation of the report</p>	<p>Pursuant to the AML/CFT Law Ukrposhta shall be the reporting entity. Accordingly, the AML/CFT Law identifies that Ukrposhta is wholly responsible as other reporting entities.</p> <p>Under inspection results of the State Commission on Financial Services Markets Regulation of Ukraine, Ukrposhta activity complies with the current legislation.</p> <p>Moreover, the New AML/CFT Law prescribes that postal services providers, other institutions carrying out financial transactions on money transfer and all defined by this Law for reporting entities obligations are applicable to them.</p> <p>Herewith, according to the Article 14 of the New AML/CFT Law state regulation and supervision in the area of prevention and counteraction to the legalization (laundering) of the proceeds or terrorist financing are carried out concerning: payment organizations and members of payment systems which are non-banking institutions, - by the State Commission on Regulation of Financial Services Markets of Ukraine; postal services operators (in part of conducting of money transfers) – by the Ministry of Transport and Communication of Ukraine.</p>
<p>Measures reported as of 6 December 2012 to implement the Recommendations of the report</p>	<p>The Ministry of Infrastructure has drafted the following regulations:</p> <ol style="list-style-type: none"> 1. Regulation on conducting financial monitoring by the reporting entities regulated and supervised by the Ministry of Infrastructure. 2. Regulation on taking preventive measures with regard to the countries that do not meet or unduly meet the recommendations of international, intergovernmental organizations involved into AML/CFT. <p>To enforce paragraph 19 of the Article 6 of the Basic Law Ukrainian state entity on</p>

	<p>postal services Ukposhta as a reporting entity conducts annual internal inspections of its activity for adherence with AML/CFT legislation requirements. Plan of inspections of structural units of Ukposhta on financial monitoring is approved by Head annually.</p>
<p>Measures taken to implement the recommendations since the adoption of the second progress report.</p>	<p>Paragraph 19 of Article 6 of the Law 2015 [1] provides for the obligation of reporting entities, including also UDPPZ "Ukrposhta", to conduct internal audits of their activities in compliance with the requirements of legislation on prevention and counteraction to legalization (laundering) of criminal proceeds, terrorist financing and the financing of proliferation of weapons of mass destruction, or independent auditing of their activities (except banking activity) in this field.</p> <p>According to the provisions of paragraph 2.16 of conduction financial monitoring by the reporting entities, state regulation and supervision of activities of the Ministry of Infrastructure of Ukraine, approved by Order of 01.04.2013 N 199 [136], registered with the Ministry of Justice of Ukraine of 19.04.2013 N 650/23182, carry out inspection activities of any business unit and its employees to comply with the legislation on prevention and counteraction to legalization (laundering) of criminal proceeds, or terrorist financing, internal financial monitoring rules and implementation of programs of financial monitoring falls under the authority of responsible officer of the entity, and in accordance with paragraph 2.17 of this provision, the responsible officer of the entity (business unit) must at least once a month inform the head of the entity about the measures taken for implementation of the legislation on prevention and counteraction to legalization (laundering) of criminal proceeds, or terrorist financing, by providing the last written reference in any format, which among other things should provide information on the results of audits of internal financial monitoring system.</p> <p>Paragraph 3.7 of the abovementioned Provision also defines that the program of conduction financial monitoring of the reporting entity shall include such activities with an appropriate terms (deadlines) of their implementation, and appointed responsible persons, as conducting internal audits of the entity (unit subject) for compliance with the legislation on prevention and counteraction to legalization (laundering) of criminal proceeds, or terrorist financing.</p> <p>With regard to UDPPZ "Ukrposhta", it is defined that for inspections made earlier, UDPPZ "Ukrposhta" with the requirements of the law develops, implements and continuously considering legislation updates the rules for the financial monitoring program and other internal documents on financial monitoring issues and appoint a person responsible for its performing. The compliance officer of UDPPZ "Ukrposhta" as the subject of primary financial monitoring was appointed the director of Information and settlement management. Given the particular structure of UDPPZ "Ukrposhta", compliance officers are also appointed in the departments at the level of directorates of UDPPZ "Ukrposhta". In the absence of compliance officer or inability to perform their duties assigned person who temporarily fulfills his duties. On the specified person subject rights, obligations and requirements set as for compliance officer. Thus, UDPPZ "Ukrposhta" annually conducts internal audits of its activities in compliance with the legislation on prevention and counteraction to legalization (laundering) of criminal proceeds, or terrorist financing. Plan of inspections of UDPPZ "Ukrposhta" separate units on financial monitoring issues approves annually by the head reporting entity.</p>
<p>(Other) changes since the second</p>	

**progress report
(e.g. draft laws,
draft regulations or
draft “other
enforceable
means” and other
relevant initiatives**

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Special Recommendation VIII (Non-profit organisations)

Rating: Partially compliant

Recommendation of MONEYVAL report	<i>Considering the concerns expressed by certain authorities about the risks for misuse of such entities, the evaluators urge the authorities to undertake a comprehensive review of the system aiming at reviewing the adequacy of the legal framework, identifying the activities, size and other relevant features of the sector and assessing possible vulnerabilities related to its misuse for terrorist financing</i>
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Measures reported as of 27 September 2010 to implement the Recommendation of the report	The Security Service of Ukraine within its competence takes measures on detection of facts of non-profit organizations application for the purposes of terrorist financing, as well as persons involved in its activity (directors and founders). For today, Ukraine counts 173 political parties and over 2,5 thousands of founds, public institutions and associations 20 of which were established involving money flowing from countries of radically aimed groups. Information on contribution to terrorist financing by the mentioned organizations has been not obtained.
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Measures reported as of 6 December 2012 to implement the Recommendations of the report	<p>Under the Basic Law non-profit organizations shall mean legal persons founded for scientific, educational, cultural, health, ecological, religious, charitable, social and other activity to meet the necessities and interests of citizens within the scope defined by Ukrainian legislation and without intention of receiving profits (the Article 1, part 1 (34)). According to the Article 6 (part 4 (3)) of the Basic Law, a reporting entity shall be obliged to take measures to reduce the risk of charitable and nonprofit organizations being used with the purpose of money laundering or terrorist financing considering recommendations of the relevant entity of state financial monitoring.</p> <p>According to the Article 9 of the Law of Ukraine On Charity and Charitable Organization the reasons for the refusal in state registration shall be the following:</p> <ul style="list-style-type: none"> - violation of the procedure for establishing charity organization prescribed by the Law and other regulations; - availability of the founders/owners of qualifying holding in the legal entity – founder or the person which direct or indirect influences on legal person – founder and/or receives main part of the proceeds from activity of such legal person, who enlisted to the list of persons related to terrorist activity or - charitable organization registered before under the same name. <p>In its turn, according to paragraph 12 of the AML/CFT Action plan for 2012, approved by the Resolution of the Cabinet of Ministers of Ukraine and the National Bank of Ukraine dated 28.12.2011 № 1379, the SFMS of Ukraine continues to take measures on revealing the facts of concealing or disguising illicit origin of proceeds, identifying the source of origin, location and movement, direction of use (in particular, for conducting entrepreneurial, investment, other economic and charitable activities, carrying out of clearing and credit transactions), as well as search, seizure and confiscation of such proceeds by law enforcement agencies.</p> <p>The Security Service of Ukraine, within the competence, takes the measures to reveal the facts of use of non-charitable organizations for terrorist financing and the persons involved to the activities thereof (directors and founders) and carries out appropriate researches. No information on favoring terrorist financing by charitable organizations was obtained.</p> <p>During the meeting of the ML/FT methods and trends research Council held on October 6, 2011 it was heard the information of the Security Service of Ukraine and the State Financial Monitoring Service of Ukraine representatives about performing national review of non-profitable sector activities to identify, prevent and counteract to possible illegal use of non-profitable sector for terrorist related purposes (determining of characteristics and types of non-</p>
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	<p>profitable organizations which under their activities or characteristics feature fall under the risk to be used for terrorist financing purposes).</p> <p>Under results of the meeting, the SFMS of Ukraine summarized the information about performing national review of non-profitable sector activities to identify, prevent and counteract to possible illegal use of non-profitable sector for terrorist related purposes and submitted this information by letter to the Council members.</p>
<p>Measures taken to implement the recommendations since the adoption of the second progress report.</p>	<p>According to the Paragraph 6 of the Article 6 of Law 2015 [1], reporting entity concerning non-profit organizations, including charitable organizations, required to take the measures necessary to limit the risk of their use for the legalization (laundering) of proceeds from crime or terrorist financing or financing of weapons of mass destruction, in particular on the basis of the recommendations of the entity of state financial monitoring which pursuant to this Law shall perform the functions of state regulation and supervision of reporting entities.</p> <p>In addition, Article 15 of the Law 2015 [1] provides that one of the features according to financial transactions subject to financial monitoring is "transfer or receiving funds non-profit organization."</p> <p>The Law 2015, to the Article 23 of the Law of Ukraine "On public associations" supplement paragraph 7 as follows:</p> <p>"7. Public associations shall:</p> <ol style="list-style-type: none"> 1) keep title documents, documents that contain information about the activities carried out in accordance with the objectives (goals) and tasks; sufficient information and data to identify the requirements under the law of final beneficial owners (controllers), including the founders, managers, governing bodies and trustees. This information can not be attributed to classified information; 2) prepare annual financial reports indicating the detailed analysis of income and expenses; 3) perform control activities to ensure full enrollment and expenditure of all funds in a manner that is consistent with the stated goals and objectives of the public association; 4) ensure accounting and storing of all necessary records on domestic and international operations and the information referred to in paragraphs 1 and 2 of this paragraph at least five years, and provide it to the competent state authorities upon request, as well as in other cases provided by law. "
<p>Recommendation of MONEYVAL report</p>	<p><i>An extensive and proactive outreach to the NPO sector should be carried out for the purpose of protecting the sector from the terrorist financing abuse.</i></p>
<p>Measures reported as of 27 September 2010 to implement the Recommendation of the report</p>	<p>In accordance with the Resolution of the Cabinet of Ministers of Ukraine On Adopting the Procedure of Composing of the List of Persons Related to Terrorist Activities or with Regard to Whom International Sanctions are Applied as of August 18, 2010 No 745, the SFMS composes the list of persons related to terrorist activity, which data may be used in order to identify risks of terrorist financing by non-profit organizations.</p> <p>The named list is published at the official web-site of the SFMS, the access to which is absolutely open, in particular for the use by non-profit organizations.</p> <p>Also, the official web-site of the SFMS contains for application by organizations references to the List of US State Treasury and the List of persons, who have been imposed with financial sanctions (according to the information, published at the official web-site of the Council of Europe) which data may be applied to identify risks of terrorist financing by non-profit organizations.</p> <p>On June 2010 FIU prepared and placed on official web-site of SFMS the recommendations for NPOs on risk to be used for terrorist financing.</p>

Measures reported as of 6 December 2012 to implement the Recommendations of the report	N/A
Measures taken to implement the recommendations since the adoption of the second progress report.	<p>In 2014, the FIU of Ukraine jointly with entities of state financial monitoring, as well as state authorities, including law enforcement agencies have made a typological research on “Current methods, techniques and financial instruments of terrorism financing and separatism”. Typical techniques, methods, instruments and funding schemes of terrorism and separatism were identified and summarized in this typological research.</p> <p>The main threats and vulnerabilities that contribute to the financing of terrorism and separatism were considered. In one of the sections of the research on methods of financing terrorism and separatism, were noted that the main (dominant) way of illegal use of non-profit organizations were redirecting funds to terrorists by means of non-profit organizations.</p>
Recommendation of MONEYVAL report	<i>Legal requirements should also be introduced to ensure that NPOs maintain information on the identity of person(s) who own, control or direct NPOs activities, including senior officers, board members and trustees and that such information, as well as data on the purpose and objectives of the NPOs activities should be publicly available</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	<p>1. The Final Provisions of the Law of Ukraine On Introducing amendments to the Law of Ukraine On prevention and counteraction to the legalization (laundering) of the proceeds from crime introduced amendments to the Law of Ukraine On Charity and Charitable Organizations concerning disclosure of information about founders and structure of their ownership in cheritable organization.</p> <p>2. The Article 15 of the Law of Ukraine On Associations of Citizens as of 16.06.1992 № 2460-XII prescribes that in order to register public associations its founder shall submit an application.</p> <p>To the application the following documents are attached: the statute (provision), the minutes of founders meeting (conference) or general meeting, data on leadership structure of central statutory agencies, information on local cores, documents on payment of registration fee except cases, where according to the Ukrainian legislation public organization is delivered from registration fee.</p> <p>Amendments to statutory documents of registered public associations subject to obligatory registration.</p> <p>3. According to the Article 2 of the Law of Ukraine On Political Parties in Ukraine as of 05.04.2001 № 2365-III political party shall be registered pursuant to the Law willing association of citizens – adherents of relevant national program of social development, which purpose is to assist to create and express political will of citizens, takes part in election and other political events.</p> <p>The Article 11 of the above Law provides that political parties registration is carried out by the Ministry of Justice of Ukraine. For the registration of political party to the Ministry of Justice of Ukraine the following documents together with the application shall be submitted:</p> <ul style="list-style-type: none"> - the statute and program of political party; - data on authorities structure of political party. <p>4. On the base of the Resolution of the Parliament of Ukraine On the Procedure of Entering into Force of the Law of Ukraine On Public Associations as of 16.06.1992 № 2461-XII the Cabinet of Ministers of Ukraine is entrusted to approve the provision on the</p>

procedure of the legalization of public associations, registration of public associations symbol, registration of branches of public associations of foreign countries, to determine the procedure of charge and the rate of fees for registration.

The paragraph 3 of the Provision on the procedure of the legalization of public associations, approved by the Resolution of the Cabinet of Ministers of Ukraine as of 26.02.1993 № 140 defines that in order to register citizens association an application signed no less than by three founders of public association or by their authorized representatives shall be submitted to the registration agency.

The following documents are attached to the application:

- the statute (provision) in duplicate;
- information on leadership structure of central statutory agencies (pointing out family names, name, birth year, domicile, position (activity), place of employment);
- information on founders of public association or unions of public associations (for citizens – pointing out family names, name, birth year, domicile; for unions of public associations – title of association, location of high statutory agencies, as well as copies of document on the legalization).

The paragraph 9 of the named Provision provides that family names, name of founders of public association or their authorized representatives, birth year, domicile, title of organization and location of central statutory agencies, main purpose of public association activity shall be indicated in the application. Signatures in the application shall be certified in the procedure established by the Law.

On order to register amendments to statutory documents of public association the following documents are submitted to the registration agency:

- the application on the mentioned above amendments, signed by the authorized representative;
- the statute (provision) in duplicate with amendments (the Clause 12 of the Provision).

5. The Law of Ukraine On Charity and Charitable Organization, in particular the Article 8 defines that the state registration of all-Ukrainian and international charitable organizations is performed by the Ministry of Justice of Ukraine, and the registration of local charitable organizations, as well as departments (branches, representations) of all-Ukrainian and international charitable organizations is performed by the relevant local agencies of executive power.

For the state registration of charitable organization the following documents are submitted: the application of founders (founder) for their authorized representatives, the statute (provision), the minutes of founders meeting (congress, conference), information on founders (founder) and the authorities of charitable organization, information on local departments (branches, representations) of charitable organization, the document certifying payment for the state registration.

According to the Article 12 of the mentioned Law in the statute (provision) of charitable organization the following is indicated :

- the procedure of establishment and activity of the authorities of charitable organization;
- conditions and the procedure of admission to the members of charitable organization and leaving it.

On implementation of the Law of Ukraine On Charity and Charitable Organizations the Cabinet of Ministers of Ukraine on the base of the Resolution as of 30.03.1998 № 382 has approved the Provision on the procedure of the state registration of charitable organizations.

The paragraph 3 of the above Provision prescribes that for the state registration of charitable organization the application of founders (founder) or their authorized representative is submitted to the relevant registration agency mentioned in the paragraph 2 of this Provision.

To the application the following is attached:

- the statute (provision) of charitable organization in duplicate;
- information on founders (founder) of charitable organization:
 - for natural persons - surname, name, birth year, residence, place of employment, position;
 - for legal persons - title, legal address, copy of the statute (provision) and copy of the registration document, certified in the procedure established by the law, decision of the leading organ or minutes of general meeting of the staff, which confirms the consent for establishment of charitable organization;
- information on authorities of charitable organization and members of executive agency (surname, name, birth year, residence, place of employment, position) as well as configuration of legal address (letter of indemnity of the apartment owner, lease treaty etc).

The paragraph 16 of the Provision defines, if the certificate on the state registration of charitable organization (department of all-Ukrainian, international charitable organization) or its statute (provision) has been lost to the registration agency in order to obtain its duplicate the following is submitted:

- application of the head of charitable organization, resolution of its authority with the request to issue duplicate of the certificate on the state registration of charitable organization (department) or its statute (provision);
- confirmation in mass media on its loss;
- document certifying payment for issue of duplicate of certificate or statute (provision).

6. The Ministry of Justice of Ukraine and its territorial agencies pursuant to the Article 3 Part 4 of the Law of Ukraine On State Registration of Legal Persons and Natural Persons – Entrepreneurs as of 15.05.2003 № 755-IV (here and after referred to the Law) carry out registration (legalization) of citizens association (including trade unions and its associations), charitable organizations, political parties, creative unions and its territorial centres, lawyer associations, commercial and industrial chambers, other institutions and organizations defined by the law, as well as issue certificate on state registration drew up by state registrar in the relevant executive committee of provincial local board or in regional, regional state administration in Kyiv and Sevastopol under the location of legal person.

At the same time, the direct registration of public association, charitable organizations is performed by state registrars pursuant to requirements of the Law after obtaining of documents from justice agencies (the order and the procedure defined by the Regulation of submission to state registrars by the Ministry of Justice and its territorial agencies of information on legal persons approved by the Order of the State Committee for Regulator Policy and Entrepreneurship and the Ministry of Justice of Ukraine as of 27.02.2007 № 23/74/5).

Thus, according to the Article 17 of the Law information on legal person or natural person – entrepreneur is included to the Single state register by means of records listing on the base of information from relevant registration cards and information, which is provided by legal person to state registrar under location of registration affair pursuant to the legislation of Ukraine.

The Single state register contains information on legal person, in particular:

- the list of founders (participants) of legal person, including name, residence, identification code of natural person – tax payer, if founder s natural person; title, location and identification code, if founder is legal person;
- surname, name and identification codes of natural persons – tax payer being constituted to the board of legal person, authorized to represent legal person in legal relationships with third parties, or persons, who are entitled to commit actions on behalf of legal person without warrant, as well as to sign treaties;

- information on available restrictions regarding representation on behalf of legal person. In case of introducing amendments to statutory documents related to change of founders (participants) structure of legal person, except documents provided for by the Article 29 part 1 of this Law the copy of the resolution on getting out of the structure of founders (participants), certified in the established procedure, or the copy of the state of natural person on getting out of the structure of founder (participants) certified by notary, or the copy of document on transition of participant's share in statutory capital of company certified by notary, or the document on transferring rights of founder (participant) to another person certified by notary, or the resolution of authorized agency of legal person regarding compulsory excluding of founder (participant) from the structure of founders (participants of legal persons if it is prescribed by the law or constitute documents of legal person (the Article 29 Part 3 of the Law) is additionally submitted).

The Article 1 of the Law provides that registration affair shall be a folder of organization and registration type containing documents or computer files for permanent saving, which are submitted to state registrar pursuant to the law.

State registrar establishes, holds and ensures saving of registration affairs at the territory of the relevant administrative-territorial unit (exempt registration affairs of legal persons, registered in accordance with the Article 3 part 4 of this Law).

Additionally: pursuant to the Article 15 of the Law from the date of listing by state registrar of notation on suspension of legal person or notation on suspension of entrepreneurship by natural person – entrepreneur to the Single state register, the registration affair shall be saving by state registrar during 3 years. After expiration of this period state registrar shall submit registration affair for saving to state archival institution in the procedure, established by the law.

Registration affair shall be saving in state archival institution within 75 years from the date it was submitted to state archival institution.

7. According to the Article 24 of the Law of Ukraine On the National Backlog and Archival Institutions as of 24.12.1993 № 3814-XII the Specially Authorized Central Agency of executive power in sphere of archival affair and record keeping (central agency of executive power in sphere of archival affair and record keeping) in the scope of its authorities identified by the law performs normative-legal regulation of relations in sphere of archival affair and record keeping.

On the base of the Order of the General archival department of the Cabinet of Ministers of Ukraine as of July 20, 1998 p. N 41 the List of typical documents is created in course of activity of state power agencies and agencies of self-government, other enterprises, institutions and organizations indicating terms of documents saving (here and after referred to the List).

The List includes documents being created by documenting of the same type (general for all) management functions executed by enterprises, institutions and organizations regardless of functional and targeted assignment, level and scale of activity, form of ownership.

In accordance with the List on public association and charitable organizations the following requirements are identified:

- statutes and provisions of enterprises, institutions, organizations (including public) are saved to the moment of replacement with new (the paragraph 32);
- statutory documents (statute, articles of incorporation; amendments to them, minutes of statutory assembly of private organization founders, lists of founders (participants) are saved to the moment of replacement with new (the paragraph 54);
- articles of incorporation on mutual relationships of state organization founders are permanently saved (the paragraph 1322);
- lists of documents necessary for approval and agreement of statutes of enterprises,

	<p>organizations of national, municipal and all forms of private ownership (including joint enterprises) are saved to the moment of replacement with new (the paragraph 1300);</p> <p>- information on participation of organization in form of founder in other organizations is saved to the moment of participation annulment(the paragraph 27 Д).</p> <p>Under the paragraph 3.8 of the List an annulment of documents without approval of cases descriptions of permanent saving by commission of experts of state archives, as well as violation of determined by this List terms of saving of documents shall be illegal and brings to responsibility pursuant to the current legislation (extracts are attached).</p> <p>Thus, it may be concluded that the legislation of Ukraine identified legal requirements prescribing saving by non-profit organizations of personal data of persons that possess, control or deal with activity of non-profit organizations and saving notations during 5 years and ensuring its availability for authorized agencies (the paragraph 5.5.3) and provisions requiring information updating, in case of changes in possession or control for all forms of legal persons (the paragraph 849).</p>
Measures reported as of 6 December 2012 to implement the Recommendations of the report	N/A
Measures taken to implement the recommendations since the adoption of the second progress report.	<p>On April 26, 2015 the Law of Ukraine "On Prevention of Corruption" has come into effect. This law is aimed on overall reformation of the system on prevention of corruption in accordance to international standards and best practices of foreign countries.</p> <p>This law substantially improves the mechanism of financial control of property status of PEPs, namely – provides for the introduction of electronic declaration system.</p> <p>This law provides for mandatory indication in the declaration of the person authorized to perform state functions or local government, including information on the declaration of entry subject to management, audit or supervisory bodies of public associations, charitable organizations, self-regulatory or self-governing professional associations, membership in such associations (organizations) specifying the names of the associations (organizations) and their code of Unified State Register of Legal Entities and Individuals - Entrepreneurs.</p>
Recommendation of MONEYVAL report	<i>The authorities should also consider reviewing the effectiveness of measures in place to sanction violations of oversight measures or rules</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	<p>According to the Article 22 of the Law of Ukraine On Charity and Charitable Organizations supervision over charitable organizations including procedure of using property and funds appointed for charity shall be provided by the authorities of executive power according to their competence.</p> <p>Supervisory authorities of executive power within their competence shall have the right to demand from benefactors and their managing bodies necessary documents and to receive necessary explanations.</p> <p>Benefactors transferred their property, funds and other material values to charitable organizations receive under their request report on usage of such property, funds and values. If property, funds and other material values transferred for target using, report on their usage shall be obligatory submitted to benefactor by charitable organization.</p>
Measures reported as of 6 December 2012 to implement the Recommendations	N/A

of the report	
Measures taken to implement the recommendations since the adoption of the second progress report.	
Recommendation of MONEYVAL report	<i>The Ukrainian authorities should ensure that there are legal requirements in place for NPOs to maintain for a period of at least 5 years records of domestic and international transactions that are sufficiently detailed to verify that funds have been spend in a consistent manner with the purpose and objectives of the organisation and to make them available to appropriate authorities</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	<p>According to the Article 24 of the Law of Ukraine On the National Backlog and Archival Institutions as of 24.12.1993 № 3814-XII the Special authorized central agency of executive power in sphere of archival affair and record keeping (central agency of executive power in sphere of archival affair and record keeping) in the scope of its authorities identified by the law performs normative-legal regulation of relations in sphere of archival affair and record keeping.</p> <p>On the base of the Order of the General archival department of the Cabinet of Ministers of Ukraine as of July 20, 1998 p. N 41 the List of typical documents is created in course of activity of state power agencies and agencies of self-government, other enterprises, institutions and organizations indicating terms of documents saving (here and after referred to the List).</p> <p>The List includes documents being created by documenting of the same type (general for all) management functions executed by enterprise, institutions and organizations regardless of functional and targeted assignment, level and scale of activity, form of ownership.</p> <p>In accordance with the List on public association and charitable organizations the following requirements are identified:</p> <ul style="list-style-type: none"> - statutes and provisions of enterprises, institutions, organizations (including public) are saved to the moment of replacement with new (the paragraph 32); - constitutive documents (statute, articles of incorporation; amendments to them, minutes of constituent assembly of private organization founders, lists of founders (participants) are saved to the moment of replacement with new (the paragraph 54); - articles of incorporation on mutual relationships of state organization founders are permanently saved (the paragraph 1322); - lists of documents necessary for approval and agreement of statutes of enterprises, organizations of national, municipal and all forms of private ownership (including joint enterprises) are saved to the moment of replacement with new (the paragraph 1300); - information on participation of organization in form of founder in other organizations is saved to the moment of participation annulment(the paragraph 27 Д). <p>Under the paragraph 3.8 of the List an annulment of documents without approval of cases descriptions of permanent saving by commission of experts of state archives, as well as violation of determined by this List terms of saving of documents shall be illegal and brings to responsibility pursuant to the current legislation (extracts are attached).</p> <p>Thus, it may be concluded that the legislation of Ukraine identified legal requirements prescribing saving by non-profit organizations of personal data of persons that possess, control or deal with activity of non-profit organizations and saving notations during 5 years and ensuring its availability for authorized agencies (the paragraph 5.5.3) and provisions requiring information updating, in case of changes in possession or control for all forms of legal persons (the paragraph 849).</p>

Measures reported as of 6 December 2012 to implement the Recommendations of the report	N/A
Measures taken to implement the recommendations since the adoption of the second progress report.	<p>The Law 2015, to the Article 23 of the Law of Ukraine “On public associations” supplement paragraph 7 as follows:</p> <p>“7. Public associations shall:</p> <ol style="list-style-type: none"> 1) keep title documents, documents that contain information about the activities carried out in accordance with the objectives (goals) and tasks; sufficient information and data to identify the requirements under the law of final beneficial owners (controllers), including the founders, managers, governing bodies and trustees. This information can not be attributed to classified information; 2) prepare annual financial reports indicating the detailed analysis of income and expenses; 3) perform control activities to ensure full enrollment and expenditure of all funds in a manner that is consistent with the stated goals and objectives of the public association; 4) ensure accounting and storing of all necessary records on domestic and international operations and the information referred to in paragraphs 1 and 2 of this paragraph at least five years, and provide it to the competent state authorities upon request, as well as in other cases provided by law. ”
(Other) changes since the second progress report (e.g. draft laws, draft regulations or draft “other enforceable means” and other relevant initiatives	

Special Recommendation IX (Cross Border Declaration & Disclosure)	
Rating: Partially compliant	
Recommendation of MONEYVAL report	<i>Ukraine should make the necessary amendments in order that the resolution of the NBU and the explanatory form provided with the declaration form of the SCS also refer to all bearer negotiable instruments and not only to traveller's cheques.</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	The Article 1 Clause 1 of the Decree of Cabinet of Ministers of Ukraine On System of Currency Regulation and Currency Supervision as of February 19, 1993 under №15-93 determines the definition of “currency values”, in particular, the definition of “payment documents and other securities”, including the definition of “cheque”.
Measures reported as of 6 December 2012 to implement the Recommendations of the report	<p>The declaration of cash and cheques has been covered by the National Bank Resolution 148 of 27.05.2008.</p> <p>The National Bank of Ukraine adopted the Resolution “On the movement of securities over the customs border of Ukraine” No 469 of 22.12.2011 (hereinafter – “The Resolution”). The Resolution has been registered by the Ministry of Justice on 24.01.2012 and came in force on 10.03.2012</p> <p>The Resolution requires all securities to be declared to the customs in case of their cross-border transportation. This obligation does not depend on face value and is applied regardless of the kind of securities.</p> <p>It is important to mention that Ukrainian legislation has a broad definition of securities covering not only the named and bearer securities but also the ‘order’ securities.</p> <p>Therefore all cash and cheques above Eur 10.000 and all bearer negotiable instruments fall under the declaration requirement in case of transportation over the customs border of Ukraine.</p> <p>The Customs Code of Ukraine has been amended by the Law No 4025-VI of 15.11.2011, the amendments are in force since 17.01.2012.</p> <p>As a result of the amendments the smuggling of cash or bearer negotiable instruments is punished by the confiscation of the valuables and fine in the amount of up to 200% of their cost.</p>
Measures taken to implement the recommendations since the adoption of the second progress report.	<p>In accordance with Part 3 of Article 197 of the Customs Code of Ukraine [7] restrictions on importation into and exportation outside the customs territory of Ukraine of currency valuables, as well as the procedure for moving them across the customs border of Ukraine, including specific provisions related to the declaration of currency valuables (in particular, definition of thresholds for currency valuables subject to written or oral declaration) may be set by the National Bank of Ukraine.</p> <p>Currently, Paragraph 2.8.1 of the Procedure of filling in customs declaration for a written declaration of goods crossing the customs border of Ukraine for personal, family, or other purposes not related to business activities are moved across the customs border of Ukraine by citizens, approved by the Ministry of Finance of Ukraine of 28.05.2012 N 614, registered in the Ministry of Justice of Ukraine of 20.06.2012 N1014/21326 [97], established that Subparagraph 3.1 “Information about Ukraine currency and foreign currency cash, vouchers and other securities, precious metals” of customs declaration is filled in with national currency values, subject to a written declaration.</p> <p>Consequently, the legal act of the State Customs Service refers to all kinds of currency valuables (including bearer negotiable instruments and other payment instruments and securities) for which the National Bank of Ukraine set a mandatory</p>

	requirement of written declaration, and therefore recommendation CP IX on MONEYVAL Report as regards issues of state customs is implemented.
Recommendation of MONEYVAL report	<i>The SCS should have the authority to restrain currency or bearer negotiable instruments when there is a suspicion of ML or FT.</i>
Measures reported as of 27 September 2010 to implement the Recommendation of the report	The current legislation prescribes that confiscation of goods including currency valuables may be performed by customs agencies solely under the condition of identification in actions of person of offence indicia and its setting in the proper way.
Measures reported as of 6 December 2012 to implement the Recommendations of the report	The Government of Ukraine elaborated the draft Law of Ukraine On Amendments to the Customs Code of Ukraine (regarding procedure for detention by customs authorities of currency values) to regulate the procedure for detention by the customs authority of currency values moving through the customs border of Ukraine in case of suspicion of legalization (laundering) of the proceeds of crime or financing of terrorism. The draft Law was elaborated to fully improve provisions of the legislation regarding the procedures for detention by the customs authority of currency values moving through the customs border of Ukraine in case of suspicion of legalization (laundering) of the proceeds from crime and terrorist financing. For the present moment, the draft Law has been submitted to the Parliament. This draft Law proposes to supplement the Customs Code of Ukraine with new Article 457-1 "Detention of currency values, which may be related to the legalization (laundering) of the proceeds from crime and terrorist financing."
Measures taken to implement the recommendations since the adoption of the second progress report.	<p>According to the Article 197 of Custom Code of Ukraine [7] on restrictions on importation into and exportation outside the customs territory of Ukraine of currency valuables, as well as the procedure for moving them across the customs border of Ukraine may be set by the National Bank of Ukraine. Bodies of Revenues and Duties shall control the observance of rules of movement of currency values through the customs border of Ukraine in accordance with:</p> <ul style="list-style-type: none"> - Instructions on movement of cash and precious metals across the customs border of Ukraine, approved by the Resolution of the National Bank of Ukraine of 27.05.2008 N 148 (as amended) [66]; - Provision on movement of securities across the customs border of Ukraine, approved by the Resolution of the National Bank of Ukraine of 22.12.2011 N 469 (as amended) [65]. <p>Abovementioned regulatory acts define the subjects for mandatory writing declaration:</p> <ul style="list-style-type: none"> - cash currency in an amount exceeding the equivalent of EUR 10,000; - precious metals; - securities. <p>Declaration of currency valuables that are imported in Ukraine or exported from Ukraine by citizens is carried out using a customs declaration for the written declaration of goods crossing the customs border of Ukraine by citizens for personal, family and other needs not related to entrepreneurial activity, the form of which was approved by the Resolution of the Cabinet of Ministers of Ukraine of 21.05.2012 N 431 [51]. Together with the declaration for the customs control and customs clearance of national currency values the documents of citizens are submitted. They are provided by laws and regulations of the National Bank of Ukraine, namely:</p> <ul style="list-style-type: none"> - cash payment document or a certificate of withdrawal cash from a bank account by an individual-resident (financial institution) for an amount exceeding the

	<p>equivalent of EUR 10,000, - at moving cash by a resident in an amount exceeding the equivalent of EUR 10,000;</p> <ul style="list-style-type: none"> - customs declaration in which a sum of money was indicated that previously was brought in to the customs territory of Ukraine by an individual-resident, - at moving cash by a non-resident in an amount exceeding the equivalent of EUR 10,000; - individual NBU license for export of precious metals over 500 grams outside the borders of Ukraine; - individual NBU license for import (transfer) of securities in Ukraine. <p>Where the absence of the noted documents in citizen, all the currency valuables that were indicated shall not be crossing the customs border of Ukraine.</p> <p>The National Bank of Ukraine established a prohibition on import of precious metals over 500 grams to Ukraine, and no opportunity to transfer precious metals is provided. In the international mail and express mail with a declared value it is permitted to send cash in an amount not exceeding the equivalent of EUR 300. If this sum is exceeding this amount, the money is returned to the senders.</p> <p>In case of moving across the customs borders of Ukraine by a person that has opted for passage (carriage) through the “green channel” as a form of customs control of currency valuables which are prohibited or restricted for transportation across the customs border of Ukraine by the laws of Ukraine, or failure to declare accurate and authentic information (availability, name or title, quantity, etc.) of currency valuables subject to mandatory declaration when moved across the customs border of Ukraine, or sending of currency valuables by international mail and express mail across the customs border of Ukraine that are prohibited under the laws of Ukraine and under the acts of the Universal Postal Union shall entail administrative liability under Article 471 - 473 of the Customs Code of Ukraine [7].</p>
<p>Recommendation of MONEYVAL report</p>	<p><i>The authorities should review the current framework and ensure that it covers fully either all suspicious cross-border transportation incidents or enables the FIU to have direct information on all declarations made according to the declaration system. Information contained in customs declarations is not retained by the SCS. A system should be developed for storing this information.</i></p>
<p>Measures reported as of 27 September 2010 to implement the Recommendation of the report</p>	<p>For the present the submission of data between the State Customs Office of Ukraine and the State Committee for Financial Monitoring of Ukraine is carried out pursuant to the Agreement on cooperation between the State Customs Office of Ukraine and the State Committee for Financial Monitoring of Ukraine № 37/6 as of 10.09.2009 and its minutes.</p> <p>The Minutes № 3 prescribes submission by the State Customs Office of Ukraine to the State Committee for Financial Monitoring of Ukraine of information on the list of persons (residents and non-residents of Ukraine) that violated customs rules by import or export of foreign or national currency or other currency valuables (including violation by currency declaring) at the amount that equals or exceeds UAH 15 000 (equals or exceeds amount in foreign currency equivalent to UAH 15 000) monthly to the 10th instant of the following month.</p> <p>The Minutes № 2 on the procedure of submission of information to the Agreement prescribes that the State Customs Office of Ukraine submits information from the central data base of electronic copies of the Ministry of Interior of Ukraine (forms МД-2, МД-3, МД-6) regarding foreign trade transactions with relevant limitations regarding the list of the Ministry of Interior register on the properties “Type of declaring” and “Character of agreement” to the State Committee for Financial Monitoring of Ukraine.</p> <p>Information containing in customs declarations is saved by the State Customs Office of Ukraine. The system of saving, accumulation and processing of this information,</p>

	<p>the Unified Automated Information System of the State Customs Office of Ukraine is elaborated and put into permanent operation.</p> <p>Electronic copies of unified customs receipts МД-1 and its additional papers, certificates on registration of vehicles, loading customs declarations, paper scripts of which are submitted in stitched sets of duplications of the unified administrative document of the form МД-2, its additional papers of the form МД-3, specifications of the form МД-8 and supplement of the form МД-6 are saved in this system.</p> <p>Customs inspection, customs registration and inspection of delivery of citizens vehicles has been performed using forms МД-4 and МД-7 before entering into force of the provisions of the Order of the State Customs Office of Ukraine as of 17.11.2005 № 1118 On Approval of the Rules of Customs Inspection and Customs Registration of Vehicles Being Transported by Citizens through the State Customs Office of Ukraine. Information regarding these transactions is also saved in the Unified Automated Information System of the State Customs Service of Ukraine. For the present, customs inspection and customs registration of citizens vehicles is carried out with the use of cargo customs declarations.</p>
<p>Measures reported as of 6 December 2012 to implement the Recommendations of the report</p>	<p>As part of the Concept of establishment a multifunctional complex system "Electronic Customs" and organization of operation of the Unified Automated Information System of the State Customs Service of Ukraine, the Statute on the Unified Automated Information System of the State Customs Service of Ukraine was approved by the order of the State Customs Service of Ukraine as of November 2010 No 1341.</p> <p>The structural unit of the system that provide acceptance, registration, storage of all information regarding customs clearance of goods and vehicles being transited over the Customs border at the central level were determined.</p> <p>The State Customs Service of Ukraine has developed a program - information complex "currency values accounting," which collects and processes information about the movement of currency values across the Customs border of Ukraine by their written declaration.</p> <p>The State Customs Service of Ukraine immediately submits to the State Financial Monitoring Service of Ukraine information concerning: revealed facts of illegal movement across the Customs border of Ukraine of currency and cultural values ; entities of external economic activity which may use goods for legalization (laundering) of the proceeds from crime. Orientation of customs authorities regarding persons that may be involved in the legalization (laundering) of the proceeds from crime and terrorist financing is provided. Customs authorities provide customs control in full scope as regards to goods movement of which is carried out by persons being suspected of the legalization (laundering) of the proceeds from crime.</p> <p>The exchange of information electronically between the State Customs Service of Ukraine and the State Financial Monitoring Service of Ukraine is performed in accordance with the Agreement on interagency and information cooperation as of July 18, 2011 No 1/591.</p> <p>According to the protocols No 2, 3, 4, 5, 6 to the Agreement the State Financial Monitoring Service of Ukraine till 10th day of the month is provided with information of the Unified Automated Information System of the Customs Service of Ukraine on cargo customs declarations for the previous month of the year, and the list of persons - residents and non-residents of Ukraine who committed violation of customs regulations while importing or exporting of foreign or national currency or other currency values for the previous month of the year.</p>
<p>Measures taken to implement the recommendations</p>	<p>Pursuant to Paragraph 12 of the Action Plan for 2013 on prevention and counteraction to legalization (laundering) of criminal proceeds, or terrorist financing, approved by the Cabinet of Ministers of Ukraine and the National Bank of Ukraine</p>

<p>since the adoption of the second progress report.</p>	<p>of 11.03.2013 N 155 [52], by Orders of the Ministry of Revenue and Duties of Ukraine of 09.12.2013 N 777 [147], 778 [148] software and information systems "Combating legalization of criminal proceeds" and "Accounting of currency values during their movement across the customs border of Ukraine" were put into effect.</p>
<p>Recommendation of MONEYVAL report</p>	<p><i>The administrative penalties for false or non declarations should be raised considerably.</i></p>
<p>Measures reported as of 27 September 2010 to implement the Recommendation of the report</p>	<p>According to the Article 352 of the Customs Code of Ukraine the actions aimed at transportation of goods through the customs boundary of Ukraine concealing it from customs inspection, especially submission to the customs agency as the base for transportation of goods of documents containing fictitious information cause to imposing fine <u>at the rate from 500 to 1000 untaxed minimum incomes of citizens</u> or confiscation of these goods, as well as confiscation of goods with specially established depots (secret places) and vehicles using for transportation of goods through customs boundary of Ukraine.</p> <p>The State Customs Service of Ukraine has prepared the draft of the new version of the Customs Code of Ukraine, where it has been provided to determine for the above mentioned offence sanction in form of fine <u>at the rate from 100 to 300 % of value of direct things of violation of customs rules</u> or confiscation of these goods, as well as confiscation of goods with specially established depots (secrecy places) and vehicles using for transportation of goods – direct things of violation of customs rules through customs boundary of Ukraine.</p>
<p>Measures reported as of 6 December 2012 to implement the Recommendations of the report</p>	<p>The Customs Code of Ukraine has been amended by the Law No 4025-VI of 15.11.2011, the amendments are in force since 17.01.2012.</p> <p>As a result of the amendments the smuggling of cash or bearer negotiable instruments is punished by the confiscation of the valuables and fine in the amount of up to 200% of their cost.</p>
<p>(Other) changes since the second progress report (e.g. draft laws, draft regulations or draft “other enforceable means” and other relevant initiatives</p>	<p>According to paragraph 1.1.2.4 Annual national program of Ukraine-NATO cooperation for 2012, approved by the Decree of the President of Ukraine as of April 19, 2012 No 273/2012, Ukraine developed a clear plan for implementing the recommendations of the Special Committee of experts of the Council of Europe on the Evaluation of anti money laundering and financing of terrorism (MONEYVAL) provided under III round of evaluation of Ukraine, as well as adoption a set of measures aimed at the implementation of Council of Europe Convention On Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism.</p> <p>For fulfillment tasks assigned to the State Customs Service of Ukraine in combating legalization (laundering) of the proceeds from crime it is implemented program - information complex “combating legalization (laundering) of the proceeds from crime”, which stores, processes information about persons involved in the legalization (laundering) of the proceeds from crime, if necessary makes search of information in the existing databases.</p> <p>The Agreements on information cooperation in combating legalization (laundering) of the proceeds from crime and terrorist financing by transboundary movement of funds are elaborated and adjusted between the State Customs Service of Ukraine and the Customs authorities of the Russian Federation, the Republic of Moldova and Republic of Byelorussia.</p>

	<p>Implemented rapid exchange of information between customs authorities of Ukraine and the Russian Federation's written declaration of currency and cultural values when they are moving through customs border states.</p> <p>Implemented rapid exchange of information between customs authorities of Ukraine and the Russian Federation's written declaration of currency and cultural values when they are moving through customs border states</p> <p>Active information exchange with customs authorities of Ukraine and Russian Federation on written declaration of currency and cultural valuables by their movement through customs boarder of the States is conducted.</p>
<p>Measures taken to implement the recommendations since the adoption of the second progress report.</p>	<p>A new Custom Code of Ukraine [7] was adopted in 2012:</p> <p>Article 472 of Custom Code of Ukraine [7] “Failure to declare goods, means of transport for commercial use” provides:</p> <p>1. Failure to declare goods, means of transport for commercial use moved across the customs border of Ukraine, i.e. failure to declare, in the prescribed form, accurate and authentic information (availability, name or title, quantity, etc.) of goods, means of transport for commercial use subject to mandatory declaration when moved across the customs border of Ukraine, -</p> <p>shall entail a fine amounting to 100 per cent of the cost of such goods, means of transport with their confiscation.</p> <p>Article 483 of Custom Code of Ukraine [7] “Movement or actions aimed at the movement of goods across the customs border of Ukraine concealed from customs supervision” provides:</p> <p>1. Movement or actions aimed at the movement of goods across the customs border of Ukraine concealed from customs supervision, i.e. using specific-purpose storage (hide) and other means or ways that hinder detection of such goods or by giving them the appearance of other goods, or providing the revenue and duties authorities as a ground for moving goods with forged documents or illegally obtained documents, or those containing false information regarding the name of the goods, their weight (including allowable losses with proper storage and transportation conditions) or quantity, country of origin, sender and/or recipient quantity of cargo items, their marking and numbers, false particulars needed to identify the code of goods code under the UCGFEA and their customs value, -</p> <p>shall entail a fine amounting to 100 per cent of the cost of goods, which are direct objects of customs offenses, with confiscation of such goods, as well as goods and means of transport with specific-purpose storage (hide) used for carriage of goods, which are direct objects of customs offences, across the customs border Ukraine.</p> <p>2. The actions specified in Section 1 of this Article committed by a person was held liable during a year for an offence set out in this Article or Article 482 of the Code [7], -</p> <p>shall entail a fine amounting to 200 per cent of the cost of goods, which are direct objects of customs offences, with confiscation of such goods, as well as goods and means of transport with specific-purpose storage (hide) used for carriage of goods, which are direct objects of customs offences, across the customs border Ukraine.</p>
<p>Other) changes since the second progress report (e.g. draft laws, draft regulations or draft “other enforceable</p>	

1.4 Specific Questions

1) *At the time of the assessment, there was no provision prohibiting financial institutions from tipping off. Were there any changes in the legislation to address this deficiency?*

Article 12 Parts 6 and 7 of New AML/CFT Law establish that the reporting entity personnel submitted to the Specially Authorized Agency information on financial transaction is prohibited to inform about it the persons that conduct (conducted) it or any other third persons.

The reporting entity personnel who receive the request from Specially Authorized Agency and/or responded such request to this agency shall be prohibited to inform participants of financial transaction mentioned in the request or in the respond as well as to inform any other third party.

Subparagraph 40, first paragraph in Article 1 of the Law 2015[1] defines the financial monitoring secret as the information obtained in the course of state financial monitoring by a specially authorized agency and, in particular, the information on financial transactions and their participants, additional information, and any other information which may be associated with suspicion in legalization (laundering) of the proceeds from crime or financing terrorism or financing proliferation of weapons of mass destruction and/or other illicit financial transactions.

Paragraph eleven, Article 12 of the Law 2015[1] provides that the exchange of information constituting secret of financial monitoring, its disclosure and protection are performed according to the Law.

Employees of reporting entities, state financial monitoring entities and other state bodies having provided to the SFMS any information on any financial transaction and its participants are forbidden to inform the persons who take part in implementing such transactions, and any third parties.

The employees of the reporting entity, state bodies, local self-government bodies, officials, employees of economic entities, enterprises, institutions and organizations irrespective of their forms of ownership, which are not reporting entities, having received the request from the specially authorized agency regarding financial transactions, additional information, the information related to analyzing the financial transactions which became subject to financial monitoring, the individuals who participate in their conducting, the certificates and copies of documents, any other information which may be associated with suspicion in legalization (laundering) of the proceeds from crime, or financing terrorism or financing proliferation of weapons of mass destruction, and/or provide a response to such request of such authority are forbidden to inform the persons who are involved in conducting financial transactions defined in the request or response, as well as any third parties.

Besides, the obligation to keep the secret of financial monitoring and not to disclose the fact of submitting the information to the SFMS in the cases established by this Law [1] also applies to the persons to whom such information becomes known in connection with their professional or official activities (paragraph 13, Article 12 of the Law 2015[1]).

The persons guilty of violating the secret of financial monitoring and prohibition to inform of the fact of submitting the information to the specially authorized agency, bear responsibility in the manner prescribed by the Law.

2) *How many onsite inspections of financial institutions have been undertaken by the relevant supervisory authorities since the adoption of the MER:*

- *solely for AML/CFT supervisory issues;*
- *which include an AML/CFT component as part of general supervisory activity?*

(NB: please provide figures with a breakdown per supervisory authority/ institutions).

Supervision by entities of state financial monitoring in 2010-2012

In 2010 the National Bank of Ukraine conducted 234 inspections (218 scheduled and 16 unscheduled) of 163 banks and 71 branches of banks on their compliance with the AML/CFT legislation. In 2011 the National Bank of Ukraine conducted 146 inspections of banks and 68 branches of banks on their compliance with the AML/CFT legislation under activity of the relevant reporting entities. During January - August 2012 the National Bank of Ukraine conducted 76 inspections of banks and 84 bank branches. In 2010 the State Commission on Securities and Stock Market conducted 184 inspections (5 of which - unscheduled) of reporting entities on their compliance with the AML/CFT legislation.

In 2011 the State Commission on Securities and Stock Market conducted 287 inspections (130 of which - unscheduled) of reporting entities on their compliance with the AML/CFT legislation.

During the first half of 2012 the National Commission on Securities and Stock Market conducted 65 inspections (40 of which - unscheduled) of reporting entities on their compliance with the AML/CFT legislation.

During 2010 the State Commission on Financial Services Markets Regulation conducted 613 inspections (198 of which - unscheduled) of reporting entities on their compliance with the AML/CFT legislation.

In 2011 the State Commission on Financial Services Markets Regulation conducted 519 inspections (93 of which - unscheduled) of reporting entities on their compliance with the AML/CFT legislation.

The National Commission on Financial Services Markets Regulation has started onsite inspections from the second half of 2012. During the third quarter of 2012 The National Commission on Financial Services Markets Regulation conducted 66 inspections (11 of which - unscheduled) of reporting entities on their compliance with the AML/CFT legislation.

During the period from 21.08.2010 to 30.09.2012 the Ministry of Justice of Ukraine and regional offices generally conducted 3,700 inspections of reporting entities, including:

- in 2011 – 2138 of reporting entities;
- in the first half of 2012 – 1562 of reporting entities.

During the mentioned period were inspected:

- 3511 notaries;
- 126 lawyers;
- 63 other persons providing legal services.

In 2011 the Ministry of Finance of Ukraine jointly with the representatives of the SFMS of Ukraine conducted 6 scheduled inspections of reporting entities on their compliance with the AML/CFT legislation. During 9 months of 2012 8 reporting entities were inspected.

During 2011 the SFMS of Ukraine conducted 17 inspections of reporting entities, the state regulation and supervision over the activity of which performs the SFMS of Ukraine regarding their compliance with the AML/CFT legislation.

During 9 months of 2012 the SFMS of Ukraine in accordance with the approved Plan of inspections conducted inspection of 33 reporting entities on their compliance with the AML/CFT legislation, the state regulation and supervision over the activity of which performs the SFMS of Ukraine.

Supervision by entities of state financial monitoring in 2012-2014

National Bank of Ukraine

In 2012 the National Bank of Ukraine performed 226 audits (218 routine and 8 extraordinary) of banks and branches of banking institutions regarding their compliance with AML/CFT legislation requirements. There were 23 acts of permanent supervision prepared.

In 2013 the National Bank of Ukraine performed 237 audits (188 routine and 5 extraordinary) of 93 banks and 100 branches of banking institutions regarding their compliance with AML/CFT legislation requirements. There were 44 acts of permanent supervision prepared.

In 2014 the National Bank of Ukraine performed 243 audits (162 routine and 42 extraordinary) of 114 banks and 90 branches of banking institutions regarding their compliance with AML/CFT legislation

requirements. There were 39 acts of permanent supervision prepared.

In first quarter of 2015 the National Bank of Ukraine performed 27 audits (20 routine and 7 extraordinary) of banks and branches of banking institutions regarding their compliance with AML/CFT legislation requirements. There were 2 acts of permanent supervision prepared.

National Securities and Stock Market Commission

In 2012 the National Securities and Stock Market Commission conducted 178 audits (including 111 extraordinary) of reporting entities regarding their compliance with AML/CFT legislation requirements.

In 2013 the National Securities and Stock Market Commission conducted 190 audits (including 102 extraordinary) of reporting entities regarding their compliance with AML/CFT legislation requirements.

In 2014 the National Securities and Stock Market Commission conducted 70 audits (including 21 extraordinary) of reporting entities regarding their compliance with AML/CFT legislation requirements.

State Commission for Regulation of Financial Services Markets in Ukraine

In 2012-2014 the Commission conducted the following:

2012 – 143 audits (including 115 planned);

2013– 322 audits (including 187 planned);

2014 –128 audits (including 98 planned).

Ministry of Finance of Ukraine

In 2011-2013 and in the first half of 2014 the Ministry of Finance of Ukraine conducted 45 audits of reporting entities regarding their compliance with AML/CFT legislation requirements.

Ministry of Infrastructure of Ukraine

According to the agreed Check plans the Ministry of Infrastructure of Ukraine conducted the following:

From 13.06.2012 through 31.12.2012, 2 planned on-site audits of the Ukrainian State Enterprise of Posts “Ukrposhta” (USEP “Ukrposhta”) directorates regarding their compliance with AML/CFT legislation requirements;

From 01.01.2013 through 31.12.2013, 9 planned on-site audits of USEP “Ukrposhta” directorates with regarding their compliance with AML/CFT legislation requirements;

From 01.01.2014 through 01.08.2014, 2 planned on-site audits with regarding their compliance with AML/CFT legislation requirements.

Ministry of Economic Development and Trade of Ukraine

Beginning from the II half of 2013 the Ministry of Economic Development and Trade of Ukraine started conducting audits of reporting entities (commodity exchanges). Within the said period there were 8 planned audits of reporting entities (commodity exchanges) with regarding their compliance with AML/CFT legislation requirements.

In 2014 the Ministry of Economic Development and Trade of Ukraine conducted 2 planned audits of reporting entities (commodity exchanges) with regarding their compliance with AML/CFT legislation requirements.

Ministry of Justice of Ukraine

In 2013, the Ministry of Justice of Ukraine and its territorial departments conducted 1142 audits of reporting entities with their activities subject to state regulation and supervision by the Ministry of Justice of Ukraine (including 1097 planned and 45 extraordinary audits);

In 2014, the Ministry of Justice of Ukraine and its territorial departments of justice conducted 1482 audits of reporting entities (including 1392 planned and 90 extraordinary audits).

State Financial Monitoring Service of Ukraine

In 2013 the SFMS officers conducted 40 audits of reporting entities with their activities subject to state

regulation and supervision by the SFMS of Ukraine, including:

14 audits of business entities providing intermediary services in real estate sale and purchase transactions;

26 audits of legal entities that conduct financial transactions with goods (perform works, provide services) for cash, provided that amount of such financial transaction is equal to or exceeds UAH 150000.

In 2014 the SFMS officers conducted 18 planned audits of reporting entities with activities subject to state regulation and supervision by the SFMS of Ukraine, including:

17 audits of business entities providing intermediary services in real estate sale and purchase transactions;

1 audit of legal entity conducting financial transactions involving goods (performs works, provides services) for cash, provided that amount of such financial transaction is equal to or exceeds UAH 150000.

3) Have the supervisory authorities imposed any sanctions for breaches of AML/CFT legislation by financial institutions or DNFBPs since the adoption of the 3rd report? If so, please, indicate the main types of AML/CFT infringement detected by supervisors.

(NB: It is not necessary for these purposes to provide full detailed statistics, but an overview)

Application of sanctions by entities of state financial monitoring for violation of AML/CFT legal requirements in 2010-2012.

In 2010 the National Bank of Ukraine posed influence measures to banks and bank officers for adequately committed violations, in particular:

- written warnings - 18;
 - penalties on banks - 35;
 - imposed administrative fines for officials:
 - formed 14 administrative protocols under Article 166-5 of the Code of Ukraine on Administrative Offences (issued 13 decisions on imposing administrative fines for Under Article 166-5);
 - formed 1 administrative protocol under Article 166-9 of the Code of Ukraine on Administrative Offences(pronounced decision to dismiss the case);
 - adopted order regarding one bank on suspension of some banking transactions for 3 months.
- Under results of inspections conducted in 2011 the National Bank of Ukraine revealed violations of legislation on financial monitoring and applied appropriate influence measures/sanctions, namely:

- written warnings - 20;
- penalties on banks - 50 in the amount of 833 244.21 UAH;
- suspended some banking transactions - in 1 bank;
- imposed administrative fine to officials of banks - 19 (under Article 166-5 of the Code of Ukraine on Administrative Offences - issued 18 decisions on imposing administrative fines in the amount of 24 140 UAH; under Article 166-9 of the Code of Ukraine on Administrative Offences – the court issued one decision on imposing administrative fine in the amount of 850 UAH).

Also, in accordance with Article 14 of the Law in 2011 the National Bank of Ukraine forwarded to banks 33 written letters-requirements that are binding.

Under results of inspections conducted during 8 months of 2012 the National Bank of Ukraine revealed violations of legislation on financial monitoring and applied appropriate influence measures/sanctions, namely:

- written warnings - 16;
- penalties on banks - 37 in the amount of 420 194.50 UAH;
- suspended some banking transactions - in 1 bank;
- imposed administrative fines to officials of banks - 19 (under Article 166-5 of the Code of Ukraine on Administrative Offences - issued 6 decisions on imposing administrative fines in the amount of 9 010 UAH; under Article 166-9 of the Code of Ukraine on Administrative Offences – the court issued two decisions on imposing administrative fine in the amount of 3 700 UAH).

Also, in accordance with Article 14 of the Law in 2011 the National Bank of Ukraine during 8 months of

2012 forwarded to banks 41 written letters-requirements that are binding.

Under results of inspections conducted during 2010 the National Commission on Securities and Stock Market of Ukraine posed 126 influence measures to reporting entities for violation of legislation on financial monitoring in the form of: written warnings, penalties, orders on elimination of violations, forming administrative protocols, pronouncing of requirements on eliminating of violations and imposed fines in the amount of 41395 UAH.

Under results of inspections conducted during 2011 the National Commission on Securities and Stock Market of Ukraine posed 157 influence measures to reporting entities for violation of legislation on financial monitoring in the form of: written warnings, penalties, orders on elimination of violations, forming administrative protocols, pronouncing of requirements on eliminating of violations and imposed fines in the amount of 153600 UAH.

Under results of inspections conducted during the first half of 2012 the National Commission on Securities and Stock Market of Ukraine posed 37 influence measures to reporting entities for violation of legislation on financial monitoring in the form of: written warnings, penalties, orders on elimination of violations, forming administrative protocols, pronouncing of requirements on eliminating of violations and imposed fines in the amount of 41990 UAH.

Typical violations by professional actors of stock market of legislation on financial monitoring, in particular, is the following:

- failure to notify the SFMS of Ukraine on financial transactions subject to financial monitoring - 7% of the total number of offenses;
- violation of the terms of registration of financial transactions subject to financial monitoring - 10% of the total number of offenses;
- failure to ensure detection of financial transactions subject to financial monitoring -10% of the total number of offenses;
- violation of the Commission's requirements regarding the appointment of compliance officer for the financial monitoring - 25%;
- violation of the Commission's requirements regarding compliance with the Rules and Programs for conducting financial monitoring in the reporting entity - 7%;
- violation of the Commission's requirements regarding training and receiving of qualification certificate of compliance officer on financial monitoring issues - 10%.

Under results of inspections conducted during 2010 the State Commission on Financial Services Markets Regulation revealed 853 violations of legislation on financial monitoring committed by reporting entities and imposed fines in the amount of 449650 UAH.

Under results of inspections conducted during 2011 the State Commission on Financial Services Markets Regulation revealed 728 violations of legislation on financial monitoring by the reporting entities and imposed fine in the amount of 808,800 UAH.

Under results of inspections conducted in 2010-2012 the Ministry of Justice of Ukraine revealed 2135 violations of the AML/CFT legislation made by the notaries and the entity that provides legal services, including:

- in 2011 - 636 violations;
- for 9 months of 2012 - 1497 violations.

The Commissions of the Ministry of Justice and departments of justice on imposing sanctions for violation of the Law and/or legal acts that regulate AML/CFT activities considered 1394 cases in total, including:

- in 2011 - 468 cases;
- for 9 months of 2012 - 926 cases

As a result of consideration of these cases 1367 decisions to impose sanctions to reporting entities were taken, including:

- in 2011 - 448 decisions;
- for 9 months of 2012 - 919 decisions.

In addition to that, the total amount of fines applied by supervisory authority to reporting entity is 292.7 thousand UAH, including:

- in 2011-106.74thousand UAH;
- in 2012-285.97thousand UAH.

Under results of inspections conducted during 2011 the Ministry of Finance of Ukraine revealed 104 violations of legislation on financial monitoring by the reporting entities and imposed fine in the amount of 73900 UAH. In 2012 46 violations were revealed and imposed influence measures in the form of fine in the amount of 27200 UAH.

Under results of consideration inspected reporting entities were imposed with fines totaling 32,980 UAH, 30430 UAH of which are currently in revenue of budget. The results of conducted inspection by the SFMS of Ukraine in 2012 were considered at the meeting of the SFMS of Ukraine Commission on imposing sanctions for violations of the Law and/or legal acts that regulate AML/CFT activities. Under results of consideration inspected reporting entities were imposed with fines totaling 25,160 UAH.

Application of sanctions by entities of state financial monitoring for violation of AML/CFT legal requirements in 2010-2014.

National Bank of Ukraine

In 2013, the National Bank of Ukraine applied enforcement actions to banks and bank officers adequately to the committed violations, namely:

- written warning – 18;
- fine imposed on bank – 80;
- administrative fine imposed on a bank manager or officer under Article 166⁵ of the Code of Administrative Offences of Ukraine – 13;
- request in writing to bank on elimination (non-admission in future activities) of violations of financial monitoring legislation – 83;
- 1 protocol made up under Article 166⁹ of the Code of Administrative Offences of Ukraine.

In 2014, the National Bank of Ukraine applied enforcement actions to banks and bank officers adequately to the committed violations, namely:

- written warning – 19;
- restriction, suspension or termination of individual types of the bank transactions – 7;
- fine imposed on bank – 94;
- administrative fine imposed on a bank manager or officer under Article 166⁵ of the Code of Administrative Offences of Ukraine – 22;
- provisional, until the offence is eliminated, suspension of bank officer – 2;
- request in writing to bank on elimination (non-admission in future activities) of violations of financial monitoring legislation – 93;
- 1 protocol made up under Article 166⁹ of the Code of Administrative Offences of Ukraine.

In the first quarter of 2015, the National Bank of Ukraine applied enforcement actions to banks and bank officers adequately to the committed violations, namely:

- written warning – 3;
- restriction, suspension or termination of individual types of the bank transactions – 1;
- fine imposed on bank – 20;
- request in writing to bank on elimination (non-admission in future activities) of violations of financial monitoring legislation – 21.

Among basic types of violations the following were identified by the National Bank of Ukraine in banks:

- noncompliance with customer profile maintenance procedure;
- improper customer identification during their onboarding;
- noncompliance with financial transaction recording procedure;

- noncompliance with the procedure for provision of information to the specially authorized agency;
- failure to detect transactions subject to financial monitoring.

National Securities and Stock Market Commission

According to audit results in 2012 the National Securities and Stock Market Commission applied for violation of legal requirements in the field of financial monitoring 132 enforcement actions to reporting entities in the form of written warnings, fines, instructions on eliminating of violations, drawing up administrative protocols, notifying requests on elimination of violations and imposed fines of UAH 112470.

According to audit results in 2013 the National Securities and Stock Market Commission applied for violation of legal requirements in the field of financial monitoring 157 enforcement actions to reporting entities in the form of written warnings, fines, instructions on eliminating of violations, drawing up administrative protocols, notifying requests on elimination of violations and imposed fines of UAH 211260.

According to audit results in 2014 the National Securities and Stock Market Commission applied for violation of legal requirements in the field of financial monitoring 152 enforcement actions to reporting entities in the form of written warnings, fines, instructions on eliminating of violations, drawing up administrative protocols, notifying requests on elimination of violations and imposed fines of UAH 110670.

According to audit results in the first quarter of 2015 the National Securities and Stock Market Commission applied for violation of legal requirements in the field of financial monitoring 1 enforcement action to reporting entities in the form of written warnings, fines, instructions on eliminating of violations, drawing up administrative protocols, notifying requests on elimination of violations and imposed fines of UAH 17000.

Typical violations of financial monitoring legislation committed by professional stakeholders at securities market include, in particular:

- violation of the Commission requirements with regard to appointment of an officer in charge of financial monitoring and with regard to setting Financial Monitoring Rules and Programs – 11% of total offences;
- violation of client identification requirements – 7% of total offences;
- violation of requirements on analyzing compliance of client's financial transactions with available information on nature of client's activities and financial situation – 7% of total offences;
- violation of requirements on ensuring development and constant updating of financial monitoring rules and programmes taking into account legal requirements – 4% of total offences;
- violation of requirements on submitting to the SFMS of information for registration or failure to submit information on changes in the information that became ground for registration of an entity – 4% of total offences;
- failure to notify the SFMS of financial transactions subject to financial monitoring – 3% of total offences;
- failure to ensure detection of financial transactions subject to financial monitoring – 3% of total offences;
- violation of requirements on keeping records on identification of persons having conducted financial transaction – 3% of total offences.

State Commission for Regulation of Financial Services Markets in Ukraine

According to the audit results the Commission applied the following penalties in 2012-2014:

- 2012 – UAH 214.3 thous. for the identified violations committed by 30 reporting entities;
- 2013 – UAH 3,140.5 thous. for the identified violations committed by 190 reporting entities;
- 2014 – UAH 957.1 thous. for the identified violations committed by 91 reporting

entity.

Ministry of Justice of Ukraine

In 2013 the Ministry of Justice of Ukraine implemented the following enforcement actions to reporting entities in the field of prevention and counteraction to legalization (laundering) of criminal proceeds, or terrorism financing:

- number of penalties applied – 878 decisions taken on imposition of fines on reporting entities;
- total amount of the penalties applied – UAH 330.28 thous.

In 2014 the Ministry of Justice of Ukraine implemented the following enforcement actions:

- number of penalties applied – 856 decisions taken on imposition of fines on reporting entities;
- total amount of the penalties applied – UAH 363.7 thous.

Analysis of information provided by departments of justice shows that the most common violations committed by reporting entities are violations of period for submission to the SFMS of information necessary for entity registration and improper client identification.

Ministry of Economic Development and Trade of Ukraine

In the second half of 2013 the Ministry of Economic Development and Trade of Ukraine started auditing reporting entities (commodity exchanges). For the said period there were 8 planned audits of reporting entities (commodity exchanges) conducted with respect to their compliance with legal requirements in the field of prevention and counteraction to legalization (laundering) of criminal proceeds, or terrorism financing. Number of reporting entities (separate units) with violations of financial monitoring requirements identified in their activities – 6.

In 2014 the Ministry of Economic Development and Trade of Ukraine conducted 2 planned audits of reporting entities (commodity exchanges) with respect to compliance with legal requirements in the field of prevention and counteraction to legalization (laundering) of criminal proceeds, or terrorism financing. Such audits detected violations of legislation in the field. Following review of cases of noncompliance (improper compliance) of reporting entities (commodity exchanges) with legal requirements regulating activities in the field of prevention and counteraction to legalization (laundering) of criminal proceeds, the Committee of the Ministry of Economic Development and Trade of Ukraine decided to close the proceedings.

Ministry of Finance of Ukraine

In 2011-2013 and in the first half of 2014, following audits of reporting entities the Ministry of Finance of Ukraine detected 172 violations in the field of financial monitoring and implemented enforcement actions in the form of fines amounting UAH 172.5 thous.

Ministry of Infrastructure of Ukraine

Since 13.06.2012, the Ministry of Infrastructure of Ukraine has conducted 13 planned on-site audits of Ukrainian State Enterprise of Posts “Ukrposhta” (USEP “Ukrposhta”) directorates (during the period from 13.06.2012 through 31.12.2012 – 2, from 01.01.2013 through 31.12.2013 – 9, from 01.01.2014 through 01.08.2014 – 2). During these audits there was a number of insignificant deficiencies detected. There have been no violations detected which would provide reasons to apply penalties to USEP “Ukrposhta” or its officers for violation of AML/CFT legislation requirements.

State Financial Monitoring Service of Ukraine

In 2013 the SFMS officers conducted 40 planned audits of reporting entities with their activities subject to state regulation and supervision by the SFMS. There were violations of financial monitoring legislation detected in activities of 34 reporting entities. The penalties applied to the reporting entities amounted UAH 22.44 thous.

In 2014 the SFMS officers conducted 18 planned audits of reporting entities with their activities subject

to state regulation and supervision by the SFMS. There were violations of financial monitoring legislation detected in activities of 5 reporting entities. The penalties applied to the reporting entities amounted UAH 1.02 thous.

4) Has there been any action taken to develop further the strategic and collective review or the performance of the AML/CFT system as a whole? (see recommendation in paragraph 921 of the report)

Decision of 48-th meeting of Interdepartmental working group on investigating methods and tendencies of money laundering of the proceeds from crime as of March 31, 2008 approved the List of indexes showing efficiency of national AML system. Interdepartmental working group made decision to carry out annual evaluation of efficiency of national system.

Decision of the Interdepartmental working group was approved by the Cabinet of Ministers of Ukraine and appropriate order was made to the state authorities.

Under the Order of the First Vice Prime Minister of Ukraine SFMS of Ukraine submitted state authorities with case referrals and evaluation of efficiency of activity of national AML/CFT system was made.

In the 1st quarter of 2009 appropriate analysis of efficiency of the national AML/CFT system for 2007-2008 was performed.

National AML/CFT system efficiency report was submitted to the Cabinet of Ministers of Ukraine.

Results of evaluation showed the efficiency of national AML/CFT system and determined certain problems of the functioning.

It should be mentioned that revealed problems during the analysis of the national system coincide with conclusions of experts, submitted in the 3rd Round Evaluation Report on Ukraine.

In 2007-2008 state bodies of Ukraine on permanent grounds performed actions aimed to improve legal provision of AML/CFT national system.

At the same time, due to the complex of implemented practical measures in mentioned period firm positive tendencies concerning conducting AML/CFT actions by reporting entities were observed.

Meanwhile, because of absence in 2008 of submitted to SFMS of Ukraine STRs by certain categories of reporting entities, such as commodity exchange, fiduciary partnerships, providers of financial leasing services; factoring services providers and depository – clearing institutions, SCFSMR and State Commission on Securities and Stock Market under results of conducted revisions are recommended to ascertain the reasons for that.

Submitted to the SFMS of Ukraine reports of reporting entities concerning financial transactions containing indicators of obligatory financial monitoring prevailed. To enhance efficiency of measures taken by reporting entities to increase the number of reports on financial transactions containing indicators of initial financial monitoring submitted by them SCFSMR, SFMS of Ukraine and NBU of Ukraine are recommended to carry out appropriate organizational and explanatory actions and elaborate methodological recommendations on indication of such transactions.

Moreover, positive tendencies concerning extend of carried of examinations of reporting entities – financial institutions and adequacy of taken measures according to results of examinations of taken measures were detected.

Analysis of regulating and supervision efficiency of privileges of reporting entity, providing the AML/CFT Law show the positive tendencies concerning the scope of carried out examinations of reporting entities – financial institutions and measures taken according to results of examinations.

At the same time, Ministry of Finance of Ukraine is recommended to carry out regular supervisions of compliance of AML/CFT legislation by providers of gambling games in gambling institutions.

Analysis of quantitative and qualitative indexes of submitted case referrals by SFMS of Ukraine to the law enforcement agency in 2008 shows positive tendencies comparing with 2007.

In general, performed examination shows proper use of mechanisms of interdepartmental cooperation and coordinated activity between state authorities and their dynamic development in 2007-2008 and proper level of organization international cooperation in 2007-2008 by state authorities of Ukraine.

During evaluation of the national system main goals for the future are enhancing efficiency of

investigation of cases by law enforcement agencies under the Article 209, 306 and 209-1 of the Criminal Code of Ukraine, which will be assisted by, in particular:

- measures of providing enhanced efficiency of operative and search and other activity concerning detection and stop of activity of organized groups or criminal organizations providing legalization (laundering) of the proceeds from crime;
- generalization by the Supreme Court of Ukraine of practice of applying by courts of legislation on criminal responsibility for legalization (laundering) of the proceeds from crime.

As well stated necessity to concentrate on implementation of unified state statistics reporting based on administrative statistics of law enforcement agency, Ministry of Justice of Ukraine and State Court Administration of Ukraine.

Besides, Ministry of Justice of Ukraine is recommended to form on regular basis administrative data on total amount of assets, property seized under the court decision in criminal cases under the Article 209, 209-1, 306 of the CC of Ukraine.

Moreover, in order to elaborate draft laws necessary to implement recommendations provided by MONEYVAL experts under the III Round Evaluation of Ukraine the SFMS of Ukraine jointly with other state authorities worked out Recommended Action Plan for enhancement of Ukrainian anti-money laundering and counter terrorist financing system, provided by MONEYVAL experts.

Under results of processing the Plan SFMS of Ukraine submitted the Cabinet of Ministers with Draft Resolution of the Parliament and NBU of Ukraine on approval of Action Plan in order to comply requirements of experts.

On October 21, 2009 on the session of the Cabinet of Ministers of Ukraine the Resolution of the Cabinet of Ministers On “Approval of the Action Plan for 2010 on prevention and counteraction to legalization (laundering) of the proceeds from crime and terrorist financing” was adopted. As long as implementation of requirements require taking significant legal and practical actions that demand time for realization the Action Plan was divided into two calendar years 2009-2010.

Part of actions on implementation of recommendations was implemented as amendments to the Action Plan 2009 on prevention and counteraction to legalization (laundering) of the proceeds from crime and terrorist financing approved by the Resolution of the Cabinet of Ministers and NBU of Ukraine as of December 10, 2008 № 1077.

Other part of the Plan is separated into the Action Plan for 2010 on prevention and counteraction to legalization (laundering) of the proceeds from crime and terrorist financing.

In July 2010 World Bank jointly with SFMS conducted in Ukraine 2-day workshop on National ML/TF Risks Assessment where the second-generation risk-assessment tool was presented by World Bank.

So, Ukraine is taking measures to enhance performance of the system of prevention and counteraction to legalization (laundering) of the proceeds from crime and terrorist financing.

As to conducting of the national ML/FT risk assessment

Pursuant to paragraph 6 of the Action Plan for 2011 on prevention and counteraction to legalization (laundering) of the proceeds from crime and terrorist financing, approved by the resolution of the Cabinet of Ministers of Ukraine and the National Bank of Ukraine as of March 09, 2011 No 270, the SFMS of Ukraine drafted the Technique of conducting of the national ML/FT risk assessment.

According to the decision 4 of the ML/FT Trends and Methods Research Council (protocol decision as of December 23, 2011) the Technique was taken as a basis for national ML/FT risk assessment in 2012.

The approximate plan for conducting of national ML/FT risk assessment defined in the Technique provides for the establishment of the editorial board and working groups for conducting national risk assessment in 2012.

In order to establish the editorial board the members of the ML/FT Trends and Methods Research Council and the representatives of the National University of State Tax Service of Ukraine, the National Institute of Strategic Studies, the Academy of Financial Management, the National Academy of Internal Affairs, the National Academy of Prosecutors of Ukraine, the National Academy of Security Service of Ukraine have submitted letters on providing suggestions concerning participation in the work of the editorial board.

During the first half of 2012, the Department has processed suggestions from the public authorities to the Technique taken as a basis upon a decision of the ML/FT Trends and Methods Research Council (protocol decision as of December 23, 2011 No 4).

Also, there have been summarized suggestions for participation in the editorial board on conducting national risk assessment of the ML/FT Trends and Methods Research Council members, and representatives of the National University of State Tax Service of Ukraine, the National Institute for Strategic Studies, the Academy of Financial Management, the National Academy of Internal Affairs, the National Academy of Prosecutors of Ukraine, the National Academy of Security Service of Ukraine.

The information on these measures was heard at the next ML/FT Trends and Methods Research Council, and it was decided to hold the founding meeting of the editorial board of the national ML/FT risk assessment on April 17, 2012 (protocol decision as of February 22, 2012 No 5).

For FIU's risk assessment the following information origins are used:

statistics and administrative data of state authorities;
data of the SFMS of Ukraine on drafted and submitted case (additional)
referral to law enforcement authorities and intelligence authorities;
reports and analytical notes of the regulating and supervisory authorities of over the reporting entities;
reports and information of law enforcement authorities;
sampling analysis of court decisions on criminal cases;
ML/FT typologies.

Pursuant to the third and fourth paragraph of Article 21 of the Law 2015[1], the SFMS has developed the draft Resolution of the Cabinet of Ministers of Ukraine and the National Bank of Ukraine on Issues of Setting up National ML/FT Risk Assessment.

The draft Resolution suggests adopting of the Procedure for conducting the National ML/FT Risk Assessment and publishing of its results.

The National ML/FT Risk Assessment aims at determining (detecting) the ML/FT risks (threats), their analysis, assessment and developing measures to prevent them and/or to mitigate their negative impacts.

In addition, according to Article 28 of the Law 2015[1], the SFMS shall submit an annual due form report to the Verkhovna Rada of Ukraine on the status of prevention of and counteraction to the legalization (laundering) of proceeds of crime, or terrorist financing.

Such report shall include extended analysis of activities of all members of the AML/CFT system. The analysis shall involve statistical data from entities of state financial monitoring, law enforcement and judicial agencies on the received and sent suspicious transaction reports; investigations, prosecution and sentences concerning ML/FT; frozen, attached and confiscated property; mutual legal assistance or other international requests for cooperation; results of the supervisory activities of state regulators.

The SFMS shall, on quarterly basis, submit to the Cabinet of Ministers of Ukraine and to the National Bank of Ukraine a report on fulfillment of the AML/CFT action plan with the use of relevant statistical data, in particular:

AML/CFT Action Plan for 2013 (Resolution of the Cabinet of Ministers of Ukraine and the National Bank of Ukraine dated 11.03.2013 No.155[52]);

AML/CFT Action Plan for 2014 (Resolution of the Cabinet of Ministers of Ukraine and the National Bank of Ukraine dated 25.12.2013 No.971[53]);

AML/CFT Action Plan for 2015 (Resolution of the Cabinet of Ministers of Ukraine and the National Bank of Ukraine dated 11.03.2015 No.99[58]);

These action plans provide for consolidation of efforts to be taken by all state bodies and determine the set of their strategic targets in developing the national AML/CFT system.

The efficiency shall be determined based on fulfillment of tasks set in AML/CFT action plans. The analysis shall involve statistical data of entities of state financial monitoring, law enforcement and judicial agencies on the received and sent suspicious transaction reports; investigations, prosecution and sentences concerning ML/FT; frozen, attached and confiscated property; mutual legal assistance or other international

requests for cooperation; results of the supervisory activities of state regulators.

The AML/CFT system performance shall be evaluated on annual basis at meetings of the AML/CFT Methods and Trends Council.

In 2012, the Responsible Editorial Board was established with the view to conducting the national ML/FT risk assessment. The Board includes representatives from public authorities involved in the field work, as well as scientists from Ukrainian leading educational institutions.

Involving the Board and jointly with other public authorities the SFMS has drafted the Methods for the National ML/FT Risk Assessment, which served as basis according to the Decision of the AML/CFT Methods and Trends Council, dated 23 December 2011.

According to these Methods, in 2012 the SFMS had drafted relevant report on the Evaluation of Financial Intelligence Unit block, which describes FIU risks.

Within 2013 the SFMS conducted evaluation of financial intelligence unit (SFMS) risks taking into account new Recommendations for conducting NRAs.

In particular, the risks of failure to submit or untimely submission to the SFMS of information necessary for execution of its basic functions of collecting and analyzing data of financial transactions, as well as preparation and sending of case referrals and additional case referrals to law enforcement and intelligence agencies, were analysed based on the SFMS performance and within framework of the national risk assessment.

In addition, on 7 March 2013 FATF published new Recommendations for conducting national risk assessments in AML/CFT field.

Pursuant to the requirements set in the third and fourth paragraph of Article 21 of the Law 2015[1], the SFMS prepared the draft Resolution of the Cabinet of Ministers of Ukraine and the National Bank of Ukraine on Issues of Setting up National ML/FT Risk Assessment.

The draft Resolution suggests adopting of the Procedure for conducting the National ML/FT Risk Assessment and publishing of its results.

The National ML/FT Risk Assessment aims at determining (detecting) the ML/FT risks (threats), their analysis, assessment and developing measures to prevent emergence and/or to mitigate the negative impacts.

Additional questions (6/12/2012)

1) Please explain, if you have not already done so, how many investigations, prosecutions and convictions there have been for 3rd party / autonomous money laundering since the adoption of the first progress report and what were the predicate offences and how many of these cases involved “foreign” predicate offences? Please indicate also the time frames between indictment and final conviction in all third Party money laundering cases since the 1st progress report.

According to the AML report during 2009 - 2011 and 6 months of 2012 the law enforcement authorities submitted to the court 1031 criminal case under Article 209 of the Criminal Code of Ukraine on charges of 1517 persons, including 35 persons are accused only of committing money laundering, which may indicate the charge of money laundering without previous or without simultaneous charge of predicate offense.

Criminal Code Articles under which the FIU cases were investigated

Title	Criminal Code Article	Cases		
		2010	2011	2012*
Money laundering	209	473	498	294
Illegal confinement or abduction	146	1		

of a person				
Trafficking in human beings and other illegal transfer deals in respect of a human being	149	1	1	
Theft	185	9	21	1
Robbery	186		1	
Banditism	187	15	9	1
Extortion	189	1		2
Fraud	190	76	142	78
Misappropriation, embezzlement of property or possession thereof by power abuse	191	171	149	119
Manufacturing, storage, purchase, transportation, mailing, or bringing into Ukraine for selling purposes, or sale of counterfeit money, government securities or state lottery tickets	199		1	
Smuggling	201	40	3	6
Unlawful manufacture, possession, sale or transport for sale of excisable goods	204	1	4	2
Fictitious entrepreneurship	205	20		18
Violation of environmental safety rules	236			1
Gangsterism	257		1	2
Unlawful appropriation of a vehicle	289			1
Importation, making, sale or distribution of pornographic items	301	15	1	
Engaging minors in criminal activity	304			1
Forgery of documents, stamps, seals or letterheads, and sale or use of forged documents	358	18	37	26
Use, embezzlement, extortion of computer's information	362	1		
Abuse of authority or office	364	64	87	28
Excess of authority or official powers	365	7	11	1
Forgery in office	366	23	26	7
Neglect of official duty	367	3		
Taking a bribe	368	6	4	

Examples of court sentences are provided in response to the paragraph 1.5. of the Recommendations above.

2) What further steps have been taken to implement clear requirements on financial institutions to

satisfy themselves that correspondent financial institutions in a foreign country do not permit their accounts to be used by shell banks since 2009?

Article 25 of the Law On Banks established that Ukrainian banks are entitled to establish (also acquire) subsidiary banks, branches or representative offices in the territory of other countries on the basis of the NBU permit. The same requirements are set forth for opening subsidiary banks, branches and representative offices of Ukrainian banks in the territory of other states as those for opening branches and representative offices of the banks in the territory of Ukraine (Article 24 of the Law On Banks “Procedure for Establishment of Foreign Bank Branches and Representative Offices in the Territory of Ukraine”), provided the National Bank of Ukraine has granted the permit for investments abroad in connection with the establishment of a branch or a representative office of the bank in the territory of other country.

In order to establish a subsidiary bank, branch or representative office of a Ukrainian bank abroad, the bank shall provide the National Bank of Ukraine with a business plan and economic justification (feasibility study) of the expediency for establishing the subsidiary bank, branch or representative office of the bank abroad.

The National Bank of Ukraine has the right to refuse to grant the permit to establish a subsidiary bank, branch or representative offices in the territory of another country if the bank doesn't comply with requirements of the National Bank of Ukraine regulations, set for establishing subsidiary banks, branches or representative offices in Ukraine, and if the banking supervision in this country doesn't meet the Core Principles for Effective Banking Supervision of the Basel Committee on Banking Supervision.

The subsidiary bank, branch or representative office of a Ukrainian bank in the territory of other country shall undergo registration in conformity with the legislation requirements of the respective country.

Within one month the bank shall inform the National Bank of Ukraine of opening of a subsidiary bank, branch or representative office in the territory of other country and provide copies of the appropriate documents on their registration.

Ukrainian banks are obliged to ensure submission by the subsidiary bank or branch established in the territory of another countries of reports and information to the parent bank, the National Bank of Ukraine pursuant to requirements of the National Bank of Ukraine on conducting supervision on consolidated basis.

The National Bank of Ukraine has the right to require Ukrainian bank to reduce interest of the subsidiary bank, closing of the subsidiary bank, branch established in other countries, if the National Bank of Ukraine doesn't receive the information necessary to perform supervision on consolidated basis, or if supervision over subsidiary banks or branch of Ukrainian bank established in other countries being performed by supervisory authority of other country, is non effective, particularly doesn't meet the Core Principles for Effective Banking Supervision of the Basel Committee on Banking Supervision.

Part 4 of the Basic Law determines that the bank shall be obliged to take the following measures concerning foreign financial institutions with correspondent relations established within the procedure defined by the relevant entity of the state financial monitoring:

- to ensure collection of information on nature of financial institution activity and its financial condition, reputation, including whether this institution has been subject to enforcement measures taken by the agency providing regulation and supervision over its activity in AML/CTF sphere;
- to ascertain what measures are taken by the institution for prevention and counteraction to legalization (laundering) of the proceeds of crime or terrorist financing;
- to ascertain on the basis of received information the sufficiency and efficiency of measures taken by foreign institution to combat money laundering or terrorist financing;
- to open correspondent accounts for foreign financial institutions and in foreign financial institutions under senior manager approval.

Paragraph 3.5 of the Regulation No 189 established that determination of the customer's risk with taking into account such basic components of the risk: the risk by the customer's type, service risk and geographic risk. Bank shall determine high risk level of non-resident bank [except banks registered in member state of EU, FATF member states with which correspondent relationships are set.

Paragraph 5.4 of the Regulation No 189 determines that the correspondent accounts for the non-resident banks and with the non-resident banks shall be opened with permission of the chief executive officer of the

bank/manager of the foreign bank branch.

Pursuant to provisions of Section V of the Regulation No 189 the bank according to legislation of Ukraine shall identify and study the financial activities of customers establishing the business relations with the bank (opening accounts, concluding agreements).

In accordance with the laws of Ukraine the bank shall identify as well the persons acting on behalf of the mentioned persons, and the persons on behalf or the instructions or for the benefit whereof the financial transaction is performed.

The bank shall assure itself of validity of the documents submitted by the customer (trustee) and their compliance with the requirements of the laws of Ukraine before establishing the business relations with the customer (opening an account, performance of a financial transaction, etc.).

While establishing the business relations with the customer the bank shall:

clarify the purpose and nature of the future business relations, determine the customer's activity essence;

assess the customer's financial condition;

ascertain the data on natural persons with qualifying holdings within the legal entity that is a bank customer, as well as on the customer's controllers (for the customer being - natural person, if they exist);

determine the customer's risk level.

The bank shall, when examining the constituent instruments of the legal entity, the documents confirming the state registration thereof and other documents submitted by the customer, pay special attention to:

a) execution of the constituent instruments (including all registered modifications) and documents confirming the state registration;

b) types of business and the financial transactions the customer is going to perform;

c) panel of the legal entity owners (except the state-owned and municipal enterprises) and its controllers;

d) structure and panel of the legal entity governance bodies;

e) size of registered and paid-in authorized capital;

f) number of the employees.

3) Please explain, if you have not already done so, what AMLCFT risk assessments have been performed centrally by Governmental bodies and/or regulatory bodies since the adoption of the 1st progress report.

Pursuant to paragraph 6 of the AML/CFT Action Plan for 2011, approved by resolution of the Cabinet of Ministers of Ukraine and the National Bank of Ukraine as of March 09, 2011 No 270, the FIU drafted the Technique of conducting of the national ML/FT risk assessment approved by the decision of the ML/FT Trends and Methods Research Council (protocol decision as of December 23, 2011 № 4). Currently drafted guidelines for risk assessment of legalization (laundering) of proceeds from crime, the FIU and started work with such an assessment.

For the present the methodical recommendations on ML/FT risk assessment of the FIU are composed and the assessment is under way.

4) Please report on the international co-operation requests received and sent (between 2009 - to date) regarding ML/FT (covering FIU to FIU cooperation, mutual legal assistance requests, exchange of information and cooperation between supervisory authorities).

As part of the information exchange with foreign FIUs in 2009 the SFMS of Ukraine carried out the following:

- sent 572 requests to 61 foreign FIU, and received 498 responses;

- received from foreign FIUs 146 requests, and sent 143 responses. The average time to respond to the request of a foreign FIU is 17.9 days.

In 2010 the SFMS of Ukraine sent through Egmont Group Secure Web-site (ESW) 394 requests and received 135 requests from foreign FIUs.

As part of the information exchange with foreign FIUs in 2010 the SFMS of Ukraine carried out the following:

- sent 394 requests to 48 foreign FIUs, and received 421 responses;

- received 135 requests from 38 foreign FIUs, and sent responses to all requests.

During 2011 the SFMS of Ukraine sent 467 requests to 58 foreign FIUs and received responses to 430 requests from 52 foreign FIUs.

Simultaneously, the SFMS of Ukraine received 187 requests from 48 foreign FIUs, and sent responses to 189 requests of 48 foreign FIUs.

In 2011, the SFMS of Ukraine sent through Egmont Group Secure Web-site (ESW) sent 462 requests and received 176 requests from foreign FIUs.

During the 9 months of 2012 the SFMS of Ukraine sent 238 requests to 48 foreign FIUs and received 246 responses to them. Simultaneously, the SFMS of Ukraine received 136 requests from 44 foreign FIUs and sent 131 response.

In 2010 - 9 months of 2012 the Ministry of Justice of Ukraine received 6 international requests on legal assistance in cases of money laundering or terrorist financing.

Moreover, in 2010 - 9 months of 2012 the Ministry of Justice of Ukraine received 1 international request on confiscation and 3 requests on extradition in cases of money laundering or terrorist financing.

In 2011 the Division of Legal Assistance of International and Legal Department of the General Prosecutor's Office of Ukraine sent to 5 applications of Ukrainian investigation authorities investigation on providing legal assistance in criminal cases, investigated under the facts of legalization of the proceeds from crime.

In this period the General Prosecutor's Office of Ukraine organized execution of 23 orders of foreign competent authorities of 13 countries on providing legal assistance in criminal cases, investigated under the facts of legalization of the proceeds from crime.

Within 6 months of 2012 the General Prosecutor's Office of Ukraine organized execution of 9 orders of foreign competent authorities of 7 countries on providing legal assistance in criminal cases, investigated under the facts of legalization of the proceeds from crime.

In 2010 within the international cooperation the Ministry of Interior of Ukraine through Interpol processed 212 AML documents received and 271 CFT documents sent – respectively 104 and 117.

In 2011 - processed 145 AML documents received and 195 CFT documents sent – respectively 129 and 112.

In the first half of 2012 - processed 112 AML documents received and 113 CFT documents sent – respectively 209 and 132.

Within the international cooperation the State Commission on Securities and Stock Market processed and sent responses:

- during 2009 – to 5 requests of the relevant foreign authorities;
- during 2010 - to 7 requests of the relevant foreign authorities;
- during 2011 - to 10 requests of the relevant foreign authorities.

In the first half of 2012 in framework of international cooperation the State Commission on Securities and Stock Market processed and provided responses to 5 requests of the relevant foreign authorities.

1. In 2012 the General Prosecutor's Office of Ukraine sent to the foreign competent agencies 3 extradition requests to hold the persons criminally liable under Article 209 of the Criminal Code of Ukraine [3] (2 requests to Italy and 1 request to Latvia).

Following review of the requests Latvia and Italy denied extradition of the same person due to his/her refugee status (first this person had been detained in Latvia and, then, in Italy).

Besides, Italy had also denied extradition due to threat of political prosecution of that person in Ukraine.

Within the same year the GPO received from the foreign competent agencies 2 extradition requests for committing the abovementioned crime (Russian Federation, Netherlands). Both requests were granted.

2. In 2013 the General Prosecutor's Office of Ukraine sent to the foreign competent agencies 3 extradition requests to hold the persons criminally liable for legalization (laundering) of criminal proceeds (2 requests to Russian Federation and 1 request to Hungary). Hungary granted the request and the offender had been transferred to the Ukrainian law enforcement agencies. Russian Federation denied extradition of one person because of Russian Federation citizenship. The Department did not receive information on the

results of reviewing 1 request to Russia.

In 2013 foreign competent agencies did not send any requests to the GPO on extradition for the said offence.

3. In 2014 the General Prosecutor's Office of Ukraine sent to the foreign competent agencies 6 extradition requests to hold the persons criminally liable for the specified category offences, in particular, 1 request to the UK, 3 requests to Russian Federation, 1 request to Lithuania and 1 request to Ecuador.

Among these requests 1 still was not reviewed (UK), Russian Federation denied 2 requests (due to person's having RF citizenship and absence of elements of crime in the person's acts). Lithuanian competent agencies also denied the request due to failure to identify the person's location in the country. Review of the third request by Russia was postponed due to the person's prosecution in Russian Federation. There was no information received concerning results of the review of the request to Ecuador.

In 2014 GPO did not receive from foreign competent agencies any requests on extradition for the purpose of prosecution for the said offence.

4. Within the current year the GPO of Ukraine sent a request to the GPO of the Russian Federation on extradition to hold the persons criminally liable for the range of crimes, in particular, for legalization (laundering) of criminal proceeds. Currently there was no decision taken on the request.

In 2015 GPO has received from foreign competent agencies 2 requests on extradition for the purpose of prosecution for the said offence. Currently these requests have not been granted essentially and the verification of extradition request is in progress (Romania, France).

Regarding requests from pretrial investigation agencies for provision of international legal assistance in criminal proceedings, investigations of legalization (laundering) of criminal proceeds, the following shall be notified.

1. Within 2012 the International Judicial Cooperation Department had received 11 requests from the Ukrainian pretrial investigation agencies for provision of international legal assistance in criminal proceedings, investigations of legalization (laundering) of criminal proceeds (Article 209 of the Criminal Code of Ukraine[3]).

All specified requests were sent to the foreign competent agencies for execution (4 requests to Latvia, 3 requests to Russian Federation, 2 to the UK, and one to each of the following countries, namely Poland and Cyprus). Currently at foreign competent agencies there are 3 requests in progress and 8 requests have been already executed.

Within the specified period the GPO has received 23 requests from foreign competent agencies for international legal assistance in criminal cases of this category. The instructions have been sent by law enforcement agencies of Lithuania (4); Georgia 4); Slovakia (2); Latvia (2); Switzerland (2); Italy (2); and one from each of the following countries, namely USA, Czech Republic, Belgium, Russian Federation, Moldova, Monaco and Finland.

Among these requests 20 were fully executed and 3 petitions were withdrawn by the initiator (Georgia).

In 2012, 2 petitions for assumption of criminal prosecution against citizens of Ukraine were received from foreign competent agencies (from Slovakia and Germany) in this category of criminal cases. In both cases the petitions for assumption of criminal prosecution were denied due to absence of translated case materials and absence of elements of crime in the person's acts under the Ukrainian legislation.

Within 2012 no requests for legal assistance in criminal cases of terrorism financing, as well as no petitions for assumption (transfer) of criminal prosecution in the specified category of criminal cases were received by the GPO from foreign competent agencies and Ukrainian pretrial investigation agencies.

2. Within 2013 the GPO received 30 requests from the Ukrainian pretrial investigation agencies for provision of international legal assistance in criminal proceedings, investigations of legalization (laundering) of criminal proceeds (Article 209 of the Criminal Code of Ukraine[3]).

All specified requests were sent to the foreign competent agencies for execution (4 requests to Russian Federation, 4 to the UK, 3 to Switzerland, 2 to Latvia, 2 to USA and one to each of the following countries, namely Estonia, Belize, New Zealand, BVI, Panama, Moldova, France, Canada, Monaco, Georgia, Czech Republic, Slovakia, Italy, Israel and Germany). Currently at foreign competent agencies there are 10 requests in progress, 16 requests have been already executed and 3 requests were denied by foreign

competent agencies due to absence of connection between circumstances of the criminal offence and the requested legal proceedings and under Article 2 of the European Convention on Mutual Assistance in Criminal Matters of 1959. One request was withdrawn by the initiator (Ukrainian pretrial investigation agency)

Within the specified period the GPO received 19 requests from foreign competent agencies for international legal assistance in criminal cases of this category. The instructions were sent by law enforcement agencies of Slovakia (3); Lithuania (2); Latvia (2); Switzerland (2); Germany (2); Czech Republic (1); Russian Federation (1); Moldova (1); Monaco (1); Austria (1); Spain (1); Panama (1) and Portugal (1).

All these requests were fully executed.

In 2013, no petitions for assumption (transfer) of criminal prosecution against citizens of Ukraine from foreign competent agencies in this category of criminal cases were received.

Within 2013 no requests for legal assistance in criminal cases of terrorism financing, as well as no petitions for assumption (transfer) of criminal prosecution in the specified category of criminal cases were received by the GPO from foreign competent agencies and Ukrainian pretrial investigation agencies.

3. Within 2014 the International Judicial Cooperation Department received 12 requests from the Ukrainian pretrial investigation agencies for provision of international legal assistance in criminal proceedings, investigations of legalization (laundering) of criminal proceeds (Article 209 of the Criminal Code of Ukraine[3]). Six requests had been sent to the foreign competent agencies for execution (2 requests to Russian Federation, and one by one to Ecuador, Estonia, Latvia and USA). Other 6 requests were returned to the initiator for correcting due to identified deficiencies. Currently at foreign competent agencies there are 2 requests in progress and 4 requests have been already executed.

Within the specified period the GPO received 39 requests from foreign competent agencies for international legal assistance in criminal cases of this category. The instructions have been sent by law enforcement agencies of Slovakia (7), Belgium, Latvia and Moldova – 5 requests each; Austria, UK – 3 requests each, Germany, Czech Republic – 2 requests each; 1 request from each of the following countries: Armenia, Cyprus, Italy, Liechtenstein, Lithuania, Portugal, USA.

Among these requests 35 have been fully executed and 4 requests are in progress.

In 2014, 2 petitions for assumption (transfer) of criminal prosecution against citizens of Ukraine have been received from foreign competent agencies (from Austria and Latvia) in this category of criminal cases. No final decision has been taken in the specified criminal proceedings.

There have been no petitions for assumption (transfer) of criminal prosecution in the specified category of criminal cases received by the GPO from Ukrainian pretrial investigation agencies.

Within 2014 the Legal Assistance Unit sent 1 request for international legal assistance in criminal proceeding on terrorism financing from the Ukrainian pretrial investigation agency to foreign countries to organize execution. There has been no feedback on the results of consideration of the request.

There was one request for international assistance in criminal proceeding of the specified category received from foreign competent agencies (Lithuania). As of today the request has been completely executed.

This should be also noted that, in 2014, the GPO sent three requests for international legal assistance under paragraph 1, Article 258-3 of the Criminal Code of Ukraine [3] (leadership of a terrorist organization, organizational, material or other support to activity of a terrorist organization) from the Ukrainian security agencies and two requests from the Main Investigation Department of the Ministry of Interior of Ukraine under paragraph 3, Article 260 of the CCU (financing of unlawful paramilitary or armed formations) to foreign countries (Russian Federation).

In 2014, the GPO did not receive any petitions for assumption (transfer) of criminal prosecution with regard to criminal cases of the specified category from foreign competent agencies and Ukrainian pretrial investigation agencies.

4. Within the period from 01.01.2015 through 08.05.2015 the International Judicial Cooperation Department had received 9 requests from the Ukrainian pretrial investigation agencies for provision of

international legal assistance in criminal proceedings, investigations of legalization (laundering) of criminal proceeds (Article 209 of the Criminal Code of Ukraine[3]). Seven requests were sent to the foreign competent agencies for execution (1 to each of the following countries, namely Russian Federation, BVI, UK, Latvia, Netherlands and UAE). One request was returned to the pretrial investigation agency for correcting due to identified deficiencies and, with regard to 1 request the pretrial investigation agency refused to send it for execution to foreign competent agencies. Currently there are 7 requests in progress at foreign competent agencies.

Within the specified period the GPO received 8 requests from foreign competent agencies for international legal assistance in criminal cases of this category. The instructions were sent by law enforcement agencies of Slovakia, Italy, USA, Switzerland, Czech Republic, Latvia, Moldova and Poland – 1 request from each country.

Among these requests 2 were fully executed and 6 requests are in progress.

In 2015, GPO did not receive any petitions from foreign competent agencies and Ukrainian pretrial investigation agencies for assumption (transfer) of criminal prosecution in this category of criminal cases.

There have been no petitions for assumption (transfer) of criminal prosecution in the specified category of criminal cases received by the GPO from Ukrainian pretrial investigation agencies.

Within this period the Legal Assistance Unit sent 1 request for international legal assistance in criminal proceeding on terrorism financing (on provision by the citizen of Ukraine, Mr. Aliiev D.I. and citizen of Azerbaijan, Mr. Erol A.A. of funds to member of the international terrorist organization Islamic State) from the Ukrainian pretrial investigation agency to foreign countries (Kazakhstan) to organize execution.

There was no feedback to the GPO on the results of consideration of the request.

Within the specified period there was no petition from Ukrainian pretrial investigation agencies to the GPO for assumption (transfer) of criminal prosecution against foreign citizens.

The GPO did not receive from foreign competent agencies any requests for legal assistance in criminal cases of the specified category, as well as any requests for assumption (transfer) of criminal prosecution against citizens of Ukraine.

We shall note separately that, within 2012-2015, investigating officers of the local prosecution agencies did not investigate criminal (cases) proceedings on terrorism financing.

Within framework of information exchange with foreign FIUs the SFMS performed the following in 2009:

- sending of 572 requests to 61 foreign FIU; 498 responses were received;

- receipt of 146 requests from foreign FIUs with the responses provided to 143 requests. The average response time to request from foreign FIU was 17.9 days.

Within framework of information exchange with foreign FIUs the SFMS performed the following in 2010:

- sending of 394 requests to 48 foreign FIU; 421 response was received;

- receipt of 135 requests from 38 foreign FIUs with the responses provided to all requests.

Within framework of information exchange with foreign FIUs the SFMS performed the following in 2011:

- sending of 467 requests to 58 foreign FIU; 430 responses were received;

- receipt of 187 requests from 48 foreign FIUs with the responses provided to 189 requests.

Within framework of information exchange with foreign FIUs the SFMS performed the following in 2012:

- sending of 433 requests to 117 foreign FIU; 322 responses were received;

- receipt of 172 requests from 50 foreign FIUs with the responses provided to all requests.

Within framework of information exchange with foreign FIUs the SFMS performed the following in 2013:

- sending of 439 requests to 133 foreign FIU; 449 responses were received;

- receipt of 174 requests from 52 foreign FIUs with the responses provided to 173 requests.

Within framework of information exchange with foreign FIUs the SFMS performed the following in

2014:

- sending of 458 requests to 136 foreign FIU; 395 responses were received;
- receipt of 251 requests from 55 foreign FIUs with the responses provided to 253 requests.

As of 14 May 2015 the SFMS has sent 175 requests to 55 foreign FIU; 237 responses have been received. At the same time, the SFMS of Ukraine has received 85 requests from 30 foreign FIUs with 113 responses provided.

5) How many freezing orders have been made pursuant to the UNSCR Resolutions 1267 and 1373 since the 1st progress report?

Upon execution of the Law of Ukraine On Prevention and Counteraction to Legalization (Laundering) of the Proceeds from Crime and Terrorist Financing requirements as of May 18, 2010 No 2258-VI the SFMS of Ukraine adopts regular measures aimed at identification among participants of financial transactions of persons related to terrorist activity or regarding whom international sanctions are applied.

Thus, since the entering into force of the new Basic Law, the SFMS of Ukraine, according to the provisions of Article 17 of this Law, is entitled to suspend financial transactions, including those that may be related to terrorist financing.

Thus, from September 01, 2010 till September 01, 2012 the SFMS of Ukraine drafted and submitted to the Security Service of Ukraine 7 case referrals, which contained suspicion that these transactions were conducted by persons that fell under measures provided for by the UN SC Resolution 1267 (1999), as those that were involved in terrorist activities.

As part of the case referrals submitted the SFMS of Ukraine took 19 decisions on temporary suspension of financial transactions on the basis of Article 17 of the Basic Law.

In the course of verification of the above-mentioned materials Security Service of Ukraine has not confirmed the fact that transactions were carried out with the participation of persons that fall under the UN SC Resolutions.

Pursuant to the Law 2015[1] the FIU of Ukraine shall take on a regular basis the measures aimed at detecting among financial transactions participants the persons related to terrorist activity or those subject to international sanctions.

Thus, upon the entry of the Law into force, under Article 17 thereof the FIU of Ukraine was granted right to suspend financial transactions including those that may be related to financing of terrorism.

So, from 01.09.2010 through 15.05.2015 the FIU of Ukraine has drafted and sent to the Security Service of Ukraine 11 case referrals including suspicions with regard to conducting with involvement of persons subject to measures provided in the UN Security Council Resolution 1267 (1999) as involved in terrorist activity.

Within framework of the sent case referrals, the FIU of Ukraine has taken 23 decisions on suspension of financial transaction according to Article 17 of the Law[1].

Besides, examination of the case referrals did not support the instances of conducting transactions involving persons subject to measures provided in the UN Security Council Resolution 1267 (1999) as involved in terrorist activity or in financing of terrorism.

Additional questions since the second progress report

1. *Please give details of your assessment of the main money laundering risks and identified methods for laundering proceeds in Ukraine, highlighting any typologies and evolving trends since the last evaluation.*

<p>2. <i>R.1: Unless this information has been provided in answer to the questions on R.1 or in the statistical data provided, please provide information on the breakdown of convictions for ML since 2009, showing the numbers of self laundering cases compared with autonomous ML cases and indicating also as far as possible the underlying predicate offences. Please also indicate the penalties imposed for ML in respect of both natural and legal persons.</i></p>
<p>3. <i>R.26: The previous assessment has recommended that additional measures should be taken with a view to increasing the quality of case referrals submitted to all law enforcement authorities by the SFMS, with special attention to the issue of timeliness of such referrals, and in reviewing the dissemination process to ensure that case referrals are submitted to the appropriate law enforcement agency. Could you please elaborate on measures taken since 2009 to address these issues.</i></p>
<p>4. <i>SR.III: What is the value of funds and assets that Ukraine has frozen since 2009 in response to (a) 1267/1989 and 1988 designations made by the United Nations; and b) 1373 designations made by Ukraine (if any).</i></p> <p>Upon entry of the Law 2015 into force, Article 17 thereof granted the FIU of Ukraine the right to suspend financial transactions including those that may be related to financing of terrorism.</p> <p>So, from 01.09.2010 through 15.05.2015 the FIU of Ukraine has drafted and sent to the Security Service of Ukraine 11 case referrals including suspicions with regard to conducting with involvement of persons subject to measures provided in the UN Security Council Resolution 1267 (1999) as involved in terrorist activity.</p> <p>Within framework of the sent case referrals, the FIU of Ukraine has taken 23 decisions on suspension of financial transaction according to Article 17 of the Law.</p>
<p>5. <i>R.36: Please provide a breakdown of statistics for the period 2009-2014 on MLA requests sent and received, granted and refused (with details on grounds for refusal), related to ML/FT cases. Please provide also details on implementation of arrangements for coordinating seizure and confiscation actions with other countries, and subsequently asset sharing if applicable.</i></p>

There is an insignificant number of requests sent and received by the Ministry of Justice of Ukraine on cases of crimes of legalization of criminal proceeds, as one of the central agency in international cooperation in criminal cases.

Within 2009-2014 the Ministry of Justice of Ukraine received 12 international requests for international cooperation in ML/FT cases and sent 3 subpoenas for extradition with regard to crimes associated with legalization of criminal proceeds. According to the processing results 3 subpoenas were executed, 2 instructions of foreign competent agencies were returned by the Ministry of Justice of Ukraine due to the persons' absence at the addresses specified in the instructions; 2 instructions were returned due to absence specified in therein of enterprises with respect to which particular proceedings were to be performed. Other instructions are in progress.

The Ministry of Internal affairs shall ensure operational support for investigations in criminal proceedings on embezzlement of budget funds and their further legalization with assistance of former high-ranking officials and their affiliated persons within the system of the Ministry of Ecology and Natural Resources of Ukraine (*criminal proceeding No. 1201400000000230 under paragraph 3, Article 209 of the CCU, GPO*), as well as embezzlement and legalization of funds of the NBU funds (*criminal proceeding No. 1201400000000113 under paragraph 5, Article 191, par. 3, Article 209, Article 255 of the CCU, GPO*) in especially large amounts.

In particular, during the pretrial investigation into criminal proceeding No. 4201400000000359, paragraph 5, Article 191 of the CCU on embezzlement of state funds within the system of the NBU there were attached more than UAH 200 mln. on accounts of domestic financial institutions.

Within the specified criminal proceedings the Ministry takes measures to identify criminal schemes used for movement of the embezzled funds, their conversion and transfer abroad.

Including capacities of the law enforcement agencies and foreign FIUs within international cooperation on AML/CFT, with the view to taking measures for determining and further attachment of property abroad, the requests for international legal assistance were sent to Austria, UK, Ireland, Spain, Italy, Cyprus, Latvia, Lithuania, Liechtenstein, USA and Switzerland.

Within other criminal proceedings, investigating officers of the Main Investigation Department of the Ministry of Interior of Ukraine sent such requests to Belgium, Belarus, Spain, Netherlands and Germany.

1.5 Questions related to the Third Directive (2005/60/EC) and the Implementation Directive (2006/70/EC)⁴

Implementation / Application of the provisions in the Third Directive and the Implementation Directive	
Please indicate whether the Third Directive and the Implementation Directive have been fully implemented / or are fully applied and since when.	Norms of the AML/CFT Law provide implementation of provisions of the Third Directive.
Implementation	Regulations of the Law of 2015 [1] implement and fulfill provisions of the Third

⁴For relevant legal texts from the EU standards see Appendix II

measures since the adoption of the second progress report.	and the Implementation Directive.
(Other) changes since the second progress report (e.g. draft laws, draft regulations or draft “other enforceable means” and other relevant initiatives)	

Beneficial Owner	
Please indicate whether your legal definition of beneficial owner corresponds to the definition of beneficial owner in the 3 rd Directive ⁵ (please also provide the legal text with your reply)	<p>Definition of “beneficial owner” in the context of implementation of Council of Europe Convention is provided by the New AML/CFT Law, considering beneficial owner as a person for benefit or in interest of which financial transaction is conducted (Article 1 Part 1(24)).</p> <p>Moreover, Resolution of the NBU as of March 28, 2007 № 98, adopting Methodical recommendations on enhancing corporate governance in the banks of Ukraine provide definition of “beneficial owner” – person, which obtains benefit out of securities or other property despite the formal ownership. In particular, beneficial owner is a person, with is directly or indirectly, personally or with other persons, through agreements, personal relations or in other way has the right to vote, right to purchase or sell property or right to collect dividends.</p>
Implementation measures since the adoption of the second progress report.	<p>Definition of the term <i>beneficial owner</i> in the context of the implementation of the EU Directive is provided in the Law 2015 [1].</p> <p>Thus, subparagraph 6 of the first paragraph of Article 1 of the Law 2015[1] provides definition of the term <i>beneficiary</i> as a person in whose favor or interest a financial operation is effected.</p> <p>In addition, subparagraph 20 of the first paragraph in Article 1 of the Law 2015[1] provides definition of <i>ultimate beneficial owner</i> as an individual who regardless of formal ownership may exercise decisive influence on management or economic activity of a legal entity either directly or through other persons, which is carried out, in particular, through implementing rights of ownership or use of all assets or their significant part, the rights of decisive influence on forming the structure, voting results, as well as taking actions which enable to determine the terms and conditions of business, give binding instructions or perform the functions of a management body, or which can exercise influence through direct or indirect (through another individual or legal entity) possession by one person alone or together with associated individuals and/or legal entities a share in the legal entity of 25 or more per cent of the share capital or voting rights in such legal entity.</p> <p>According to this definition an ultimate beneficial owner (controller) may not be the person who has the formal right to 25 or more percent of the share capital or voting rights of a legal entity, but is an agent, nominal holder (nominal owner) or</p>

⁵ Please see Article 3(6) of the 3rd Directive reproduced in Appendix II

	is only a mediator in relation to such right.
(Other) changes since the second progress report (e.g. draft laws, draft regulations or draft “other enforceable means” and other relevant initiatives)	

Risk-Based Approach	
Please indicate the extent to which financial institutions have been permitted to use a risk-based approach to discharging certain of their AML/CFT obligations.	Art.9 of AML/CFT Law allows financial institutions to conduct simplified CDD measures on certain categories of clients: government agencies, state-owned enterprises and participants of stock exchanges.
Implementation measures since the adoption of the second progress report.	<p>According to the sixteenth paragraph in Article 9 of the Law 2015 [1] the normative legal acts of the state financial monitoring entities which in accordance with this Law perform the functions of state regulation and supervision over the respective reporting entities may establish the list of the identification data which the reporting entities establish in the following cases:</p> <ul style="list-style-type: none"> establishing business relations or conducting the financial transaction provided the client is a state body, enterprise which is fully owned by the state, an international institution or organization in which Ukraine participates in accordance with international agreements of Ukraine, and for which the Verkhovna Rada of Ukraine granted consent; conducting a financial transaction at a stock exchange; effecting insurance indemnity or making insurance payments under an contract of international obligatory insurance of civil liability; establishing business relations or effecting a financial transaction provided the client is an institution, body, office or agency of the European Union; establishing business relations or effecting a financial transaction provided the client is a diplomatic mission of a foreign country accredited in Ukraine in the prescribed manner; establishing business relations with a client who is an issuer which according to the legislation or the terms and conditions of placing shares at the stock exchange is obliged to disclose publicly the information on the ultimate beneficial owners (controllers), or is a subsidiary or a representative office of such client.
(Other) changes since the second progress report (e.g. draft laws,	

draft regulations or draft “other enforceable means” and other relevant initiatives)	
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Politically Exposed Persons	
Please indicate whether criteria for identifying PEPs in accordance with the provisions in the Third Directive and the Implementation Directive ⁶ are provided for in your domestic legislation (please also provide the legal text with your reply).	<p>New AML/CFT Law (Article 1 Part 1(29)) provide definition of politically exposed persons as natural person entrusted to carry out designed public functions, in particular:</p> <ul style="list-style-type: none"> - Head of State, Head of Government, Ministers and their Deputy Heads; - Deputies of the Parliament; - Members of Supreme Court, Constitutional Court or other higher judicial authorities whose decisions can not be litigated, unless exceptional cases; - members of the court of auditors or central banks governors; - ambassadors, chargé d'affaires and high officials of armed forces; - members of administrative, managerial or supervising authorities of strategic public enterprises.
Implementation measures since the adoption of the second progress report.	<p>According to the Law of 2015, PEPs shall be domestic PEPs, foreign PEPs and persons entrusted with political functions by international organizations.</p> <p>According to subparagraph 25, paragraph 1 in Article 1 of the Law 2015[1], the domestic PEPs shall be individuals who perform or performed special public functions in Ukraine during the last three years, namely:</p> <p>President of Ukraine, Prime Minister of Ukraine, members of the Cabinet of Ministers of Ukraine;</p> <p>first deputies and deputies of Ministers, heads of other central executive bodies, their first deputies and deputies;</p> <p>people's deputies of Ukraine;</p> <p>Chairman and members of the Board of the National Bank of Ukraine, members of the Board of the National Bank of Ukraine;</p> <p>heads and judges of the Constitutional Court of Ukraine, the Supreme Court of Ukraine, and higher specialized courts;</p> <p>members of the High Council of Justice, members of the High Qualification Commission of Judges of Ukraine, members of the Qualification and Disciplinary Board of Prosecutors;</p> <p>Posecutor General of Ukraine and his deputies;</p> <p>Head of the Security Service of Ukraine and his deputies;</p> <p>Chairman of the Antimonopoly Committee of Ukraine and its deputies;</p> <p>Chairman and members of the Accounting Chamber;</p> <p>members of the National Television and Radio Broadcasting Council of Ukraine;</p> <p>ambassadors extraordinary and plenipotentiary;</p>

⁶ Please see Article 3(8) of the 3rd Directive and Article 2 of Commission Directive 2006/70/EC reproduced in Appendix II.

	<p>Head of General Staff – Commander-in-Chief of the armed forces of Ukraine, heads of army of Ukraine, air force of Ukraine, naval forces of Ukraine; the state officials whose posts are referred to the first or second category of posts; heads of regional local agencies of the central executive authorities, heads of prosecution agencies, heads of regional local agencies of the Security Service of Ukraine, heads and judges of appeal courts; heads of administrative, managerial or supervisory bodies of state and public enterprises, economic partnerships where government stake in authorized share capital exceeds 50 per cents; heads of governing bodies of political parties and members of their central statutory bodies;</p> <p>According to subparagraph 19, paragraph 1 in Article 1 of the Law 2015[1], the foreign PEPs shall be individuals who perform or performed special public functions in foreign countries during the last three years, namely: head of state, head of government, ministers and their deputies; deputies of the Parliament; chairmen and members of management boards of central banks; members of the Supreme Court, Constitutional Court or other judicial bodies whose decisions are not subject to appeal, except for appeal under exceptional circumstances; ambassadors extraordinary and plenipotentiary, charges d'affairs and heads of central bodies of military administrations; heads of the administrative, management or supervisory bodies of state enterprises, which are of strategic importance; heads of governing bodies of the political parties represented in the parliament.</p> <p>Based on subparagraph 13, first paragraph in Article 1 of the Law 2015[1], the persons who perform political functions in international organizations, shall include officials of international organizations who hold or held managerial positions within the last three years in such organizations (directors, heads of boards or their deputies), or perform any other executive functions at the highest level, including those in international intergovernmental organizations, members of international parliamentary assemblies; judges and senior officials of international courts.</p>
(Other) changes since the second progress report (e.g. draft laws, draft regulations or draft “other enforceable means” and other relevant initiatives)	

“Disclosure”	
Please indicate whether the prohibition is	Reporting entities are prohibited to disclose information about transaction report and requests received from FIU. Moreover, CC of Ukraine provides responsibility for disclosure of data of pre-trial

<p>limited to the transaction report or also covers ongoing ML or TF investigations.</p>	<p>investigation or inquest (Article 387).</p> <p>Reporting entities are prohibited to disclose information about transaction report and requests received from FIU.</p> <p>Article 222 of the new Criminal Procedure Code of Ukraine, which comes into force 20.11.2012, provides for the opportunity of disclosing of information of preliminary investigation only with the permission of the investigator or the prosecutor and to the extent they recognize as possible.</p> <p>For illegal disclosure of information of preliminary investigation the Article 387 of the Criminal Code of Ukraine with amendments that come into force 20.11.2012, provides for liability for disclosure of information of operative-investigative activities, preliminary investigation.</p> <p>The reporting entities are prohibited to disclose information about STRs and requests received from FIU.</p> <p>According to Article 121 of the Criminal Procedure Code of Ukraine the information of preliminary investigation may be disclose only with the permission of the investigator or the prosecutor and to the extent they recognize as possible.</p> <p>For illegal disclosure pretrial investigation Article 387 of the Criminal Code of Ukraine with the changes that come into force 20.11.2012, provided liability for disclosure of data operational activities, pre-trial investigation.</p> <p>For illegal disclosure of information of preliminary investigation the Article 387 of the Criminal Code of Ukraine with amendments that come into force 20.11.2012, provides for liability for disclosure of information of operative-investigative activities, preliminary investigation.</p>
<p>Implementation measures since the adoption of the second progress report.</p>	<p>Subparagraph 40 of the first paragraph in Article 1 of the Law 2015 [1] introduces definition for financial monitoring secret providing that such secret shall cover information obtained in the course of state financial monitoring by a specially authorized agency, in particular, the information on financial transactions and their participants, additional information, and any other information which may be associated with suspicion in legalization (laundering) of illegally derived income or financing terrorism or financing proliferation of weapons of mass destruction and/or other illicit financial transactions.</p> <p>In addition, the Law 2015 [1] (paragraph 11, Article 12) provides that reporting entities, state financial monitoring entities, as well as other state bodies having provided the specially authorized body with any information on any financial transaction and its participants shall be forbidden to inform the persons who took or take part in implementing such transactions, and any third parties.</p> <p>The employees of the reporting entity, state bodies, local self-government bodies, officials, employees of economic entities, enterprises, institutions and organizations irrespective of their forms of ownership, which are not subject to primary financial monitoring and which receive a request from the specially authorized agency on financial transactions, additional information, information related to analyzing the financial transactions which became subject to financial monitoring, individuals who participated in their implementation, certificates and copies of documents, any other information which may be associated with suspicion in legalization (laundering) of criminal proceeds, or financing terrorism or financing proliferation of weapons of mass destruction, and/or having provided a response to such request from such agency, shall be forbidden to inform the persons who took or take part in implementing the financial transactions specified in the request or response, as well as any third parties.</p> <p>Paragraph 12 in Article 12 of the Law of 2015 [1] provides that the specially</p>

	<p>authorized agency shall ensure protection and keeping of the secret of financial monitoring. The specially authorized authority shall be forbidden to disclose and/or transmit to any person any information constituting secret of financial monitoring, except for cases provided by Articles 17, 18, 20 and 23 of the Law 2015 [1]. When the specially authorized agency receives request for such information, it shall return such request to the respective interested person without consideration, except for cases when such request is received within examination of previously received case referrals and/or any additional case referrals. If the specially authorized agency has any additional information related to case referrals which were previously sent to the law enforcement agencies, the specially authorized agency may form and provide the respective law enforcement agency with any additional case referrals.</p> <p>Any disclosure by the employees of the specially authorized agency of the secret of financial monitoring entails responsibility according to the law or a court decision.</p> <p>Paragraph 13 in Article 12 of the Law 2015 [1] provides for the obligation to keep the secret of financial monitoring and not to disclose the fact of submitting the information to the specially authorized agency in cases provided by this Law, that shall also apply to the persons to whom such information becomes known in connection with their professional or official activities.</p> <p>Persons guilty of violating the secret of financial monitoring and prohibition to inform of the fact of submitting the information to the specially authorized agency, shall be liable in accordance to the statutory procedure.</p> <p>The prohibition to disclose information on pretrial investigation is provided in Article 222 of the Code of Criminal Procedure of Ukraine [2].</p>
<p>With respect to the prohibition of “disclosure” please indicate whether there are circumstances where the prohibition is lifted and, if so, the details of such circumstances.</p>	<p>Article 222 of the new Criminal Procedure Code of Ukraine, which comes into force 20.11.2012, provides for the opportunity of disclosing of information concerning pre-trial investigation only under permission of the investigator or the prosecutor and in amount they consider to be possible.</p> <p>If necessary, the investigator, prosecutor warns persons who became known the information concerning pre-trial investigation in connection with participation in it, on their duty not to disclose such information without his permission. Unlawful disclosure of the information concerning pre-trial investigation entails criminal responsibility established by Article 387 of the Criminal Code of Ukraine with amendments, which enter into force on November 20, 2012.</p> <p>According to the Article 121 of the Criminal Procedural Code of Ukraine information concerning pre-trial investigation may be disclosed only under permission of investigator or prosecutor and in amount they consider to be possible.</p> <p>As appropriate, investigator advises witnesses, victim, civil plaintiff, civil defendant, defense counsel, expert, specialist, translator, attesting witnesses, as well as other persons present during the conduct of investigative actions of their duty not to disclose information relating to pre-trial investigation without his/her consent. Those guilty of disclosure of information relating to pre-trial investigation are criminally liable under Article 387 of the Criminal Code of Ukraine.</p>
<p>Implementation measures since the adoption of the second</p>	<p>This issue is regulated by provisions of the Code of Criminal Procedure of Ukraine [2], where Article 222 provides that information of pretrial investigation may be disclosed only with permission of investigator or public prosecutor, and in the scope they deem possible. According to Article 121 of the Code, information of</p>

progress report.	pretrial investigation may be released only with permission of investigator or public prosecutor, and in the scope they deem possible. Liability for illicit disclosure of information on pretrial investigation shall be determined by Article 387 of the CCU[3].
(Other) changes since the second progress report (e.g. draft laws, draft regulations or draft “other enforceable means” and other relevant initiatives)	

“Corporate liability”	
Please indicate whether corporate liability can be applied where an infringement is committed for the benefit of that legal person by a person who occupies a leading position within that legal person.	The Basic Law provides for responsibility of legal persons for conducting of ML/FT financial transactions and for violation of the Basic Law requirements. Since, any financial transactions and responsibilities are performed by legal persons, in particular, with the help of persons being their official, in case of commitment by these officials of violation the legal persons are also brought to liability.
Implementation measures since the adoption of the second progress report.	
Can corporate liability be applied where the infringement is committed for the benefit of that legal person as a result of lack of supervision or control by persons who occupy a	The AML/CFT Law provides responsibility of legal entities for violation of its requirements. Such responsibility of legal entities shall be applied despite of insufficient supervision or control by the person on charge of such legal entity (Article 23).

leading position within that legal person.	
Implementation measures since the adoption of the second progress report.	<p>In case legal entities carry out financial transactions of legalization (laundering) of criminal proceeds, or terrorist financing or financing proliferation of weapons of mass destruction, such legal entities may be wound up according to court decision (second paragraph in article 24 of the Law of 2015[1]) no matter which officer of such legal entity and with what intent committed such actions.</p> <p>In addition, failure of a reporting entity to comply with legal requirements on AML shall in accordance with Article 24 of the Law of 2015[1], entail administrative liability, in particular, also in case such violation occurred due to insufficient supervision or control by managing officer of such legal entity.</p>
(Other) changes since the second progress report (e.g. draft laws, draft regulations or draft “other enforceable means” and other relevant initiatives)	
DNFBPs	
Please specify whether the obligations apply to all natural and legal persons trading in all goods where payments are made in cash in an amount of € 15 000 or over.	<p>Under the Article 5 Part 2 (8) of the New AML/CFT Law a specially assigned reporting entities are natural persons – business entities and legal entities, conducting financial transactions with goods for cash, under condition that the sum of transaction is equal or exceed the sum defined by the part one of the Article 15 of this Law (UAH 150 000, equals approx. Eur 15 000), in cases provided by the Article 6 and 8 of this Law.</p>
Implementation measures since the adoption of the second progress report.	<p>The Law of 2015[1] that entered into force on 06.02.2015 provides for exclusion from the category of specially designated reporting entities of individual entrepreneurs and legal entities conducting financial transactions involving goods (performing works, providing services) for cash, provided amount of such financial transaction is equal to or exceeds UAH 150 thous. or is equal to or exceeds amount in foreign currency that is equivalent to UAH 150 thous.</p> <p>The Resolution of the National Bank of Ukraine No. 210[68] dated 06.06.2013 provides upper limits for cash payments, namely:</p> <ul style="list-style-type: none"> • the upper limit for such payments between enterprises (entrepreneurs), shall be UAH 10 thous. within a day; • the upper limit for such payments for goods (works, services) between individual and enterprise (entrepreneur) shall be UAH 150 thous. within a day; • the upper limit for such payments between individuals under sale and purchase

	agreements subject to notarial certification shall be UAH 150 thous.
(Other) changes since the second progress report (e.g. draft laws, draft regulations or draft “other enforceable means” and other relevant initiatives)	

1.6 Statistics

1 - Money laundering and financing of terrorism cases

a. Statistics provided in the first progress report

2005												
	Investigations		Prosecutions		Convictions (final)		Proceeds frozen		Proceeds seized		Proceeds confiscated	
	cases	persons	cases	persons	cases	persons	cases	amount (in EUR)	cases	amount (in EUR)	cases	amount (in EUR)
ML ¹	779	231	404	591	228	231	Not available	1 619 242	Not available	1 203 781	Not available	1 237 173
FT	0	0	0	0	0	0	0	0	0	0	0	0

¹ML on the basis of Articles 209,306 of the CC of Ukraine

2006												
	Investigations		Prosecutions		Convictions (final)		Proceeds frozen		Proceeds seized		Proceeds confiscated	
	cases	persons	cases	persons	cases	persons	cases	amount (in EUR)	cases	amount (in EUR)	cases	amount (in EUR)
ML ¹	764	159	390	496	177	159	Not available	1 917 537	Not available	3 281 079	Not available	1 285 013
FT	0	0	0	0	0	0	0	0	0	0	0	0

¹ML on the basis of Articles 209,306 of the CC of Ukraine

2007												
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	Investigations		Prosecutions		Convictions (final)		Proceeds frozen		Proceeds seized		Proceeds confiscated	
	cases	persons	cases	persons	cases	persons	cases	amount (in EUR)	cases	amount (in EUR)	cases	amount (in EUR)
ML¹	751	228	387	550	211	228	Not available	2 270 442	Not available	1 497 609	Not available	1 715 561
FT	0	0	0	0	0	0	0	0	0	0	0	0

¹ML on the basis of Articles 209,306 of the CC of Ukraine

2008												
	Investigations		Prosecutions		Convictions (final)		Proceeds frozen		Proceeds seized		Proceeds confiscated	
	cases	persons	cases	persons	cases	persons	cases	amount (in EUR)	cases	amount (in EUR)	cases	amount (in EUR)
ML¹	754	208	383	495	212	208	Not available	4 791 833	Not available	7 601 706	Not available	1 956 249
FT	0	0	0	0	0	0	0	0	0	0	0	0

¹ML on the basis of Articles 209,306 of the CC of Ukraine

2009												
	Investigations		Prosecutions		Convictions (final)		Proceeds frozen		Proceeds seized		Proceeds confiscated	
	cases	persons	cases	persons	cases	persons	cases	amount (in EUR)	cases	amount (in EUR)	cases	amount (in EUR)
ML¹	733	204	385	565	195	204	Not available	2 775 468	Not available	23 717 958	Not available	3 264 620
FT	0	0	0	0	0	0	0	0	0	0	0	0

¹ML on the basis of Articles 209,306 of the CC of Ukraine

June 2010												
	Investigations		Prosecutions		Convictions (final)		Proceeds frozen		Proceeds seized		Proceeds confiscated	
	cases	persons	cases	persons	cases	persons	cases	amount (in EUR)	cases	amount (in EUR)	cases	amount (in EUR)
ML¹	425	-	214	320	110	120	Not available	14 556 793	Not available	12 205 077	Not available	4 689 848
FT	0	0	0	0	0	0	0	0	0	0	0	0

¹ML on the basis of Articles 209,306 of the CC of Ukraine

b. Statistics provided in the second progress report

2010												
	Investigations		Prosecutions		Convictions (final)		Proceeds frozen		Proceeds seized		Proceeds confiscated ²	
	cases	persons	cases	persons	cases	persons	cases	amount (in EUR)	cases	amount (in EUR)	cases	amount (in EUR)
ML¹	666	-	384	565	250	276	-	19 824 618	-	1 525 112	-	9 445 447
FT	0	0	0	0	0	0	0	0	0	0	0	0

¹ML on the basis of Articles 209, 209-1 of the CC of Ukraine

²Total legalized proceeds of crime established by the court

2011												
	Investigations		Prosecutions		Convictions (final)		Proceeds frozen		Proceeds seized		Proceeds confiscated ²	
	cases	persons	cases	persons	cases	persons	cases	amount (in EUR)	cases	amount (in EUR)	cases	amount (in EUR)
ML¹	623	-	394	615	266	290	-	8 663 264	-	25 837 593	-	11 414 255
FT	0	0	0	0	0	0	0	0	0	0	0	0

¹ML on the basis of Articles 209, 209-1 of the CC of Ukraine

²Total legalized proceeds of crime established by the court

2012												
	Investigations		Prosecutions		Convictions (final)		Proceeds frozen		Proceeds seized		Proceeds confiscated ²	
	cases	persons	cases	persons	cases	persons	cases	amount (in EUR)	cases	amount (in EUR)	cases	amount (in EUR)
ML¹	410		218		195	182		9461793		5131848		14,8 МЛН. €БРО
FT	0	0	0	0	0	0	0	0	0	0	0	0

¹ML on the basis of Articles 209, 209-1 of the CC of Ukraine

² Total legalized proceeds of crime established by the court

1- STR/CTR

a. Statistics provided in the first progress report

Explanatory note:

The statistics under this section should provide an overview of the work of the FIU.

The list of entities under the heading “*monitoring entities*” is not intended to be exhaustive. If your jurisdiction covers more types of monitoring entities than are listed (e.g. dealers in real estate, supervisory authorities etc.), please add further rows to these tables. If some listed entities are not covered as monitoring entities, please also indicate this in the table.

The information requested under the heading “*Judicial proceedings*” refers to those cases which were initiated due to information from the FIU. It is not supposed to cover judicial cases where the FIU only contributed to cases which have been generated by other bodies, e.g. the police.

“*Cases opened*” refers only to those cases where an FIU does more than simply register a report or undertakes only an IT-based analysis. As this classification is not common in all countries, please clarify how the term “cases open” is understood in your jurisdiction (if this system is not used in your jurisdiction, please adapt the table to your country specific system).

Note: according to the Ukrainian regulations within one case FIU may submit several notifications (case referrals) to law enforcement – initial case referral and additional materials. Additional case referrals may be also sent based on cases of previous years.

2005															
Statistical Information on reports received by the FIU								Judicial proceedings							
Monitoring entities, e.g.	reports about transactions above threshold	reports about suspicious transactions		cases opened by FIU		notifications to law enforcement / prosecutors		indictments				convictions			
		ML	FT	ML	FT	ML	FT	ML		FT		ML		FT	
								cases	persons	cases	persons	cases	persons	cases	persons
Banks	417608	3488	1	9	3	3	3	1	N	0	0	9	N	0	0
Insurance companies	12011	1310	0	2		1	9	3	/				/		
Credit union	5	1	0					5	A				A		
Pawnshop	656	0	0												
Administrator of non-state pension fund (activity for administration of non-state pension funds)	0	0	0												
Other financial institutions	0	0	0												
Enterprises and	2	2	0												

communication unions																				
Currency-exchange		0	0																	
Persons, providing separate types of financial services		0	0																	
Professional Securities Market Participants	3764	338	0																	
Commodity exchange and other exchange		0	0																	
Gambling institution	1	0	0																	
Other legal entities, which conduct financial transactions according to the legislation	1428	35	0																	
Notaries		N/A	N / A																	
Lawyers		N/A	N / A																	
Accountants/auditors		N/A	N / A																	
Legal persons conducting any kind of lottery	90	0	0																	
Total	435565	350507	17																	

2006															
Statistical Information on reports received by the FIU										Judicial proceedings					
Monitoring entities, e.g.	reports about transactions above threshold	reports about suspicious transactions		cases opened by FIU		notifications to law enforcement /prosecutors		indictments				convictions			
		ML	FT	M	F	M	F	ML		FT		ML		FT	
		cases	persons	cases	persons	cases	persons	cases	persons	cases	persons	cases	persons	cases	persons
Banks	491771	311299	12	90	0	44	0	164	N / A	0	0	8	N / A	0	0
Insurance companies	11489	1421	0			6									
Credit union	3	0	0												
Pawnshop	265	0	0												
Administrator of non-state	0	0	0												

pension fund (activity for administration of non-state pension funds)																				
Other financial institutions	0	0	0																	
Enterprises and communication unions	1	2	0																	
Currency-exchange		0	0																	
Persons, providing separate types of financial services		0	0																	
Professional Securities Market Participants	4652	352	0																	
Commodity exchange and other exchange		0	0																	
Gambling institution		0	0																	
Other legal entities, which conduct financial transactions according to the legislation	85	0	0																	
Notaries		N/A	N / A																	
Lawyers		N/A	N / A																	
Accountants/auditors		N/A	N / A																	
Legal persons conducting any kind of lottery	134	0	0																	
Total	508400	313074	12																	

2007																
Statistical Information on reports received by the FIU								Judicial proceedings								
Monitoring entities, e.g.	reports about transactions above threshold	reports about suspicious transactions		cases opened by FIU		notifications to law enforcement / prosecutors		indictments		convictions						
		ML	FT	M	F	M	F	ML	FT	ML	FT					
		cases	persons	cases	persons	cases	persons	cases	persons	cases	persons					
Banks	654936	320189	13	1	13	1	5	3	2	N	0	0	4	N	0	0

Insurance companies	16961	2154	0			0		4	A			0	A	
Credit union	216	5	0											
Pawnshop	358	0	0											
Administrator of non-state pension fund (activity for administration of non-state pension funds)	1	0	0											
Other financial institutions	41	0	0											
Enterprises and communication unions	0	4	0											
Currency-exchange	3	0	0											
Persons, providing separate types of financial services	7	0	0											
Professional Securities Market Participants	7560	609	0											
Commodity exchange and other exchange	11	0	0											
Gambling institution		0	0											
Other legal entities, which conduct financial transactions according to the legislation	43	22	0											
Notaries		N/A	N / A											
Lawyers		N/A	N / A											
Accountants/auditors		N/A	N / A											
Legal persons conducting any kind of lottery	219	0	0											
Total	680356	3229 66	1 3											

2008															
Statistical Information on reports received by the FIU								Judicial proceedings							
Monitoring entities, e.g.	reports about transactions above threshold	reports about suspicious transactions		cases opened by FIU		notifications to law enforcement/prosecutors		indictments		convictions					
		ML	FT	M	F	M	F	ML	FT	ML	FT	ML	FT		
		cases	persons	cases	persons	cases	persons	cases	persons	cases	persons	cases	persons		
Banks	748235	287387	8	16	3	64	7	32	N/A	0	0	116	N/A	0	0
Insurance companies	21794	2007	0	7		2		6							
Credit union	92	2	0	5											
Pawnshop	237	4	1												
Administrator of non-state pension fund (activity for administration of non-state pension funds)	21	1	0												
Other financial institutions	61	0	0												
Enterprises and communication unions	0	5	0												
Currency-exchange	11	0	0												
Persons, providing separate types of financial services	39	0	0												
Professional Securities Market Participants	6053	972	0												
Commodity exchange and other exchange	7	0	0												
Gambling institution	33	7	0												
Other legal entities, which conduct financial transactions according to the legislation	3	33	0												
Notaries		N/A	N/A												
Lawyers		N/A	N/A												
Accountants/auditors		N/A	N/A												
Legal persons conducting any kind of lottery	264	0	0												
Total	776850	290418	9												

2009															
Statistical Information on reports received by the FIU								Judicial proceedings							
Monitoring entities, e.g.	reports about transactions above threshold	reports about suspicious transactions		cases opened by FIU		notifications to law enforcement / prosecutors		indictments			convictions				
		ML	FT	M	F	M	F	ML	FT	ML	FT	ML	FT		
		cases	cases	cases	cases	cases	cases	cases	cases	cases	cases	cases	cases		
Banks	628300	223	10	1	0	6	1	3	N	0	0	1	N	0	0
Insurance companies	17877	246	0	8		6		5	/			5	/		
Credit union	1	33	0	2				4	A			0	A		
Pawnshop	191	4	0												
Administrator of non-state pension fund (activity for administration of non-state pension funds)		0	0												
Other financial institutions	129	0	0												
Enterprises and communication unions	1	0	0												
Currency-exchange	2	0	0												
Persons, providing separate types of financial services	222	0	0												
Professional Securities Market Participants	3265	946	1												
Commodity exchange and other exchange	2	0	0												
Gambling institution	22	4	0												
Other legal entities, which conduct financial transactions according to the legislation	0	2	0												
Notaries		N/A	N/A												
Lawyers		N/A	N/A												
Accountants/auditors		N/A	N/A												
Legal persons conducting any kind of lottery	359	0	0												
Total	650371	227	11												

January – July 2010															
Statistical Information on reports received by the FIU								Judicial proceedings							
Monitoring entities, e.g.	reports about transactions above threshold	reports about suspicious transactions		cases opened by FIU		notifications to law enforcement / prosecutors		indictments				convictions			
		ML	FT	M	F	L	T	ML		FT		ML		FT	
								cases	persons	cases	persons	cases	persons	cases	persons
Banks	293 036	95 570	2	8 3	2	2 5	2	1 7	N /	0	0	4 0	6 5	0	0
Insurance companies	8 846	247	1	2		7		6	A						
Credit union	0	4	0												
Pawnshop	26	4	0												
Administrator of non-state pension fund (activity for administration of non-state pension funds)	0	1	0												
Other financial institutions	6	0	0												
Enterprises and communication unions	0	3	0												
Currency-exchange	0	0	0												
Persons, providing separate types of financial services	0	182	0												
Professional Securities Market Participants	1 069	174	0												
Commodity exchange and other exchange/ Stock exchange, trade and information systems (activity on organisation of trade on securities market)	146	0	0												
Assets management companies (activity on asset management of joint investment institutions, activity on assets management of non-state pension funds)	261	36	0												
Gambling institution															
Other legal entities, which conduct financial transactions according to the legislation	381	0	0												
Notaries	-	-	-												
Lawyers	-	-	-												

Accountants/auditors	-	-	-																
Legal persons conducting any kind of lottery	208	0	0																
Total	303 979	96 221	3																

Statistics of transaction reports contained in case referrals

Year	Threshold reports/STRs submitted to law enforcement agency
2008	228 577
2009	180 768
January-July 2010	111 745
2011	[please complete]
2012	[please complete]
2013	[please complete]
2014	[please complete]
x.x.2015	[please complete]

b. Please complete, to the fullest extent possible, the following tables since the adoption of the second progress report

2010															
Statistical Information on reports received by the FIU								Judicial proceedings							
Monitoring entities, e.g.	reports about transactions above threshold	reports about suspicious transactions		cases opened by FIU		notifications to law enforcement/prosecutors		indictment		convictions					
		ML	FT	ML	FT	ML	FT	ML		FT		ML	FT		
								cases	persons	cases	persons			cases	persons
		ML	FT	ML	FT	ML	FT	cases	persons	cases	persons	cases	persons		
Banks	557170	21	3	1	1	66	5	1	N	0	0	65	N	0	0
Insurance companies	22939	87	1	6				0	/	0	0		/	0	0
Credit union	8	9	0												
Pawnshop	55	5	0												
Administrator of non-state pension fund (activity for administration of non-state pension funds)	0	1	0												
Other financial institutions	84	23	0												
Enterprises and communication	1	29	0												

unions																			
Currency-exchange	0	0	0																
Persons, providing separate types of financial services	8	27	0																
Professional Securities Market Participants	666	38	0																
Commodity exchange and other exchange	N/A	4	0																
Gambling institution	1	N/A	0																
Other legal entities, which conduct financial transactions according to the legislation	2404	10	0 -																
Notaries	-	22	0																
Lawyers	-	N/A	0																
Accountants/auditors	-	N/A	0																
Legal persons conducting any kind of lottery	366	N/A	0																
Total	583702	22	4																
		14	09																

2011																			
Statistical Information on reports received by the FIU										Judicial proceedings									
Monitoring entities, e.g.	reports about transactions above threshold	reports about suspicious transactions		cases opened by FIU		notifications to law enforcement/prosecutors		indictments		convictions									
		ML	FT	ML	FT	ML	FT	ML		FT		ML		FT					
								cases	persons	cases	persons	cases	persons	cases	persons				
Banks	558660	48	4	1	8	58	4	1	N	0	0	37	N	0	0				
		93		8		0		4	/										
		70		4				2	A					A					
Insurance companies	21498	84	0	1															
		5																	
Credit union	191	0	0																
Pawnshop	57	0	0																
Administrator of non-state pension fund (activity for administration of non-state pension funds)	0	0	0																

Other financial institutions	668	10 3	0																	
Enterprises and communication unions	1	20	0																	
Currency-exchange	0	0	0																	
Persons, providing separate types of financial services	-	-	-																	
Professional Securities Market Participants	648	1	0																	
Commodity exchange and other exchange	0	0	0																	
Gambling institution	0	0	0																	
Other legal entities, which conduct financial transactions according to the legislation	4162	23 20	0																	
Notaries	-	52 9	0																	
Lawyers	-	0	0																	
Accountants/auditors	0	0	0																	
Legal persons conducting any kind of lottery	379	0	0																	
Total	586263	49 31 88	4																	

2012																
Statistical Information on reports received by the FIU								Judicial proceedings								
Monitoring entities, e.g.	reports about transactions above threshold	reports about suspicious transactions		cases opened by FIU		notifications to law enforcement/prosecutors		indictments		convictions						
		ML	FT	ML	FT	ML	FT	ML		FT						
								cases	persons	cases	persons	cases	persons	cases	persons	
Banks	595643	27 36 58	4	1 8 9 2	4	71 4	5	1 9 5	-	0	0	0	1 3 0	1 5 0	0	0
Insurance companies	19812	18 70	0													
Credit union	595	4	0													
Pawnshop	48	0	0													

Administrator of non-state pension fund (activity for administration of non-state pension funds)	0	0	0																
Other financial institutions	315	20 1	0																
Enterprises and communication unions	0	37	0																
Currency-exchange	0	0	0																
Persons, providing separate types of financial services	10	0	0																
Professional Securities Market Participants	4126	15 48	0																
Commodity exchange and other exchange	0	0	0																
Gambling institution	0	0	0																
Other legal entities, which conduct financial transactions according to the legislation	215	13 8	0																
Notaries	-	33 7	0																
Lawyers	-	0	0																
Accountants/auditors	0	2	0																
Legal persons conducting any kind of lottery	210	0	0																
Total	620974	27 77 95	4																

2013															
Statistical Information on reports received by the FIU										Judicial proceedings					
Monitoring entities, e.g.	reports about transactions above threshold	reports about suspicious transactions		cases opened by FIU		notifications to law enforcement/prosecutors		indictments				convictions			
		ML	FT	ML	FT	ML	FT	ML		FT		ML		FT	
								cases	persons	cases	persons	cases	persons	cases	persons
Banks	623074	30	6	1	4	81	4	2	-	0	0	1	1	0	0
Insurance companies	24762	23	0	9		8		0				3	7		
Credit union	687	31	0	9				9				8	5		
Pawnshop	35	0	0	5											
Administrator of non-state pension fund (activity for administration of non-state pension funds)	0	0	0												
Other financial institutions	299	33	0												
Enterprises and communication unions	0	37	0												
Currency-exchange	0	0	0												
Persons, providing separate types of financial services	10	0	0												
Professional Securities Market Participants	4131	70	0												
Commodity exchange and other exchange	0	0	0												
Gambling institution	0	0	0												
Other legal entities, which conduct financial transactions according to the legislation	245	93	0												
Notaries	-	89	0												
Lawyers	-	0	0												
Accountants/auditors	0	0	0												
Legal persons conducting any kind of lottery	392	0	0												
Total	653635	31	6												
		28													
		97													
2014															

Statistical Information on reports received by the FIU								Judicial proceedings							
Monitoring entities, e.g.	reports about transactions above threshold	reports about suspicious transactions		cases opened by FIU		notifications to law enforcement/prosecutors		indictments				convictions			
		ML	FT	ML	FT	ML	FT	ML	FT	ML	FT	ML	FT		
		cases	persons	cases	persons	cases	persons	cases	persons	cases	persons	cases	persons		
Banks	748833	48	1	1	2	76	1	8	-	0	0	1	2	0	0
Insurance companies	25696	65		9		2	2	3				7	2		
Credit union	792	63		6								1	8		
Pawnshop	13	24	0												
Administrator of non-state pension fund (activity for administration of non-state pension funds)	0	62	0												
Other financial institutions	222	12	0												
Enterprises and communication unions	2	6	0												
Currency-exchange	0	0	0												
Persons, providing separate types of financial services	0	0	0												
Professional Securities Market Participants	4205	0	0												
Commodity exchange and other exchange	0	11	0												
Gambling institution	0	35	0												
Other legal entities, which conduct financial transactions according to the legislation	213	0	0												
Notaries	-	27	0												
Lawyers	-	4	0												
Accountants/auditors	0	29	0												
Legal persons conducting any kind of lottery	258	0	0												
Total	780234	49	1												
		06													
		17													

April 1, 2015

Statistical Information on reports received by the FIU								Judicial proceedings							
Monitoring entities, e.g.	reports about transactions above threshold	reports about suspicious transactions		cases opened by FIU		notifications to law enforcement/prosecutors		indictments				convictions			
		ML	FT	ML	FT	ML	FT	ML		FT		ML		FT	
								cases	persons	cases	persons	cases	persons	cases	persons
		cases	persons	cases	persons	cases	persons	cases	persons	cases	persons	cases	persons	cases	persons
Banks	510749	143965	1	653	0	142	0	32	-	1	1	38	58	0	0
Insurance companies	6557	209	0												
Credit union	289	72	0												
Pawnshop	7	0	0												
Administrator of non-state pension fund (activity for administration of non-state pension funds)	0	0	0												
Other financial institutions	40	0	0												
Enterprises and communication unions	6	93	0												
Currency-exchange	0	0	0												
Persons, providing separate types of financial services	0	0	0												
Professional Securities Market Participants	1578	338	0												
Commodity exchange and other exchange	0	0	0												
Gambling institution	0	0	0												
Other legal entities, which conduct financial transactions according to the legislation	95	53	0												
Notaries	0	7	0												
Lawyers	0	0	0												
Accountants/auditors	0	0	0												
Legal persons conducting any kind of lottery	78	0	0												
Total	519399	144737	1												

Statistics of transaction reports contained in case referrals

Year	Threshold reports/STRs submitted to law enforcement agency
2010	168548
2011	135758
2012	78751
2013	44831
2014	78217
April 1, 2015	17409

2- AML/CFT Sanctions imposed by supervisory authorities

Please complete a table (as beneath) for administrative sanctions imposed for AML/CFT infringements in respect of each type of supervised entity in the financial sector (eg, one table for banks, one for insurance, etc). If possible, please also indicate the types of AML/CFT infringements for which sanctions were imposed in text beneath the tables in your reply.

If similar information is available in respect of supervised DNFBP, could you please provide an additional table (or tables) covering administrative sanctions on DNFBP, also with information as to the types of AML/CFT infringements for which sanctions were imposed in text beneath the tables in your reply.

Please adapt the tables, as necessary, also to indicate any criminal sanctions imposed on the initiative of supervisory authorities and for what types of infringement.

The National Bank of Ukraine

Administrative Sanctions

	2005 for comparison	2006 for comparison	2007	2008	2009	2010	2011	2012	2013	2014	1.04.2015
Number of AML/CFT violations identified by the supervisor						3 349	2 210	2 261	5 815	3 501	376
Type of measure/sanction*											
Written warnings						19	53	105	101	112	24
Fines						49	69	68	80	94	20
Removal of manager/compliance officer											
Withdrawal of license (temporary)						1	1	1	-	7	-
Other**											
Total amount of fines						379 847,67 UAH	858 234 UAH	654 402 UAH	794 850 UAH	1 258 490 UAH	103 700 UAH
Number of sanctions taken to the court (where applicable)											
Number of final court orders											
Average time for finalising a court order											

* Please amend the types of sanction as necessary to cover sanctions available within your jurisdiction

** Please specify

The National Commission on securities and stock market of Ukraine

Administrative Sanctions

	2005 for comparison	2006 for comparison	2007	2008	2009	2010	2011	2012	2013	2014	1.04.2015
Number of AML/CFT violations identified by the supervisor											
Type of measure/sanction*		182	150	199	193	126	157	132	157	152	1
Written warnings		100	99	112	109	82	60	28	34	31	
Fines		40	23	35	47	25	77	59	60	74	1
Removal of manager/compliance officer											
Withdrawal of license (temporary)											
Other**											
Order to eliminate violations		31	17	37	25	14	4	3	18	10	
Prepared administrative reports		11	11	15	12	5	12	13	11	6	
Police issued requirements to eliminate violations							6	29	34	31	
Total amount of fines			40420	70890	101830	41395	153600	11 2470	211 260	110 670	17 000
Number of sanctions taken to the court (where applicable)											
Number of final court orders											
Average time for finalising a court order											

* Please amend the types of sanction as necessary to cover sanctions available within your jurisdiction

** Please specify

The Ministry of Finance of Ukraine

Administrative Sanctions

	2005 for comparison	2006 for comparison	2007	2008	2009	2010	2011	2012	2013	2014	1.04.2015
Number of AML/CFT violations identified by the supervisor							104	46	16	6	-
Type of measure/sanction*											
Written warnings											
Fines							73900	6	6	4	-
Removal of manager/compliance officer											
Withdrawal of license (temporary)											
Other**											
Total amount of fines							73900	27 200	23 800	13 600	-
Number of sanctions taken to the court (where applicable)											
Number of final court orders											
Average time for finalising a court order											

* Please amend the types of sanction as necessary to cover sanctions available within your jurisdiction

** Please specify

The Ministry of Justice of Ukraine

Administrative Sanctions

	2005 for comparison	2006 for comparison	2007	2008	2009	2010	2011	2012	2013	2014	1.04.2015
Number of AML/CFT violations identified by the supervisor							636	1 322	878	856	114
Type of measure/sanction*											
Written warnings											
Fines							106,7	1 322	878	856	114
Removal of manager/compliance officer											
Withdrawal of license (temporary)											
Other**											
Total amount of fines							106,7	430 500	330 280	363 700	33 677
Number of sanctions taken to the court (where applicable)											
Number of final court orders											
Average time for finalising a court order											

* Please amend the types of sanction as necessary to cover sanctions available within your jurisdiction

** Please specify

The State Financial Monitoring Service of Ukraine

Administrative Sanctions

	2005 for comparison	2006 for comparison	2007	2008	2009	2010	2011	2012	2013	2014	1.04.2015
Number of AML/CFT violations identified by the supervisor							16	103	65	5	-
Type of measure/sanction*											
Written warnings											
Fines							16	17	19	4	-
Removal of manager/compliance officer											
Withdrawal of license (temporary)											
Other**											
Total amount of fines							32980	27 500	22 440	1 020	-
Number of sanctions taken to the court (where applicable)							1	1			
Number of final court orders							1	1			
Average time for finalising a court order											

* Please amend the types of sanction as necessary to cover sanctions available within your jurisdiction

** Please specify

2. Appendices

2.1 Appendix I - Recommended Action Plan to Improve the AML / CFT System

AML/CFT System	Recommended Action (listed in order of priority)
1. General	No text required
2. Legal System and Related Institutional Measures	
2.1 Criminalisation of Money Laundering (R.1 & 2)	<p>Amend article 209 of the CC to include explicitly the actions of conversion or transfer of property in the physical elements of the ML offence.</p> <p>Ensure that the scope of property encompasses assets of every kind, including intangible assets and legal documents or instruments evidencing title to, or interest in such assets.</p> <p>Criminalise market manipulation and insider trading and ensure that the range of offences set out in the CC which are predicate offences to ML include all required categories of offences in all the relevant forms.</p> <p>Review the current threshold for predicate offences to bring it in line with the requirements under FATF Recommendation 1.</p> <p>Place additional focus on autonomous investigation and prosecution of money laundering offences, which should entail the ability to issue a ML conviction without prior or simultaneous conviction for a predicate offence proving that the property is the proceeds of crime. In this context, authorities should address the issue of the evidence required to establish the predicate criminality in autonomous money laundering cases by testing the extent to which inferences of underlying predicate criminality can be made by courts from objective facts, with a view to obtaining authoritative court rulings. The examiners advise that, as in some other jurisdictions, it may be helpful to put beyond doubt in legislation that a conviction for money laundering can be achieved in the absence of a judicial finding of guilt for the underlying predicate criminality. Further guidance and perhaps consideration of further legislative provision to clarify some of these issues will be necessary.</p> <p>Review the current approach concerning criminal liability of legal persons, and consider the possibility of amending the Criminal Code to make legal persons criminally liable, in particular for money laundering offences.</p> <p>Review the legal framework in place and measures taken so far so as to ensure that legal persons are subject to effective, proportionate and dissuasive criminal, civil or administrative sanctions for ML.</p> <p>Improve and implement adequate training programmes in order to enhance the capacity of prosecutors to investigate and prosecute ML cases and of judges to effectively apply article 209 , in particular on the types and levels of evidence which the courts might consider acceptable to prove the physical and mental elements of the offence.</p>
2.2	<ul style="list-style-type: none"> • To ensure that the definition of terrorism fully covers all the terrorist acts set out

<p>Criminalisation of Terrorist Financing (SR.II)</p>	<p>in article 2(1) of the Terrorist Financing Convention;</p> <p>Amend the Criminal Code and introduce an autonomous terrorist financing offence fully in line with the requirements set out in the article 2 of the Terrorist Financing Convention and with the characteristics set out in Special Recommendation II;</p> <p>Ensure that the terrorist financing offences are predicate offences for money laundering;</p> <p>Ensure that the TF offences would apply, regardless of whether the person alleged to have committed the offence(s) is in the same country or in a different country from the one in which the terrorist/ terrorist organisation is located or the terrorist act(s) occurred/will occur;</p> <p>Provide that the law would permit the intentional element of the offence of TF to be inferred from objective factual circumstances;</p> <p>Review the current approach concerning criminal liability of legal persons, and consider the possibility of amending the Criminal Code to make legal persons criminally liable for TF, or otherwise subject legal persons to civil or administrative liability for TF;</p> <p>Take measures as necessary to ensure that criminal, civil or administrative sanctions for TF applicable to natural and legal persons are effective, proportionate and dissuasive.</p>
<p>2.3 Confiscation, freezing and seizing of proceeds of crime (R.3)</p>	<p>The Ukrainian authorities should ensure that:</p> <p>the legal framework explicitly provides for confiscation of instrumentalities, confiscation of property of corresponding value, as well as confiscation of income, profits or other benefits from the proceeds of crime, in the context of a ML offence;</p> <p>all the predicate offences to money laundering provide for possibility of confiscation of an offender’s property, in line with the FATF requirements;</p> <p>confiscation for the property used in or intended for use in terrorist financing cases is provided for;</p> <p>comprehensive statistics are kept on an annual basis on the number of cases and the amounts of property frozen, seized and confiscated relating to ML, FT and criminal proceeds.</p>
<p>2.4 Freezing of funds used for terrorist financing (SR.III)</p>	<p>The Basic Law should envisage the power for executing initial suspension (freezing) of financial transactions not only for the designated financial and non-financial entities, but also for authorized state agencies (the SFMS or other).</p> <p>Ukraine should prescribe in an evident manner that suspension (freezing) of terrorist funds extends to the cases where no national court decision or appropriate foreign decision are existent, but the funds are disclosed to be owned or controlled by persons who commit, or attempt to commit terrorist acts or participate in or facilitate the commission of terrorist acts.</p> <p>Freezing mechanisms of other jurisdictions are undertaken through the Security Service of Ukraine, which provides to the SFMS the submitted court decisions and other decision of foreign competent authorities. It is recommended to enable prompt determination and suspension (freezing) of terrorist funds also on the basis of appropriate foreign requests, received by the SFMS or other competent authorities.</p> <p>The AML/CFT legal framework of Ukraine should enable suspension (freezing) of</p>

	<p>funds or other assets not connected with financial transactions.</p> <p>Ukraine should review and complete the existing procedures for considering de-listing requests, develop procedures for unfreezing the funds or other assets of delisted persons or entities in a timely manner and take necessary measures to ensure that such procedures are effective and publicly known.</p> <p>Ukraine should establish procedure for authorising access to funds or other assets that were frozen and that have been determined to be necessary for basic expenses, the payment of certain types of fees, expenses and service charges or for extraordinary expenses.</p> <p>It is recommended to review existing provisions to enable confiscation of terrorist related funds in the course of criminal proceedings on terrorist related offences (specified under Articles 258, 258.1-258.4 of the CC).</p>
<p>2.5 The Financial Intelligence Unit and its functions (R.26)</p>	<p>The SFMS meets Recommendation 26. The evaluation team nevertheless recommends that the SFMS should continue their efforts in increasing the quality of case referrals submitted to all law enforcement authorities, with special attention to the issue of timeliness of such referrals, and in reviewing the dissemination process to ensure that case referrals are submitted to the appropriate law enforcement agency.</p>
<p>2.6 Law enforcement, prosecution and other competent authorities (R.27 & 28)</p>	<p>Ukraine should review the current situation in the light of the specific concerns raised by the law enforcement agencies, evaluate the existing practical implementation problems related to the procedures applicable to ML/TF investigations and take necessary measures in order to address these concerns and prevent risks of duplication of efforts.</p> <p>The procedures for obtaining documents and information to be used in investigations should be carefully examined and modified.</p> <p>Also, relevant training should be provided to the personnel of authorities in the regions which will enable them to obtain this information more easily.</p> <p>Despite existing policy efforts to eliminate corruption, it is recommended to pursue current efforts in this area to ensure that they do not impede law enforcement authorities' action.</p> <p>Furthermore, given that the evaluation team was not in a position to review the relevant framework covering requirements of professional standards and ethics of conduct, the authorities are recommended to review the current situation and take all necessary measures to ensure that staff of law enforcement authorities are required to maintain high professional and ethic standards.</p> <p>The authorities should also pursue training efforts and provide guidance so as to increase the level of expertise on ML/TF and financial crimes more generally.</p> <p>The law enforcement and judicial authorities' competencies in AML/CFT should definitely be strengthened, particularly in the regions, in particular through training developed and/or continued, placing an emphasis on the systematic recourse to financial investigations, the use of existing tools and investigative techniques, analysis and use of computer techniques, and by providing relevant guidance.</p>
<p>2.7 Cross Border Declaration & Disclosure</p>	<p>Ukraine should make the necessary amendments in order that the resolution of the NBU and the explanatory form provided with the declaration form of the SCS also refer to all bearer negotiable instruments and not only to traveller's cheques.</p>

(SR.IX)	<p>The SCS should have the authority to restrain currency or bearer negotiable instruments when there is a suspicion of ML or FT.</p> <p>The authorities should review the current and ensure that it covers fully either all suspicious cross-border transportation incidents or enables the FIU to have direct information on all declarations made according to the declaration system. Information contained in customs declarations is not retained by the SCS. A system should be developed for storing this information.</p> <p>The administrative penalties for false or non declarations should be raised considerably.</p> <p>The authorities are recommended to undertake a review of the human and financial capacities of the SCS to ensure that it can adequately take necessary measures to detect and prevent cross border movements of currency and bearer negotiable instruments.</p> <p>Furthermore, additional efforts should be made to cover through relevant guidance and training issues related to cross border cash and bearer negotiable instruments movements and related ML methods involving the movement of cash to and from Ukraine and raise awareness of customs bodies on ML issues.</p> <p>Efforts to prevent and sanction corruption within the Customs Service should be pursued.</p>
3. Preventive Measures – Financial Institutions	
3.1 Risk of money laundering or terrorist financing	
3.2 Customer due diligence, including enhanced or reduced measures (R.5 to 8)	<p>All types of financial institutions as defined in the FATF Glossary are covered by AML/CFT obligations through a combination of the Basic Law, the Law on Financial Services and State Regulation of Financial Markets and the Law of Ukraine on Securities and Stock Market. However, Ukraine would benefit from setting out clearly the definitions in the Basic Law to ensure there is a consistency in terminology.</p> <p>Ukraine has a number of legislative and regulatory requirements setting out AML/CFT obligations, many of which duplicate each other and can lead to some inconsistencies in the requirements on financial institutions. Some of the financial institutions interviewed by the evaluation team felt that it would be helpful if the authorities consolidated the requirements into fewer documents which would help simplify things for them.</p> <p>Given that many of the FATF standards are intended to apply equally to all institutions, Ukraine is encouraged to rationalise its legislative and “other enforceable means” requirements to remove the duplication. In particular, Ukraine should consider bringing the asterisk FATF criteria within the Basic Law.</p> <p>Recommendation 5</p> <p>In relation to Recommendation 5, Ukraine should ensure that the following requirements are clearly covered by law or regulation:</p> <ul style="list-style-type: none"> - Banks should be required to undertake CDD when carrying out

	<p>occasional transactions above the applicable designated threshold (ie. should not be limited to cash transactions only)</p> <ul style="list-style-type: none"> - Identify customers carrying out occasional transactions that are wire transfers - Banks should be required to undertake due diligence when there is suspicion of money laundering or terrorist financing, regardless of any thresholds - Undertake CDD when there are doubts about the veracity or adequacy of previously obtained customer identification data. In particular the current requirements could be strengthened by making the requirement more explicit, ensure it refers to undertaking CDD and covers the full scope of CDD - The definition of beneficial ownership should cover all elements of the FATF Glossary i.e. natural persons requiring financial institutions to determine who are the natural persons that ultimately own or control the customer - conduct ongoing due diligence on the business relationship applicable to all financial institutions. <ul style="list-style-type: none"> • In addition, the following should be set out in law, regulation or other enforceable means: <ul style="list-style-type: none"> - Securities institutions should be required to identify the beneficial owner and understand the ownership and control structure of the customer in all situations and not just high risk situations - Securities institutions should be required to obtain information on the purpose and nature of the business relationship in all situations. - For non-bank financial institutions there should be a requirement that ongoing due diligence should include scrutiny of transactions undertaken throughout the course of that relationship to ensure that the transactions being conducted are consistent with the institution’s knowledge of the customer, their business and risk profile, and where necessary, the source of funds. - Requirement to perform enhanced due diligence for higher risk categories of customers, business relationships or transactions. - Requirement to apply CDD to existing customers which applies to non bank financial institutions. • Ukraine has some recognition of the risk-based approach within the various requirements. However, Ukraine should consider the explicit recognition of the risk-based approach within the law and other enforceable means. This would help Ukraine to make more use of the some of the requirements in the FATF standards which are not currently implemented in Ukraine including simplified and enhanced due diligence. <p>The Ukrainian authorities should ensure that financial institutions have greater and simpler access to the information from the State register and the State Tax Administration</p> <p>The discrepancy regarding SFMS Orders which are applicable to banks but where the NBU is unable to impose sanctions for any breaches should be addressed. Although the NBU advised that most of the requirements in the SFMS Order are within NBU Resolution 189, the authorities should consider to harmonise these requirements in a consolidated manner .</p> <p>The Basic Law should include a cross-reference to the definition of terrorist financing in the Criminal Code of Ukraine.</p>
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	<p>Recommendation 6</p> <p>As regards Recommendation 6, the Ukrainian authorities should implement the FATF requirements for PEPs as soon as possible. This should include:</p> <ul style="list-style-type: none"> - a clear and explicit definition for PEPs consistent with the FATF Glossary; - requirements on financial institutions to put in place appropriate risk management systems to determine whether a potential customer, a customer or the beneficial owner is a politically exposed person; - a requirement to obtain senior management approval for establishing business relationships with PEPs. This should also include where a customer has been accepted and the customer or beneficial owner is subsequently found to be, or subsequently becomes a PEP; and - a requirement to take reasonable measures to establish the source of wealth and the source of funds of customers and beneficial owners identified as PEPs - A requirement to conduct enhanced ongoing monitoring on a business relationship with the PEP. <p>In addition, given the concerns the authorities have regarding corruption, Ukraine should consider explicitly extending the provisions to include domestic PEPs.</p> <p>Recommendation 7</p> <p>Ukraine would benefit by making requirements on correspondent relationships more explicit in NBU Resolution No. 189 rather than just relying on the information that is required in the questionnaire. In particular this should include explicit requirements on the following:</p> <p>to gather sufficient information about a respondent to understand fully the nature of the respondent’s business and to determine from publicly available information the reputation of the and the quality of supervision, including whether it has been subject to a money laundering or terrorist financing investigation or regulatory action;</p> <p>to ascertain that the respondent institutions AML/CFT systems are adequate and effective; and</p> <p>to obtain approval from senior management before establishing new correspondent relationships.</p> <p>Recommendation 8</p> <p>Ukraine should ensure that there is an explicit requirement which requires financial institutions to have policies and procedures in place to address any specific risks associated with non-face-to-face business relationships or transactions. This is particularly important as Ukraine’s financial sector grows and channels such as non-face-to-face business are begun to be used more by financial institutions.</p>
<p>3.3 Third parties and introduced business (R.9)</p>	<ul style="list-style-type: none"> • Recommendation 9 does not appear to apply to the Ukrainian system. Considering nevertheless that the law does not explicitly prohibit the use of third parties, it is recommended that the relevant legislation be amended to provide clearly that financial institutions are not permitted to rely on third party verification of identity or introduction of business.
<p>3.4 Financial institution secrecy or confidentiality (R.4)</p>	<ul style="list-style-type: none"> • Ukraine should review the current limitations which appear to inhibit the ability of law enforcement to access information in a timely manner from some of the sectors and take necessary measures to address the lack of knowledge of relevant procedures applicable in this area. • The Ukrainian authorities should streamline and simplify existing procedures and provide relevant training to law enforcement authorities so that they fully

	<p>understand the requirements and how to comply with them in order to obtain court orders. This should include training on the procedures available to law enforcement.</p>
<p>3.5 Record keeping and wire transfer rules (R.10 & SR.VII)</p>	<p>Recommendation 10</p> <ul style="list-style-type: none"> • As regards Recommendation 10, Ukraine would benefit by setting out the requirements on record keeping more clearly in law or regulation. These include: <ul style="list-style-type: none"> - Ensure record keeping requirements refers to “all necessary records on transactions” and not just documents. - Requiring non-bank financial institutions to maintain records of identification data for at least five years following the termination of the account or business relationship. - transaction records should be sufficient to permit reconstruction of individual transactions so as to provide, if necessary, evidence for prosecution of criminal activities. <p>Special Recommendation VII</p> <ul style="list-style-type: none"> • Ukraine should implement the detailed criteria required by FATF Special Recommendation VII: <ul style="list-style-type: none"> - Apply the exemptions that exist - Ensure the requirements in Order No. 211 are consistent with those under NBU Resolution No. 348 and FATF SR. VII; - Requirement to adopt effective risk-based procedures for identifying and handling wire transfers that are not accompanied by complete originator information. • The Ukrainian authorities should as a matter of urgency effectively supervise non-banking financial institutions and Ukrposhta ‘s compliance with the rules and regulations relating to SR.VII. • Ukraine should introduce mechanisms for the enforcement of specific breaches for non-banking financial institutions and Ukrposhta by competent authorities and ensure that sanctions are adequate, proportionate and effective for specific breaches under NBU Resolution no. 348. • Ukraine should put in places measures to ensure that Ukrposhta is effectively monitored for AML/CFT purposes.
<p>3.6 Monitoring of transactions and relationships (R.11 & 21)</p>	<ul style="list-style-type: none"> • Ukraine’s legislation should explicitly require financial institutions to examine the background and purpose of all the unusual financial transactions • Authorities should compel more efforts to ensure that non-banking financial institutions are aware of existing requirements and that there is a consistent implementation of the prescribed scope of data included in the register of financial transactions subject of financial monitoring for the different sectors. • The financial institutions should be explicitly required to give special attention to business relationship and transactions with persons from or in countries which do not or insufficiently apply FATF recommendations. • The Ukrainian authorities should amend laws and regulations to provide for a clear obligation for examining, as far as possible, the purpose and background of financial transactions with persons from or in countries that do not implement or insufficiently implement FATF recommendations, if they have no apparent economic or visible lawful purpose. • Authorities should make sure that there is an appropriate legal basis which enables to apply appropriate counter measures, for all financial institutions and in all cases where transactions, businesses or other relationships involve

	countries that continue not to apply or insufficiently apply the FATF Recommendations.
3.7 Suspicious transaction reports and other reporting (R.13-14, 19, 25 & SR.IV)	<p>Recommendation 13</p> <p>Authorities should consider the possibility for revising the relevant provisions and make them more suspicious based and in conformity with the nature and complexity of different types of obliged entities.</p> <p>Ukraine should criminalise insider trading and market manipulation, so as to enable FIs to report STRs based on the suspicion that a transaction might involve funds generated by the required range of criminal offences.</p> <p>The law or regulation should provide for a definition of the financing of terrorism, as well as for suspicious indicators in relation to financing of terrorism.</p> <p>Although the Basic Law provides for coverage of certain forms of attempted transactions, there needs to be an explicit legal requirement that will require reporting of all types of attempted transactions, not just the one that have been refused by the obliged entities.</p> <p>Authorities should reconsider harmonising the existing regulatory framework to ensure uniform implementation of the reporting regime, especially regarding the period for submitting reports to the SFMS.</p> <p>The predominance of STRs from compulsory financial monitoring indicates a lack of risk-based approach to monitoring and reporting of suspicious transactions to the SFMS and raises concerns as to effective implementation. The system could benefit from a higher awareness of the AML/CFT regime outside the banking sector, which could be raised through an enhanced training programme.</p> <p>Special Recommendation IV</p> <p>In the light of the information received during the visit, it appears that Ukraine should provide more guidance to reporting institutions on how to detect suspicious transactions related to terrorism in order to enhance the effectiveness of the system for filing TF STRs.</p> <p>The comments expressed for Recommendation 13.3 – 13.4, are also applicable for SR IV. There needs to be an explicit legal requirement that attempted transactions are subject of STRs.</p> <p>Recommendation 14</p> <p>Authorities should reconsider the wording of Article 8 of the Basic Law, so that it provides for a “good faith” prerequisite associated with the reporting requirement as well as protection of entities, even if they did not know what underlying criminal activity was, and regardless of whether illegal activity occurred.</p> <p>There should be a clear tipping off provisions in relation with financial institutions, not just directors and other employees of the financial institutions. .</p> <p>Recommendation 25</p> <p>The SFMS should be required to provide case by case feedback to obliged entities on information on the decision or result if a case is closed or completed, whether because of a concluded prosecution, because the report was found to relate to a legitimate transaction or for other reasons, and if the information is available.</p> <p>SFMS should consider the possibility of making the reports submitted to the supervisory authorities public, with more general analysis, for ex. by type of entities (without stating the names of the institutions).</p> <p>SCFSRM and SCSSM should enhance their feedback activities, especially with providing the private sector with best practice techniques, methods and trends,</p>

	as well as more comprehensive statistics. This could positively influence the reporting behaviour of the non-banking sector.
3.8 Internal controls, compliance, audit and foreign branches (R.15 & 22)	<p>Recommendation 15</p> <ul style="list-style-type: none"> • Clear provision should be made for compliance officer of the non-banking financial institutions to be designated at management level. • Authorities should alter the existing legislation, requiring financial institutions (except for banks) to maintain an adequately resourced and independent audit function to test compliance with AML/CFT rules. Authorities, especially SCFSRM and SCSSM, should place more efforts in raising the institutions' perception on the role and the importance of the internal audit function. • Requirements for financial institutions to put in place screening procedures to ensure high standards when hiring staff (apart from the requirements for the compliance officer and certain senior management positions)) should be implemented, through an explicit legal requirement, or through the internal acts or procedures of the financial institutions. In practice, only banks have shown to have internal screening procedures. <p>Recommendation 22</p> <p>Apart from the special situation for banks, other financial institutions are not required to pay particular attention to their subsidiaries and branches in countries which do not or insufficiently apply the FATF Recommendations and this should be addressed.</p> <p>There is no requirement for all financial institutions to ensure implementation of the higher AML/CFT standard by their foreign subsidiaries and branches, to the extent that local laws and regulations permit. Authorities should take appropriate steps to alter the language of the Basic Law, accordingly.</p>
3.9 Shell banks (R.18)	<ul style="list-style-type: none"> • The established safety measures for preventing correspondent relationship with shell banks could benefit from a specific provision that will explicitly prohibit financial institutions from entering into or continuing correspondent banking relationship with shell banks. • There should also be an explicit obligation placed on financial institutions to satisfy themselves that correspondent financial institution in a foreign country is not permitting its accounts to be used by shell banks.
3.10 The supervisory and oversight system - competent authorities and SROs. Role, functions, duties and powers (including sanctions) (R.23, 29, 17 & 25)	<p>Recommendation 17</p> <ul style="list-style-type: none"> • The authorities should review the sanctions with a view to establishing effective, proportionate and dissuasive sanctions to deal with natural or legal persons which fail to comply with AML/CFT requirements and that the range of sanctions is broad and proportionate to the severity of the situation. • The scope of articles 73 and 74 of the Law on Banks and Banking regarding the possibility to impose fines on bank officials and managers should be harmonised. In addition, this Law should be adequately amended so that the withdrawal of a bank license does not only cover cases when the violations induced “a significant loss of assets or income”. • There is no evidence for appropriate sanctioning regime and practice over the foreign exchange offices and money transfer providers. The authorities should review the situation and take necessary measures in this respect. <p>Recommendation 23</p> <p>The SCFSMR should start conducting AML/CFT on-site supervision of the Ukrposhta and enhance off-site supervision.</p> <p>Authorities are advised to provide for a clear definition of the term “irreproachable</p>

	<p>business reputation”, that will be apparent to all banks’ stakeholders.</p> <p>The legal provisions for non-banking financial institutions (excluding to some extent asset management companies) do not provide for an explicit barrier of criminals, or their beneficial owner, from holding a significant or controlling interest in a securities firm.</p> <p>The “fit and proper” criteria for persons having a significant or controlling interest in the non-banking financial institutions (except to a certain degree the securities firms) and their senior managers are very limited.</p> <p>Supervisory procedures of the SCSSM and the SCFSMR should cover risk-based analysis and supervision on consolidated basis</p> <p>Regardless of the possible low risk associated with the foreign exchange offices, there has to be an adequate AML/CFT framework in place that will enable AML/CFT supervision and resources allocated for this purpose.</p> <p>The SCSSM is encouraged to continue its action aimed at decreasing the number of fictitious companies.</p> <p>Recommendation 25</p> <p>The SCFSMR and SCSSM should develop further guidance to cover more adequately the various sectors supervised by them.</p> <p>Recommendation 29</p> <p>Apart from the NBU, the extent to which sample testing is included as part of the on-site supervisory actions of SCFSMR and the SCSSM is not clear. The supervisory authorities should ensure that sample testing is included as part of their on-site supervisory action.</p> <p>There are no explicit provisions that specify the scope of the AML/CFT supervision and the power of enforcement of foreign exchange offices.</p> <p>All sectoral laws, apart from the specific situation for banks, do not enable removal of directors and senior managers as a result of non-compliance with legislation. This issue should be revisited as recommended in the report.</p> <p>According to the Law on Banks and Banking, NBU can impose sanctions if it detects violation of the banking legislation. There is no clear reference that the Basic Law is considered as part of the banking legislation, which could constrain its efficient implementation. This issue should be adequately addressed by the authorities. In addition, the authorities are advised to reconsider the provisions of the Law on Banks and Banking with regard to the possibility to remove managers from office.</p> <p>The sanctioning regime implemented with the existing AML/CFT legislation allow for imposing different sanctions, depending on the type of non-compliance (with the Basic Law or with the sectoral laws). Since this situation could create uncertainty, the system could benefit from clearer provisions in terms of the sanctions that should be imposed.</p> <p>Recommendation 30</p> <p>The number of supervisory staff in all three supervisory authorities should be increased in order to provide for efficient AML/CFT supervision over the obliged financial institutions.</p> <p>There are some doubts related with the independence and autonomy of the SCFSMR. In addition, this supervisory body experience a high turnover of its staff, which adversely affects its possibility for attracting and sustaining competent staff. The authorities should take necessary measures to address these concerns.</p> <p>According to the Law on Civil servants the training should be made at least once per every 5 years. This period seems too long and should be adequately altered.</p> <p>SCSSM and SCFSMR should continue their efforts for providing its supervisors with</p>
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	adequate AML/ CFT trainings.
3.11 Money value transfer services (SR.VI)	MVT service operators (whether they are registered to transfer national or foreign currency) should be required to maintain a current list of agents which they use In relation to MVT services, Ukraine should implement requirements in relation Recommendations 5, 6, 7, 9, 10, 13, 15, and 22, as discussed earlier in section 3 of this report.
4. Preventive Measures – Non-Financial Businesses and Professions	
4.1 Customer due diligence and record-keeping (R.12)	Ukraine should review as soon as possible the AML/CFT regime to ensure that all DNFBPs are adequately brought under the AML/CFT regime and that these measures are effectively implemented. Ukraine should impose specific customer identification and record keeping requirements consistent with Recommendations 5 and 10 to real estate agents, dealers in precious metals and stones, lawyers, notaries, other independent legal professionals, company service providers and accountants as soon as possible. Therefore, Ukraine should review the existing framework in respect of casinos to cover all of the relevant criteria and introduce measures to remedy this situation as soon as possible. Specific AML/CFT requirements relating to Recommendations 6, 8, 9 and 11 should be extended to all DNFBP sectors. Ukraine should also take steps to examine ways of to ensure the effectiveness of compliance with these AML/CFT requirements in these sectors.
4.2 Suspicious transaction reporting (R.16)	<ul style="list-style-type: none"> • The scope of the Basic law needs to be enhanced so as to bring all types of DNFBP under the STR regime. In the context of Recommendation 13, the reporting of DNFBP should be additionally altered by elevating the existing constrain of Article 8 of the Basic Law, which relates the suspicious reporting only with execution of financial transactions. • More outreach to this sector is necessary, particularly by providing training and guidance. • Apart from the requirement to implement internal rules for financial monitoring, the other requirements of Recommendation 15 are not applied by the DNFBP. Ukraine should adopt the necessary measures to implement Recommendation 15 in relation to DNFBP. • DNFBPs should be required to give special attention to business relationships or transactions with persons from countries which do not or insufficiently apply the FATF Recommendations.
4.3 Regulation, supervision and monitoring (R.24-25)	<ul style="list-style-type: none"> • The existing licensing regime of gambling institutions seems to draw a number of inconsistencies, which sets a risk for different implementation, misuse and unequal treatment of the members of this market. These inconsistencies should be eliminated and all necessary criteria regarding the owners and managers of gambling institutions should be introduced. • Ukraine is urged to review the current regulatory and supervisory regime applicable to gambling institutions and take legislative and other measures as relevant in order to ensure that casinos are subject to and effectively implementing the AML/CFT measures required under the FATF recommendations. • Despite the positive trend in the last 2 years, the sanctioning regime over

	<p>gambling institutions cannot be regarded as proportionate and dissuasive. This situation should be addressed through relevant changes to the legal framework.</p> <ul style="list-style-type: none"> • Ukraine should also develop plans to deal efficiently with unlicensed gambling. It should also take measures to prevent criminals or their associates from holding or being the beneficial owner of a significant or controlling interest, holding a management function in or being an operator of a casino. • As regards the other categories of DNFBP, once the relevant AML/CFT requirements are introduced, Ukraine should also ensure that DNFBP are subject to effective systems for monitoring and ensuring compliance with AML/CFT requirements in line with Recommendation 24. • There is a need for the competent authorities to consider taking additional measures to assist DNFBPs to implement and comply with their respective AML/CFT requirements, such as developing sector specific guidance explaining and supplementing those requirements (on issues other than transaction reporting) and putting resources towards communication and outreach with DNFBP in order to eliminate the existing low level of awareness of this sector regarding AML/CFT issues and provide guidance related to the specific professions' needs and circumstances. • The resources of the Ministry of Finance should be reviewed in order to enable it to cope with its now competencies in terms of AML/CFT supervision over gambling institutions, and measures should be made to ensure that the staff undertaking such supervision are adequately trained.
<p>4.4 Other non-financial businesses and professions (R.20)</p>	<ul style="list-style-type: none"> • Ukrainian authorities should consider undertaking a risk assessment to review the current non financial businesses and professions which are subject to AML/CFT obligations.
<p>5. Legal Persons and Arrangements & Non-Profit Organisations</p>	
<p>5.1 Legal Persons – Access to beneficial ownership and control information (R.33)</p>	<ul style="list-style-type: none"> • Ukraine should make the necessary legislative changes to set up a system which ensures adequate transparency of legal persons concerning their beneficial ownership and control either through registration procedures or other means. Competent authorities should be able to obtain or have timely access to such information. • Ukraine should strengthen preventative measures for deterring from the practice of setting up fictitious companies. • The authorities should also consider measures to facilitate access to the data contained in the USR, in particular to the private sector.
<p>5.2 Legal Arrangements – Access to beneficial ownership and control information (R.34)</p>	<p>No recommendations</p>

<p>5.3 Non-profit organisations (SR.VIII)</p>	<ul style="list-style-type: none"> • Considering the concerns expressed by certain authorities about the risks for misuse of such entities, the evaluators urge the authorities to undertake a comprehensive review of the system aiming at reviewing the adequacy of the legal framework, identifying the activities, size and other relevant features of the sector and assessing possible vulnerabilities related to its misuse for terrorist financing. • An extensive and proactive outreach to the NPO sector should be carried out for the purpose of protecting the sector from the terrorist financing abuse. • Legal requirements should also be introduced to ensure that NPOs maintain information on the identity of person(s) who own, control or direct NPOs activities, including senior officers, board members and trustees and that such information, as well as data on the purpose and objectives of the NPOs activities should be publicly available. • The authorities should also consider reviewing the effectiveness of measures in place to sanction violations of oversight measures or rules. • The Ukrainian authorities should ensure that there are legal requirements in place for NPOs to maintain for a period of at least 5 years records of domestic and international transactions that are sufficiently detailed to verify that funds have been spend in a consistent manner with the purpose and objectives of the organisation and to make them available to appropriate authorities.
<p>6. National and International Co-operation</p>	
<p>6.1 National co-operation and coordination (R.31)</p>	<ul style="list-style-type: none"> • These efforts should be pursued and current mechanisms should be further enhanced by considering the following improvements: <ul style="list-style-type: none"> – developing further the strategic and collective review of the performance of the AML/CFT system as a whole and providing explicitly for a mechanism which is responsible for following up the implementation of the annual action plan; – considering that the IWG appears to be a high-level policy mechanism, it would assist to put in place a mid-management expert level working group which could meet on a regular basis so as to discuss more in-depth specific policy issues before they are taken up and agreed upon at a higher level by the IWG; – ensuring that the IWG meetings enhances its feedback/reporting mechanism which would enable that there is a regular follow up at following meetings on the issues of concern which have been raised previously by an agency and on the solutions which have been found at bilateral/inter-agency level to address these issues in order to enhance accountability; • More emphasis also needs to be given to consultation and feedback to the financial sector and involving other reporting entities.
<p>6.2 The Conventions and UN Special Resolutions (R.35 & SR.I)</p>	<ul style="list-style-type: none"> • The same recommendations with regard to certain aspects of criminalisation of the money laundering offence, as well as the application of provisional measures and confiscation. Ukraine should also institute criminal liability of legal persons (see sections 2.1 and 2.3). • The same recommendations on criminalisation of terrorist financing offence, as well as on further improvement of freezing mechanisms of terrorist funds are reiterated in this context. Ukraine should take measures to fully implement the provisions of UNSCR 1267, 1373 and successor resolutions (see section 2.4 of this report).
<p>6.3 Mutual Legal Assistance (R.36-</p>	<ul style="list-style-type: none"> • Ukraine should speed up the adoption of the new Criminal Procedure Code, as it is understood that it would provide for a more comprehensive framework and

38 & SR.V)	<p>elaborate further detailed procedures for provision of various types of MLA as well as related guidance for all staff working on these matters. Such procedures should also stipulate timeframes for responses of MLA requests.</p> <ul style="list-style-type: none"> • The Ukrainian authorities should enable rendering MLA in the absence of dual criminality, in particular for less intrusive and non compulsory measures. • The legal impediments in rendering extradition related assistance, except those contradicting fundamental principles of domestic law should be eliminated. • Ukraine should amend the loopholes and inconsistencies in identifying, freezing, seizing and confiscating relevant property, as reflected in sections 2.3 and 2.4 for enabling such actions to be used in provision of MLA. • Ukraine should consider the concerns raised above which stem from the experience of bilateral co- operation and take any measures, as necessary to address these concerns. • The authorities should keep annual statistics on all MLA and extradition requests (including requests relating to freezing, seizing and confiscation) that are made or received, relating to ML, the predicate offence and FT, including the nature of the request, whether it was granted or refused and the time required to respond. • Furthermore, the Ukrainian authorities should conduct an assessment of the staffing levels in authorities responsible for sending/receiving MLA and extradition requests as well as the level of workload and take any measures to ensure that they are adequately funded and staffed in order for them to be able to fully and effectively perform their functions. • Also, it is recommended to develop effective training and guidance for staff handling MLA requests, with a view to foster and raise the quality of the execution of MLA requests.
6.4 Extradition (R.39, 37 & SR.V)	<ul style="list-style-type: none"> • Ukraine should eliminate the legal impediments posed in rendering extradition, except those contradicting fundamental principles of domestic law. • Ukraine should address the missing elements of the ML/TF offences to ensure that dual criminality requirements do not represent an obstacle for extradition in such cases (see also sections 2.1 and 2.2). • It is also advised to further develop further guidance for practitioners working at central level and in the regions on procedural and evidentiary aspects. • As recommended earlier, the Ukrainian authorities should also conduct an assessment of the staffing levels in authorities responsible for sending/receiving extradition requests as well as the level of workload and take any measures to ensure that they are adequately funded and staffed in order for them to be able to fully and effectively perform their functions. • Ukraine should also maintain comprehensive statistics in relation to ML/TF and predicate offences which should cover all details of the extradition process.
6.5 Other Forms of Co-operation (R.40 & SR.V)	<ul style="list-style-type: none"> • In order to provide the widest possible range of international co-operation to their foreign counterparts, the Ukrainian authorities should review the current legal framework and make necessary amendments so that competent authorities are authorised to exchange spontaneously information.
7. Other Issues	
7.1 Resources and statistics (R. 30 & 32)	See the recommendations relating to the other recommendations

7.2 Other relevant AML/CFT measures or issues	No recommendations
7.3 General framework – structural issues	No recommendations

2.2 Appendix II – Excerpts from relevant EU directives

Article 3 (6) of EU AML/CFT Directive 2005/60/EC (3rd Directive):

(6) "beneficial owner" means the natural person(s) who ultimately owns or controls the customer and/or the natural person on whose behalf a transaction or activity is being conducted. The beneficial owner shall at least include:

(a) in the case of corporate entities:

- (i) the natural person(s) who ultimately owns or controls a legal entity through direct or indirect ownership or control over a sufficient percentage of the shares or voting rights in that legal entity, including through bearer share holdings, other than a company listed on a regulated market that is subject to disclosure requirements consistent with Community legislation or subject to equivalent international standards; a percentage of 25 % plus one share shall be deemed sufficient to meet this criterion;
- (ii) the natural person(s) who otherwise exercises control over the management of a legal entity;

(b) in the case of legal entities, such as foundations, and legal arrangements, such as trusts, which administer and distribute funds:

- (i) where the future beneficiaries have already been determined, the natural person(s) who is the beneficiary of 25 % or more of the property of a legal arrangement or entity;
- (ii) where the individuals that benefit from the legal arrangement or entity have yet to be determined, the class of persons in whose main interest the legal arrangement or entity is set up or operates;
- (iii) the natural person(s) who exercises control over 25 % or more of the property of a legal arrangement or entity;

Article 3 (8) of the EU AML/CFT Directive 2005/60/EC (3rd Directive):

(8) "politically exposed persons" means natural persons who are or have been entrusted with prominent public functions and immediate family members, or persons known to be close associates, of such persons;

Article 2 of Commission Directive 2006/70/EC (Implementation Directive):

Article 2

Politically exposed persons

1. For the purposes of Article 3(8) of Directive 2005/60/EC, "natural persons who are or have been entrusted with prominent public functions" shall include the following:

- (a) heads of State, heads of government, ministers and deputy or assistant ministers;
- (b) members of parliaments;
- (c) members of supreme courts, of constitutional courts or of other high-level judicial bodies whose decisions are not subject to further appeal, except in exceptional circumstances;
- (d) members of courts of auditors or of the boards of central banks;
- (e) ambassadors, *chargés d'affaires* and high-ranking officers in the armed forces;
- (f) members of the administrative, management or supervisory bodies of State-owned enterprises.

None of the categories set out in points (a) to (f) of the first subparagraph shall be understood as covering middle ranking or more junior officials.

The categories set out in points (a) to (e) of the first subparagraph shall, where applicable, include positions at Community and international level.

2. For the purposes of Article 3(8) of Directive 2005/60/EC, "immediate family members" shall include the following:

- (a) the spouse;
- (b) any partner considered by national law as equivalent to the spouse;
- (c) the children and their spouses or partners;
- (d) the parents.

3. For the purposes of Article 3(8) of Directive 2005/60/EC, "persons known to be close associates" shall include the following:

- (a) any natural person who is known to have joint beneficial ownership of legal entities or legal arrangements, or any other close business relations, with a person referred to in paragraph 1;
- (b) any natural person who has sole beneficial ownership of a legal entity or legal arrangement which is known to have been set up for the benefit de facto of the person referred to in paragraph 1.

4. Without prejudice to the application, on a risk-sensitive basis, of enhanced customer due diligence measures, where a person has ceased to be entrusted with a prominent public function within the meaning of paragraph 1 of this Article for a period of at least one year, institutions and persons referred to in Article 2(1) of Directive 2005/60/EC shall not be obliged to consider such a person as politically exposed.