COMMITTEE OF EXPERTS ON THE EVALUATION OF ANTI-MONEY LAUNDERING MEASURES AND THE FINANCING OF TERRORISM (MONEYVAL)

MONEYVAL(2012)31

Ukraine

Progress report and written analysis by the Secretariat of Core Recommendations[1]

6 December 2012

[1] Second 3rd Round Written Progress Report Submitted to MONEYVAL

Ukraine is a member of MONEYVAL. This progress report was adopted at MONEYVAL's 40th Plenary meeting (Strasbourg, 3-7 December 2012). For further information on the examination and adoption of this report, please refer to the Meeting Report of the 40th plenary meeting at http://www.coe.int/moneyval

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UKRAINE

Third Evaluation Round Second Progress Report

1. Written Analysis of Progress Made In Respect of the FATF Core Recommendations

1.1 Introduction

1. The purpose of this paper is to introduce Ukraine's second progress report back to the Plenary concerning the progress that it has made to remedy the deficiencies identified in the third round mutual evaluation report (MER) on selected Recommendations.

2. Ukraine was visited under the third evaluation round from 22 September to 1 October 2008 and the mutual evaluation report (MER) was examined and adopted by MONEYVAL at its 29th Plenary meeting (16-20 March 2009). According to the procedures, Ukraine submitted its first year progress report to the Plenary in March 2010, and the Plenary invited Ukraine to resubmit a fuller progress report to the September 2010 Plenary in accordance with Rule 42 of the Rules of Procedure. The first progress report was analysed and adopted by the 33rd Plenary and as a result, Ukraine was requested to report back in December 2012.

3. This paper is based on the Rules of Procedure as revised in March 2010 which require a Secretariat written analysis of progress against the core Recommendations[1]. The full progress report is subject to peer review by the Plenary, assisted by the Rapporteur Country and the Secretariat (Rules 38-40). The procedure requires the Plenary to be satisfied with the information provided and the progress undertaken in order to proceed with the adoption of the progress report, as submitted by the country, and the Secretariat written analysis, both documents being subject to subsequent publication.

4. Ukraine has provided the Secretariat and Plenary with a full report on its progress, including supporting material, according to the established progress report template. The Secretariat has drafted the present report to describe and analyse the progress made for each of the core Recommendations.

5. Ukraine received the following ratings on the core Recommendations:

R.1 – Money laundering offence (PC)
SR.II - Criminalisation of terrorist financing (PC)
R.5 - Customer due diligence (PC)
R.10 – Record keeping (LC)
R.13 - Suspicious transaction reporting (PC)
SR.IV - Suspicious transaction reporting related to terrorism (PC)

6. This paper provides, a review and analysis of the measures taken by Ukraine to address the deficiencies in relation to the core Recommendations (Section II) together with a summary of the main

[1] The core Recommendations as defined in the FATF procedures are R.1, R.5, R.10, R.13, SRII and SRIV.

conclusions of this review (Section III). This paper should be read in conjunction with the progress report and annexes submitted by Ukraine.

7. It is important to be noted that the present analysis focuses only on the core Recommendations and thus only a part of the Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) system is assessed. Furthermore, when assessing progress made, effectiveness was taken into account to the extent possible in a paper based desk review, on the basis of the information and statistics provided by Ukraine, and as such the assessment made does not confirm full effectiveness.

1.2 Detailed review of measures taken by Ukraine in relation to the Core Recommendations

1. Main changes since the adoption of the MER

8. Since the adoption of the mutual evaluation report (March 2009) and by the time of the first progress report (September 2010) Ukraine had taken the following measures with a view to addressing the deficiencies identified in respect of the core Recommendations:

- adopted a specific Action Plan for 2009-2010
- introduced amendments to the Criminal Code (hereinafter CC), in particular as regards article 209 (Money laundering), and articles 258-3 and 258-4 (specific terrorist acts) and introduced a new article 258-5 (terrorist financing) and to the Law of Ukraine on Combating Terrorism.
- adopted on 18 May 2010 the Law No. 2258-VI on Prevention and Counteraction to Legalisation (Laundering) of the Proceeds from Crime or Terrorist Financing (hereinafter the AML/CFT Law) which entered into force on 21 August 2010.
- adopted the Law of Ukraine on Liability of Legal Persons for Corruption Offences (Law no. 1787-VI as amended by Law No. 2258-VI).
- approved procedures for submitting information Concerning Client Identification by State Authorities on Request of Reporting Entity (Resolution of the Cabinet of Ministers no. 746 of 25 August 2010)
- approved procedures for the "Registration of Reporting Entities, Registering of Financial Transactions subject to Financial Monitoring and Submission to the SCFM of the Information about mentioned and other Financial Transactions that could be related to the legalization of the Proceeds from Crime or Financing of Terrorism " (Resolution of the Cabinet of Ministers no. 747 of 25 August 2010)
- adopted amendments to the Statute on execution of financial monitoring by participants of the securities market (Resolution of Securities and Stock Market State Commission no. 1155 of 27 July 2010)
- adopted the SCFM Order 125 (30 July 2010) abrogating SCFM Order no. 40 on Approval Of Requirements to Organization of Financial Monitoring By Entities of Initial Financial Monitoring In Prevention and Counteraction to Introduction Into the Legal Turnover Proceeds From Crime and Terrorist Financing of April 2003.
- conducted a number of trainings for the judiciary, law enforcement officials and reporting entities as explained further below.

9. Some of the main additional measures that have been taken since the first progress report include:

- Adoption of Resolution no. 190 (March 2011) setting out the AML/CFT Strategy for the period up to 2015 as well as Resolution no. 1379 (December 2011) setting out the AML/CFT Action Plan for 2012
- Adoption of amendments to the AML/CFT Law on 21 April 2011 revising Article 163-8 of the Code on Administrative Offences and introducing in the Criminal Code a new article 222-1 (market manipulation);
- A new Criminal Procedure Code of Ukraine entered into force on 20 November 2012
- The National Securities and Stock Market Commission adopted Resolution no. 716 related to the procedure for the prevention of prices manipulation while carrying out securities transactions on stock exchanges (registered by the Ministry of Justice on 5 September 2011)
- The authorities conducted a large number of trainings for the judiciary, law enforcement officials, supervisory authorities and reporting entities as well as outreach measures.
- An increasing number of ML convictions has been achieved.

10. Ukraine has also taken additional measures to address deficiencies identified in respect of the key and other Recommendations, as indicated in the progress report, however these fall outside of the scope of the present report and thus are not reflected therein.

2. Review of measures taken in relation to the Core Recommendations

11. The review of measures taken in relation to the Core Recommendations should be read in conjunction with the analysis of the Core Recommendations outlined in the first 3rd round progress report. [2] The Secretariat analysis below is only focused on new developments since the last progress report and in particular on those deficiencies that do not appear to have been fully or adequately addressed.

Recommendation 1 - Money laundering offence (rated PC in the MER)

12. *Deficiency 1* (*Actions of conversion or transfer of property do not appear to be fully covered).* This shortcoming has been addressed, as indicated in the analysis of the first progress report.

13. *Deficiency 2 (Property does not seem to cover intangible assets and legal documents or instruments evidencing title to, or interest in such assets).* The previous evaluation had expressed some concerns about the scope of property captured within the ML offence ("money or other property") of the CC, as it did not provide for legal certainty. As indicated in the analysis of the first progress report, the courts' practice indicates that a wide approach has been taken when applying provisional measures and confiscation, though no changes have been made yet to the legal framework as regards the definition of "property". This shortcoming is considered as having been partly addressed though court's practice.

14. *Deficiency 3 (There are no autonomous investigations and prosecutions of the ML offence, as well as no conviction for money laundering without prior or simultaneous conviction for a predicate offence proving that the property is the proceeds of crime).* Since the adoption of the mutual evaluation report, the authorities reported that 1031 criminal cases, involving 1517 persons with charges for ML, have been submitted to the courts. 35 of these persons were charged only for money laundering, without a simultaneous (or previous) charge for predicate offences. Although, no statistical data was provided in the respect of convictions, they referred to two existing cases where the suspects were convicted for ML to 5

[2] See MONEYVAL(2010)1 – First third round progress report of Ukraine and written analysis by the Secretariat of Core Recommendations at www.coe.int/moneyval

years imprisonment with confiscation of property in one case and 5 and 7 years imprisonment in the other, in the absence of a prior conviction for a predicate offence.. The Ukrainian authorities also advised that a large number of investigations have been initiated against "conversion centers" used for professional money laundering and whose organizers are generally brought to justice without conviction for a predicate offense. Since the first progress report, 208 conversion centers have been uncovered by the law enforcement agencies and 707 criminal proceedings instituted. It is also to be noted that with the entry into force of the new Criminal Procedure Code late November 2012, the authorities consider that prosecutions shall be possible without the need to ascertain the predicate offence at the moment of taking a decision to initiate an investigation, on the basis of article 214 CPC. The abovementioned developments are positively assessed, as they appear to be illustrative of changes in the investigative approach of the ML offence, and there are cases now of successful autonomous prosecutions of ML offences.

15. *Deficiency 4 (2 out of 20 designated categories of offences are not fully (insider trading and market manipulation) and financing of terrorism in all its aspects is not covered).* This shortcoming has been fully addressed. At the time of the first progress report, the gaps in the incrimination of insider trading and of the FT offence as predicate offences to ML had been resolved[3]. Furthermore, Ukraine has perfected its legislation related to insider trading, through additional changes introduced to its legislation (Law No 3306-VI dated 22.04.2011, in force as of May 2011). Market manipulation is now criminalized under article 222-1 of the Criminal Code, following the adoption of the Law on amendments to the Law of Ukraine On Prevention and Counteraction to Legalization (Laundering) of the Proceeds of Crime or Terrorist Financing (3267-VI dated 21.04.2011 in force as of May 2011).

16. *Deficiency 5 (The applied threshold for predicate offences is not in line with the requirements of Recommendation 1).* As stated in the previous report, the three-year threshold was eliminated by changes introduced to the ML offence by Law no. 2258-VI of 18 May 2010. With the recent amendments to the AML/CFT legislation and to the ML offence, predicate offences for ML are all acts criminalised under the CC which are punished by a minimum penalty of one year or a fine amounting to more than 3000 tax free minimum incomes. Article 207 (Evasion of repatriation of foreign currency proceeds) is no longer exempted from the scope of the ML offence. Articles 212 (Evasion of taxes, fees or other compulsory payments) and 212-1 (Evasion of insurance payments for compulsory state retirement insurance) of the CC have remained outside of the scope of ML. The changes introduced address the FATF requirements.

17. *Deficiency 6 (There appear to be difficulties in the implementation of the offence).* The evaluation team had expressed reservations on the effectiveness of the implementation of the ML offence, based on information received and discussions held during the visit with various interlocutors (see paragraphs 106-115 of the evaluation report). This is an issue which can be fully assessed only during the forthcoming on-site visit under the 4th round.

18. The information provided by the authorities indicates that considerable efforts have continued to be devolved to training generally by the Board of the General Prosecutor's Office, the National Academy of Prosecutors of Ukraine and the National School of Judges. Joint trainings with the Board of the General Prosecutor's Office and the Board of the National Bank of Ukraine have been conducted in Kyiv in 2011 and 2012. To increase prosecutors' expertise in ML related cases, the Regional Prosecutors' Offices were submitted with an extract from the generalized analysis regarding the state of public prosecutor's support in ML cases, and related guidelines.

[3] Law no. 801-VI of 25.12.2008 (introducing amendments to certain legal acts of Ukraine concerning the responsibility for violations on the securities market) amended article 232-1 of the CC on illicit use of insider information. FT was introduced as a stand alone offence through an amendment of the CC by Law no. 2258-VI of 18.05.2010.

19. The updated statistics presented and summarized below are positively assessed, as they show that the total number of ML convictions is continuously increasing. The analysis of these results on the basis of a desk review is limited and as such will need to be revisited in MONEYVAL's follow up evaluation.

	Investigations (cases)	*Prosecutions (cases)*	*Convictions (final)*
2004		498	174
2005	779	405	228
2006	764	305	177
2007	751	387	211
2008	754	383	212
2009	733	385	195
2010	666	384	250
2011	623	394	266
2012 (June)	383	221	124

To note: data from 2004-2009 relates to ML cases on the basis of articles 209 and 306 of the CC of Ukraine, while data from 2010 relates to ML cases on the basis of articles 209 and 209-1 of the CC

Special Recommendation II - Criminalisation of terrorist financing (rated PC in the MER)

20. The majority of shortcomings identified in respect of the TF incrimination had been rectified at the time of the first progress report, with terrorist financing being criminalised as an autonomous offence (article 258-5). There do not appear to be any major substantial changes to the previously reported situation. A few minor issues are repeated in this analysis, as they remain valid.

21. *Deficiency 1 (Elements of the financing of terrorism are criminalised solely on the basis of aiding and abetting, attempt or conspiracy thus, FT is not criminalised in line with SR II requirements as an autonomous offence).* Article 258-5 must be read in conjunction with article 258, which defines an act of terrorism. As such, terrorist acts defined in article 258 of the CC do not appear to cover all acts specified under 2(1)a) of the Convention which refers to the offences defined in the treaties listed in the annex (e.g. theft of nuclear material, unlawful seizure of aircraft) given that they are limited to the "use of weapons, committing the explosion, arson or other actions dangerous for persons' life or health or causing great damage or heavy consequences". However, since Ukraine has ratified the TF Convention, the list of terrorist acts referred to in its appendix should in principle take precedence over the notion of terrorist act in article 258. All terrorist acts falling within the scope of the relevant conventions referred to in the 1999 TF Convention are covered in the Criminal Code. It would however be advisable to include an additional reference in article 258 to terrorist acts provided for in international treaties.

22. *Deficiency 2 (A number of requirements do not appear or are only partly covered (i.e. application to any funds as defined in the TF Convention; II.1(c)ii; II.2, II.3, R. 2 criteria 2.2 – 2.5)* Some doubts remain as The use of the term of 'financial or material provision' in the CC raises questions as to whether, when applied, it would be interpreted as covering "any funds" as defined in article 1 of the TF Convention.

23. As regards the criminal liability for FT, the authorities indicated that its introduction is prevented by the principles set out in the Constitution (Chapter II – Rights, freedom and duties of an individual or citizen) and in the Criminal Code which exclude the possible application of criminal liability of legal persons. This view is not being accepted, as it has also been stated in other countries' assessments. On a positive note however, it is recalled that the Ukrainian legislation (articles 23 of the AML/CFT Law and article 24 of the Law of Ukraine on the Fight against terrorism) does include provisions enabling to

sanction legal entities when conducting financial transactions connected with money laundering of terrorist financing (involving liquidation and/or confiscation of assets).

24. There have been no investigations, prosecutions or convictions regarding terrorist financing. In this regard, it is not possible to make any substantial assessment of the effectiveness of the implementation of the FT provision.

Recommendation 5 - Customer due diligence (rated PC in the MER)

25. *Deficiency 1 (For banks, CDD measures when carrying out occasional transactions above the applicable threshold are limited to cash transactions).* This deficiency was addressed, as indicated in the first progress report (see article 9(3) of the AML/CFT law).

26. *Deficiency 2 (The requirement to undertake CDD measures when carrying out occasional transactions that are wire transfers is not set out in law or regulation).* The authorities indicated that this matter has been addressed by NBU Resolution 198 adopted in 2011. The view adopted in the mutual evaluation report was however that the NBU Resolution could not be qualified as law or regulation as defined in the FATF 2004 Methodology. The legal framework (AML/CFT Law or the Law on Banks and Banking or regulation) was not amended to set out an obligation for financial institutions to undertake CDD measures when carrying out occasional transactions that are wire transfers in the circumstances covered by the IN to SR.VII (criterion * 5(2)c)).

27. *Deficiency 3 (Banks are not explicitly required to undertake CDD when there is a suspicion of money laundering or terrorist financing, regardless of any thresholds).* This deficiency was addressed, as indicated in the first progress report (see article 9(3) of the AML/CFT law).

28. *Deficiency 4 (There is no explicit requirement in law or regulation for dealing with doubts about the veracity or adequacy of previously obtained customer identification data. The current requirements do not refer to undertaking CDD and do not cover the full scope of CDD).* This deficiency was addressed, as indicated in the first progress report (see article 9(5) of the AML/CFT law).

29. *Deficiency 5 (The definition of beneficial ownership does not cover natural persons and there is no requirement in law or regulation requiring financial institutions to determine who are the natural persons that ultimately own or control the customer).* No changes have occurred since the previous progress report, thus findings formulated therein remain valid. The deficiency was partly addressed, in the absence of an explicit requirement in the law to verify the identity of the customer and of the beneficial owner, apart from cases of suspicion concerning reliability or adequacy of information provided by the customer.

30. *Deficiency 6 (Securities institutions are only required to identify beneficial owners and understand the ownership and control structure of the customer in higher risk situations).* This issue is now being addressed in Regulation no. 1155 and acting Regulation no. 955 where it is stipulated that the provisions under which identification is performed, the identification terms and identification data list are defined in articles 9 and 18 of the law of Ukraine on Financial Services and State Financial Services Market Regulation and by the set rules.

31. *Deficiency 7 (Securities institutions are only required to obtain information on the purpose and nature of the business relationship in higher risk situations).* This deficiency was addressed, as indicated in the first progress report (see article 6 part 2, subparagraph 24 of the AML/CFT Law).

32. *Deficiency 8 (There is no specific requirement in law or regulation to conduct ongoing due diligence on the business relationship applicable to all financial institutions) & Deficiency 9 (There is no requirement on non-bank financial institutions 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).* These deficiency were addressed, as indicated in the first progress report (see article 6 part 2, subparagraphs 25-27 of the AML/CFT Law).

33. *Deficiency 10 (There is no general requirement on financial institutions to perform enhanced due diligence for higher risk categories of customers, business relationships or transactions; the requirements on banks do not cover certain elements of EDD).* As indicated previously, there seems to be a general requirement to perform enhanced due diligence based on risks detected.

34. *Deficiency 11 (There is no explicit requirement for non-bank financial institutions to apply CDD to existing customers).* There is no timeline set for obliged institutions to comply with the new requirements under the AML/CFT law. Article 9 refers generally to "clients that execute financial transactions". The only reference to "existing customers" can be found under part 9 of article 9 which provides that a reporting entity shall have the right to refuse the execution of a financial transaction if the customer with whom a business relationship was established fails to submit the necessary information for identification and verification of the financial activity. The authorities had previously clarified that the State Commission for Financial Market Regulation and the State Commission on Securities and Stock Market will review the existing by-laws in order to make necessary amendments to ensure that CDD measures apply to existing customers. Subsequently, reference was made to the Directive of the National Financial Services Market Regulation Commission dated 05.08.2003 No 25 which would set out requirements to apply CDD to existing customers and to the acting Regulation no. 955 that provides 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". From a desk review perspective, this issue needs further verification to ensure that requirements to apply CDD to existing customers are adequate.

Recommendation 10 - Record Keeping (rated LC in the MER)

35. *Deficiency 1 (Non-bank financial institutions are not required to maintain records of the identification data for at least five years following the termination of the account or business relationship) & Deficiency 2 (No requirement that transaction records should be sufficient to permit reconstruction of individual transactions).* As indicated in the first progress report, these deficiencies have been addressed, through the revision of the provisions of the AML/CFT Law (see Article 6 part 2 paragraph 15 of the AML/CFT Law) and the application of the banking legislation provisions. The list of data to be gathered, both by banks (under the NBU Regulation) and by other reporting entities (under Resolution 747) is sufficiently comprehensive to permit reconstruction of individual transactions.

Recommendation 13 – Suspicious transaction reporting (rated PC in the MER)

36. *Deficiency 1 (The suspicious reporting regime could not be regarded as risk-based and in line with the specifics of different sectors).* As indicated in the previous report, Ukraine has modified the reporting regime through amendments to the AML/CFT law, which eliminated the previous "list based" risk sub-criteria and obliged entities to develop their own risk criteria, while they are also required to taken into account the risk criteria developed by the FIU (Order 126 dated August 2010) and relevant supervisory authorities.

37. Furthermore the Training Center of the FIU has continued conducting trainings reporting entities on a regular basis and a large number of representatives from reporting entities have been trained, as indicated by Ukraine in its progress report. Outreach and feedback is also being provided though various means: specific methodical letters, information published on the websites of supervisory authorities, training and meetings on ML/TF methods and trends, specific hotline for reporting entities etc. These measures are positively assessed as they should assist reporting entities to better understand the changes introduced to the reporting regime. The impact of these changes could only be adequately assessed in the context of an on-site visit.

38. *Deficiency 2 (All types of attempted transactions are not fully covered)*. This shortcoming was addressed at the time of the first progress report.

39. *Deficiency 3 (No STR requirement in cases possibly involving insider trading and market manipulation).* Insider trading and market manipulation are now predicate offences. This shortcoming has been addressed.

40. *Deficiency 4 (Low numbers of STRs outside the banking sector adversely affects the effective implementation).* This deficiency was raised, considering that in 2007, 97% of the submitted STRs were from banks and that there were indications of a lack of understanding of other sectors of their reporting requirements.

41. Selected aspects of updated statistics have been summarized below.

Table 1 – Reporting of suspicious transaction reports by financial institutions

	Banks	***Insurance***	***Credit Union***	***Non Pension Funds***	***Professional securities Market participants***	***Commodity exchange and stock exchange***	***Persons providing separate financial types of services***	***Other financial institutions***	***Currency exchange***
2009	95570	247	4	0	174	0	182	6	0
2010	219.060	876	9	1	38	4	274	23	0
2011	489.370	845	0	0	1	0	-	103	0
2012 by 06/10	175.990	687	0	0	0	0	0	2	0

Table 2 – Reports received by the FIU and related action

	Reports about transactions above threshold	Reports about ML suspicious transactions	Reports about TF suspicious transaction	Cases/ episodes analyzed by FIU ML	Cases/ episodes analyzed by FIU TF	Notifications to law enforcement/ prosecutors
2006	508,400	313,074	12	905	0	446
2007	680,356	322,966	13	1.331	1	923
2008	776,850	290,418	9	1.675	3	649
2009	650,371	227,192	11	1.682	0	627
2010	583,702	221,409	4	1.706	1	672
2011	586,263	493,188	4	1.841	8	584
2012 (June)	290,608	178,192	3	930	4	332

42. Some of the comments formulated previously in the first analysis appear to remain valid. Currency exchange offices are no longer making any reports, which could be surprising, though one has to mention that their number has been drastically reduced from 770 in 2008 to 11 in September 2012 . The insurance sector on the contrary has increased reporting. The desk review does not allow as such undertaking a comprehensive review of effectiveness and discuss the variations and the quality of STRs received from reporting entities. The forthcoming on-site visit will examine in detail how effectively the banking and non banking sectors implement the reporting obligations. Meanwhile, Ukraine should pursue its efforts to enhance the effectiveness of the reporting regime.

Special Recommendation IV (rated PC in the MER) – Suspicious transaction reporting related to terrorism

43. *Deficiency (No explicit mandatory obligation for financial institutions to report STRs when it suspects or has reasonable grounds to suspect that funds are linked or related to, or to be used for terrorism, terrorist acts or by terrorist organisations and those who finance terrorism apart from transactions involving residents of countries which inadequately implement FATF standards).* The evaluation team had identified that the reporting of suspicious transactions related to terrorist financing was not explicitly required in the law. As indicated in the previous analysis, this shortcoming has been addressed.

44. To assist reporting entities to better understand when to report suspicious transactions, the Ukrainian authorities have continued taking actively part in training events. Ukraine reported that over 300 events have been organised in the reference period. The Training Center of the SFMS undertakes training for professional actors of the stock market, for financial services market participants and for compliance officers of reporting entities which are under the SFMS supervision as well as those under the supervision of the Ministry of Economic Development and Trade of Ukraine. Explanatory letters have also been provided to banks by the National Bank in order to clarify reporting requirements. It is also recalled that the FIU has developed risk criteria for use by reporting entities in their activities (Order 126 of August 2010) and it is responsible for providing to reporting entities the lists of terrorists and of persons connected with terrorist activity (See Cabinet of Ministers resolution no. 745 and FIU Order no. 84), which are sources of indicators of suspicions in this context. Further explanatory texts were also published on the FIU's website clarifying the procedures and requirements related to freezing obligations in respect of assets related to TF or financial transactions suspended in application of the UNSCR requirements.

45. As regards FT suspicious reports received, statistics confirm the decreasing trend mentioned previously. Four FT STRs were reported in 2010, 4 in 2011, and 3 STRs as of June 2012. All reports except one were received from the banking sector. The FIU opened in total 13 cases, and 11 case notifications were disseminated to the Security Service. Seven case referrals were made which included suspicions that transactions could involve persons listed in application of UNSCR 1267(1999) though subsequent verifications did not confirm the initial suspicion. It is difficult to draw meaningful conclusions from this in the context of a desk review, thus there remains a reserve on whether the TF STR regime is effective until the issue can be adequately explored in the next on-site visit.

1.3 Main conclusions

46. The measures taken by Ukraine in respect of all the FATF Core Recommendations are evidence of concrete progress made by Ukraine to correct the identified deficiencies. The very large majority of shortcomings identified in the context of the third round mutual evaluation report appear to have been addressed, strengthening the AML/CFT regime.

47. There remain certain issues, as outlined above. Notably, although the issue of corporate criminal liability has been revisited, there is no progress on the issue of criminal liability of legal persons. This issue will need to be revisited. The authorities should also consider, as previously raised, that the terrorist acts covered under article 258 and 258-5 include explicitly all acts provided for in the international conventions annexed to the TF Convention, and continue raising awareness and expertise on the application of recently introduced offences.

48. As regards the preventive regime, there remain a few issues which would require further clarifications, and the authorities should pursue their efforts in order to ensure that the provisions of the AML/CFT law, as amended, and additional implementing regulations of the preventive regime, are adequately implemented and enforced.

49. The updated statistics of the progress report could be indicative of improvements in respect of effectiveness, though a desk based review is limited in its ability to assess effectiveness or the lack thereof and as such this issue will be considered in-depth in the context of Ukraine's 4th round follow up evaluation.

50. In conclusion, as a result of the discussions held in the context of the examination of this second progress report, the Plenary was satisfied with the information provided and the progress being undertaken and thus approved the progress report and the analysis of the progress on the core Recommendations. Pursuant to Rule 41 of the Rules of procedure, the progress report will be subject of an update in every two years between evaluation visits.

MONEYVAL Secretariat

2. Information submitted by Ukraine for the second 3rd progress report

2.1 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 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), Kharkivs and Odesssaregions (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 is162.0 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:
  - credit unions – 614,
  - 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 caroussel 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 sof 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 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, 2012 and 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 on conducting 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.

New developments since the adoption of the first progress report

Combating corruption 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.

2.2 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	*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*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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). 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. Article 209. Legalization (laundering) of the proceeds from crime 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, – 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. 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, – 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. 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, – 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. 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 of country where it was committed, and is a crime under Criminal Code of Ukraine and resulted in illegal proceeds; 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. 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." 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
Measures taken to implement the recommendations since the adoption of the first progress report.	
Recommendation of the MONEYVAL Report	*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*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	According to the Article 4 of the AML/CFT Law *legalization (laundering) of proceeds* 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. According to the Article 190 of the Civil Code of Ukraine the *property* as a special object includes a separate thing, totality of things as well as property rights and obligations. The Article 139 of the Economic Code of Ukraine determines *property* 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. Thus, the Ukrainian legislation directly determines that the *property* covers non-

	material assets and legal documents or documents confirming the right on assets, or part in such assets. According to the AML/CFT Law *assets* constitute money, property, property and non-property rights (Article 1 part 1 (17)).
Measures taken to implement the recommendations since the adoption of the first progress report.	
Recommendation of the MONEYVAL Report	*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*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	***Insider trading*** 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). 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: ***«The Article 232-1. Illicit Use of Insider Information*** 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. 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. 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. 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». ***Market manipulation*** The stated Law also amended the Administrative Code of Ukraine with new article on manipulating the prices while performing transactions with securities (Article 163-8). 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). 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. Ukraine authorities are drafting amendments to the Criminal Code in order to include insider trading and market manipulation as predicate offences.
Measures taken to implement the recommendations since the adoption of the first progress report.	***Insider trading*** 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. 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. 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. ***Market manipulation*** 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). 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. 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. 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. 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. 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. 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.
Recommendation of	*Review the current threshold for predicate offences to bring it in line with the*

the MONEYVAL Report	*requirements under FATF Recommendation 1*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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 *by imprisonment* (except acts, foreseen by the Articles 207, 212 and 212^1 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. 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. Thus the effective threshold for predicate offences is one year.
Measures taken to implement the recommendations since the adoption of the first progress report.	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 212^1 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. 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. 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.
Recommendation of the MONEYVAL Report	*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*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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. 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. 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. 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. An autonomous investigation and prosecution of money laundering offences do exist in Ukraine – and confirmed by the conviction of Ivano-Frankivsk court on June 4, 2008 №1-67/2008 (see also the *Appendix III*). 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 *Appendix III*). 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 enforcement took place in Lviv on May 28th Training included the session on autonomous investigation and prosecution of ML offence.
Measures taken to implement the recommendations since the adoption of the first progress report.	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. 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. 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. 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. From the practice of criminal cases on money laundering crimes it may be ascertained that a 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. This position is supported by the current legislation of Ukraine. The Law of Ukraine On Prevention and Counteraction to Legalization (Laundering) of the Proceeds from Crime and Terrorist Financing (Article 1) and the Note to Article 209 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. 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. 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. 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. Thus, to solve the issue on availability of corpus delicti, 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 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 delicti 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 CPC 2012 (Initiation of pretrial investigation) the investigator, prosecutor immediately, but not later than 24 hours after application, report on criminal offenses committed (crime or misdemeanour) 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 immovables, 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 Zaporizhzhya 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 compny 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
Recommendation of the MONEYVAL Report	*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.*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	See the previous item
Measures taken to implement the recommendations since the adoption of the first progress report.	
Recommendation of the MONEYVAL Report	*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.*
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 the courts might consider acceptable to prove the physical and mental elements of the offence. SCFMU 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 Ist 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. 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". 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.
Measures taken to implement the recommendations since the adoption of the first progress report.	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). 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. 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. 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.
(Other) changes since the first progress report (e.g. draft laws, draft regulations or draft "other enforceable means" and other relevant initiatives	

Recommendation 5 (Customer due diligence) I. Regarding financial institutions	
Rating: Partially compliant	
Recommendation according to the MONEYVAL Report	*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.*

Measures reported as of 27 September 2010 to implement the Recommendation of the report	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. Law of Ukraine On Financial Services and State Regulation of Financial Markets does not specify types of financial institutions, but specifies the list of financial services that can be conducted by financial institutions. Terminology regarding types of financial institutions depending on the types of activities undertaken is specified in special laws regulating services in appropriate spheres. 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".
Measures taken to implement the recommendations since the adoption of the first progress report.	
Recommendation of the MONEYVAL Report	*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 we helpful if the authorities consolidated the requirements into fewer documents which would help simplify things for them.*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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. 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 by respective supervisory agencies.
Measures taken to implement the recommendations since the adoption of the first progress report.	
Recommendation of the MONEYVAL Report	*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.*
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 taken to implement the recommendations since the adoption of the first progress report.	

Recommendation of the MONEYVAL Report	*In relation to Recommendation 5, Ukraine should ensure that the following requirements are clearly covered by law or regulation:* – *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)*
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 taken to implement the recommendations since the adoption of the first progress report.	
Recommendation of the MONEYVAL Report	- *Identify customers carrying out occasional transactions that are wire transfers*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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). 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. 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 terrorist financing, namely: - 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. 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: - 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.
Measures taken to implement the recommendations since the adoption of the first progress report.	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. 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: - 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. 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.
Recommendation of the MONEYVAL Report	– *Banks should be required to undertake due diligence when there is suspicion of money laundering or terrorist financing, regardless of any thresholds*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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.
Measures taken to implement the recommendations since the adoption of the first progress report.	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.).
Recommendation of the MONEYVAL Report	- *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*
Measures reported as of 27 September 2010 to implement the Recommendation	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

of the report	or the Article 9, part 2 of the Article 16).
Measures taken to implement the recommendations since the adoption of the first progress report.	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, performance of a financial transaction, etc.). 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. 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 its controller, beneficiary owner), including cases if there is doubt in its reliability and completeness. 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: 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. 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. 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.
Recommendation of the MONEYVAL Report	– *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*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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.
Measures taken to implement the recommendations since the adoption of the first progress report.	
Recommendation of the MONEYVAL Report	– *conduct ongoing due diligence on the business relationship applicable to all financial institutions*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	The Article 6 part 2 (25-27) of AML/CFT Law provides that reporting entity shall be obliged, in particular: according to legislation and internal procedures permanently update information on nature of client's activity and financial condition; conduct analysis of correspondence of client's financial transactions to existent information on nature of its activity and financial condition; 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. 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.
Measures taken to implement the recommendations since the adoption of the first progress report.	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.). 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: 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 a 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 operations 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. The bank shall ascertain the information concerning the identification and study of the customer: 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; 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. For the other customers the information ascertainment period shall not be longer than three years. The bank shall carry out obligatory ascertainment of the information concerning the identification and study of the customer in the cases of: a) change of the qualifying share holder; b) changes of the place of performance (residence or/and stay) of the account owner; c) amendments to the constituent instruments; d) expiry (suspension) of validity, loss of effect or invalidation of the documents submitted. 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. 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: - 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.
Recommendation of the MONEYVAL Report	*In addition, the following should be set out in law, regulation or other enforceable means:* - *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*
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 taken to implement the recommendations since the adoption of the first progress 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.
Recommendation of the MONEYVAL Report	- *Securities institutions should be required to obtain information on the purpose and nature of the business relationship in all situations*
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 taken to implement the recommendations since the adoption of the first progress report.	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: 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); b) character of business relations with reporting entity (list of services to be obtained by a client, occasional transaction, regular relations, etc). Information on the aim is obtained by the written interview of a client (authorized representative in case if a client is a legal entity).
Recommendation of the MONEYVAL Report	- *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*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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. 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) 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).
Measures taken to implement the recommendations since the adoption of the first progress report.	1. 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 transctions 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). 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.
Recommendation of the MONEYVAL Report	- *Requirement to perform enhanced due diligence for higher risk categories of customers, business relationships or transactions*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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. 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. 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. 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: a) change of the essential shareholders; b) change of location (place of residence) of the account holder; c) amending the statutory documents; d) expiration of validity of the documents provided earlier.

	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. 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.)
Measures taken to implement the recommendations since the adoption of the first progress report.	The provisions of the Section V (9,12) of the Resolution of the National Bank No 189 provides for the following. - 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. The bank shall carry out obligatory clarification of the information concerning the identification and study of the customer in the cases of: 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. 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. The bank shall confirm with documents all its measures taken with regard to the obligatory information clarification. 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: 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. 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 transactions of high risk customers. Such measures shall provide for the actions aimed at analysis of all financial transactions conducted by the customer.

	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. Paragraph 7.3 of the above mentioned Regulation stipulates that in the case of revealing high risk transctions, the financial institution shall take the following measures: - ensure ML/TF risks management under the Rules; - take decision to report to the SFMS of Ukraine. 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.).
Recommendation of the MONEYVAL Report	– *Requirement to apply CDD to existing customers which applies to non bank financial institutions*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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.
Measures taken to implement the recommendations since the adoption of the first progress report.	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. 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.
Recommendation of the MONEYVAL Report	*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*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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. 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 SCFMU 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. Moreover, according to the Article 18 part 2 (21) of the AML/CFT Law SCFM 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. So Ukraine established the explicit RBA in AML/CFT Law.
Measures taken to implement the recommendations since the adoption of the first progress report.	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 criteria. 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. 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. 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. The customer's risk level shall be revised by the reporting entity at least once a year. 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. 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. 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. 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. The institution shall develop its own criteria based on risk criteria identified by the SFMS of Ukraine. 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. 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). 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: - 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. 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. To reduce the risks identified the institution (separated subdivision) shall take, in particular, the following measures: 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; 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 characterics: 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. 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.
Recommendation of the MONEYVAL Report	*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*
Measures reported as of 27 September 2010 to implement the Recommendation	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.

of the report	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). 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. 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. 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.
Measures taken to implement the recommendations since the adoption of the first progress report.	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: • VAT payers register (VAT payers register is made public every 10 days); • 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. 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. 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: - 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 USR of the information on registration actions with regard to business entities or entrepreneurs-individuals under the search criteria mentioned in the request. 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. 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). 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).
Recommendation of the MONEYVAL Report	*The discrepancy regarding SCFM 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 SCFM Order are within NBU Resolution 189, the authorities should consider to harmonise these requirements in a consolidated manner.*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	The SCFMU elaborated an Order (No. 125 of 30.07.2010), which annuls SCFM Order No. 40. Thus, requirement to the banking institutions in stated area is regulated by the Resolution of the NBU No. 189.
Measures taken to implement the recommendations since the adoption of the first progress report.	
Recommendation of the MONEYVAL Report	*The Basic Law should include a cross-reference to the definition of terrorist financing in the Criminal Code of Ukraine.*
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 criminalize 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 taken to implement the recommendations since the adoption	

of the first progress report.	
(Other) changes since the first progress report (e.g. draft laws, draft regulations or draft "other enforceable means" and other relevant initiatives	

Recommendation 5 (Customer due diligence) II. Regarding DNFBP[4]	
Recommendation of the MONEYVAL Report	*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*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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)): "*8) specially designated reporting entities:* *a) business entities providing intermediary services while conduction transactions on buying-selling real estate;* *b) 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;* *c) business entities conducting lotteries and gambling including casino, electronic (virtual) casino;* *d) 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;* e) *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.*" 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: – 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,

[4] i.e. part of Recommendation 12.

	as well as purchase and sale of organizations; As well as in the process of: – 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); – 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). Summarizing, all DNFBPs are adequately brought under the AML/CFT regime applying effective regime for such sector in addition.
Measures taken to implement the recommendations since the adoption of the first progress report.	
Recommendation of the MONEYVAL Report	*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*
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 taken to implement the recommendations since the adoption of the first progress report.	
Recommendation of the MONEYVAL Report	*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*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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 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 taken to implement the recommendations since the adoption of the first progress report.	
Recommendation of the MONEYVAL Report	*Ukraine should also take steps to examine ways of to ensure the effectiveness of compliance with these AML/CFT requirements in these sectors*
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 apply sanctions. The efficient compliance by DNFBPs of AML/CFT requirements is provided in AML/CFT Law (Article 14 part 1 (4)).
Measures taken to implement the recommendations since the adoption of the first progress 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 Notarial 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: 1. 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; 2. 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; 3. 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; 4. 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; 5. 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; 6. 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; 7. Order of the Ministry of Finance of Ukraine dated 21.06.2011 № 739 On Approval of 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. Within the structure of the SFMS of Ukraine there is Supervisory Department in the number of 6 persons. The above mntioned department is responsible for issues related to the implementation of supervision and oversight functions with regard to: - 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. 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. 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. To ensure supervision over the reporting entities the Ministry of Finance of Ukraine approved by the Order dated 05.01.2012 No 5 the Procedure for conducting inspections

	by the SFMS of Ukraine of the reporting entities. 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. 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. Besides, the SFMS of Ukraine issued a range of regulations to ensure conducting of financial monitoring in the reporting entities.
(Other) changes since the first progress report (e.g. draft laws, draft regulations or draft "other enforceable means" and other relevant initiatives	

Recommendation 10 (Record keeping) I. Regarding Financial Institutions	
Rating: Largely Complaint	
Recommendation of the MONEYVAL Report	*As regards Recommendation 10, Ukraine would benefit by setting out the requirements on record keeping more clearly in law or regulation. These include:* – *Ensure record keeping requirements refers to "all necessary records on transactions" and not just documents*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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. 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.
Measures taken to implement the recommendations since the adoption of the first progress report.	
Recommendation of	*requiring non-bank financial institutions to maintain records of identification*

the MONEYVAL Report	*data for at least five years following the termination of the account or business relationship*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	The *AML/CFT Law (Article 6 part 2 (15))* 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 taken to implement the recommendations since the adoption of the first progress report.	
Recommendation of the MONEYVAL Report	*transaction records should be sufficient to permit reconstruction of individual transactions so as to provide, if necessary, evidence for prosecution of criminal activities*
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, 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 SCFM; – surname, name, patronymic and position of employee who entered information to the register.
Measures taken to implement the recommendations since the adoption of the first progress report.	
(Other) changes since the first progress report (e.g. draft	

laws, draft regulations or draft "other enforceable means" and other relevant initiatives	
Recommendation 10 (Record keeping) II. Regarding DNFBP[5]	
Recommendation of the MONEYVAL Report	*Ukraine should impose specific customer identification and record keeping requirements consistent with Recommendation 10 to real estate agents, dealers in previous metals and stones, lawyers, notaries, other independent legal professionals, company service providers and accountants as soon as possible*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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 (*Article 5 part 2 (8)).* 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 (*AML/CFT Law part 1 (9)*). The *AML/CFT Law (Article 9 part 3*) provide that identification is performed in case of: • 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. Moreover, the *AML/CFT Law (Article 6 part 2 (15))* 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. 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.
Measures taken to implement the recommendations since the adoption of the first progress report.	
Recommendation of the MONEYVAL Report	*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*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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. At the same time, under AML/CFT Law business entities conducting lottery and

[5] i.e. part of Recommendation 12.

	gambling games, in particular casinos, electronic (virtual) casinos (*Article 5 part 2 (8)*) are referred to as reporting entities. 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.
Measures taken to implement the recommendations since the adoption of the first progress report.	
Recommendation of the MONEYVAL Report	*Ukraine should also take steps to examine ways of to ensure the effectiveness of compliance with these AML/CFT requirements in these sectors*
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 taken to implement the recommendations since the adoption of the first progress report.	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: - 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. 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. 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. To ensure supervision over the reporting entities the Ministry of Finance of Ukraine approved by the Order dated 05.01.2012 No 5 the Procedure for conducting inspections by the SFMS of Ukraine of the reporting entities. 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. 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.
(Other) changes since the first progress report (e.g. draft laws, draft regulations or draft "other enforceable means" and other relevant initiatives	

Recommendation 13 (Suspicious transaction reporting) I. Regarding Financial Institutions	
Rating: Partially compliant	
Recommendation of the MONEYVAL Report	*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*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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. 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. 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. 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.
Measures taken to implement the recommendations since the adoption of the first progress report.	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. 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. 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 thererpoting 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. 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. 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. 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. 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 characterics: 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.
Recommendation of the MONEYVAL Report	*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.*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	Ukrainian authorities are drafting amendments to the Criminal Code in order to include insider trading and market manipulation as predicate offences.
Measures taken to implement the recommendations since the adoption of the first progress report.	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: 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; 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, 2011.
Recommendation of the MONEYVAL	*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.*

Report	
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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". Nevertheless it should be mentioned that according to *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*, SCFM of Ukraine composes the list of persons connected with terrorist activity, which is an indicator of suspicion in terrorist financing. According to the *Order of SCFM of Ukraine № 84*, SCFM of Ukraine must directly submit every reporting entity with stated List of terrorists. Stated list is one of sources of indicators of suspicion in terrorist financing. Meanwhile, under the *Article 17 part 8* of the AML/CFT Law SCFM of Ukraine must supply reporting entities with the List of persons connected with conducting terrorist activity or concerning which the international sanctions were applied.
Measures taken to implement the recommendations since the adoption of the first progress report.	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". Nevertheless it should be mentioned that according to *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*, SCFM of Ukraine composes the list of persons connected with terrorist activity, which is an indicator of suspicion in terrorist financing. According to the *Order of SCFM of Ukraine № 84*, SCFM of Ukraine must directly submit every reporting entity with stated List of terrorists. Stated list is one of sources of indicators of suspicion in terrorist financing. Meanwhile, under the *Article 17 part 8* of the AML/CFT Law SCFM of Ukraine must supply reporting entities with the List of persons connected with conducting terrorist activity or concerning which the international sanctions were applied.
Recommendation of the MONEYVAL Report	*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*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	The *Article 6 of the AML/CFT Law* 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 *Article 6 part 2 (3, 5)* and must inform SCFM of Ukraine. Moreover, New AML/CFT Law provide 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).
Measures taken to implement the recommendations since the adoption of	

the first progress report.	
Recommendation of the MONEYVAL Report	*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 SCFM*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	The AML/CFT Law sets unified reporting regime for all reporting entities. Thus, the *Article 6 of the AML/CFT Law* foresees that reporting entity is obliged to 6) inform SCFM of Ukraine about: a) financial transaction subject to compulsory financial monitoring within three working days from the moment of its registration; 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; c) detected financial transactions concerning which are 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.
Measures taken to implement the recommendations since the adoption of the first progress report.	
Recommendation of the MONEYVAL Report	*The predominance of STRs from compulsory financial monitoring indicates a lack of risk-based approach to monitoring and reporting of suspicious transactions to the SCFM 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*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	In order to improve coordination and methodical support of reporting entities on AML/CFT in 2009 experts of SCFM 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. Training center of SCFM 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. 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.
Measures taken to implement the	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

recommendations since the adoption of the first progress report.	transactions subject to financial monitoring and high risk transactions. In 2012 the National Financial Services Market Regulation Commission concluded 4 agreements with the educational institutions for training Compliance officers in AML/CFT area. 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. 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). 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. The Training Program shall, inter alia, include the following: a) measures aimed at organization of training the employees depending on their official duties in the following areas: 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; 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: 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; 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. 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: 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. 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: indicators of financial transactions in accordance with the Basic Law subject to compulsory financial monitoring; - 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. 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: - 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 laundering and financing of terrorism; - 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. 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. This issue is regulated by the Decision of the National Securities and Stock Market Commission dated 19.07.2005 № 438. 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.
(Other) changes since the first progress report (e.g. draft laws, draft regulations or draft "other enforceable means" and other relevant initiatives	
Recommendation 13 (Suspicious transaction reporting) II. Regarding DNFBP[6]	
Recommendation of the MONEYVAL Report	*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*

[6] i.e. part of Recommendation 16.

	financial transactions
Measures reported as of 27 September 2010 to implement the Recommendation of the report	Under the *Article 5 part 8 of the AML/CFT Law* specially designated reporting entities are following: 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 labour 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 fulfilment 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 on 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 SCFM of Ukraine. The provisions of the Article 6 of the AML/CFT Law provides for that a reporting entity is obliged to inform SCFMU 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 the day of suspicions arise but not later than in ten business days from them moment of such transactions registration or attempt to conduct; 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. 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 (*Article 10 part 1*). 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.
Measures taken to implement the recommendations since the adoption of the first progress report.	
Recommendation of the MONEYVAL Report	*More outreach to this sector is necessary, particularly by providing training and guidance*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	Thus, in the Ist half year of 2010 the SCFM of Ukraine organized and held 10 working meetings in order to find out challenges connected with fulfilment of the Law by the reporting entities: real estate agents, precious stones and jewellery 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. SCFM 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 SCFM and Association of Realtors conducted 7 workshops covering all regions of Ukraine. 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.
Measures taken to implement the recommendations since the adoption of the first progress report.	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: 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: 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 theArticle 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 Complaince 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 round table 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 rerpoting 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 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. 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. 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.

(Other) changes since the first 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	*To ensure that the definition of terrorism fully covers all the terrorist acts set out in article 2(1) of the Terrorist Financing Convention*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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. This Criminal Code of Ukraine was amended by the new (separate) Article 258^5 "Terrorist Financing", Namely, *Article 258^5 "Terrorist Financing"*. *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.* *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.* *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.* *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* Part 3 of the Article 258^5 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. According to the Article 258^3 of the Criminal Code of Ukraine the crime shall be considered establishment of a terrorist group or terrorist organization, leadership in such group or organisation or participation in it, as well as material, organizational or other assistance in establishment or activity of terrorist group or terrorist organisation.

	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. *Concerning the Article 2, part 5 (c) of the Convention* Part 2 of the Article 258^5 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. According to the Article 258^4 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. 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.
Measures taken to implement the recommendations since the adoption of the first progress report.	
Recommendation of the MONEYVAL Report	*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*
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 taken to implement the recommendations since the adoption of the first progress report.	
Recommendation of the MONEYVAL Report	*Ensure that the terrorist financing offences are predicate offences for money laundering*
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 taken to implement the recommendations since the adoption of the first progress report.	
Recommendation of the MONEYVAL Report	*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*
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 taken to implement the recommendations since the adoption of the first progress report.	
Recommendation of the MONEYVAL Report	*Provide that the law would permit the intentional element of the offence of TF to be inferred from objective factual circumstances*
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 *corpus delicti* 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 taken to implement the recommendations since the adoption of the first progress report.	
Recommendation of the MONEYVAL Report	*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*
Measures reported as	

of 27 September 2010 to implement the Recommendation of the report	
Measures taken to implement the recommendations since the adoption of the first progress report.	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. 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". 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. 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. 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.) 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. 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 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. Under the Article 24 of the Law of Ukraine on Fight against Terrorism the organization (legal entity) reposnsible 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. 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. 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.
Recommendation of the MONEYVAL Report	*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.*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	
Measures taken to implement the recommendations since the adoption of the first progress report.	The Criminal Code of Ukraine was supplemented by the new separate Article 258-5 Terrorsit Financing that envisages liability of the persons for terrorist financing up to 12 years of imprisonment with mandatory confiscation of property. 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. Under the Article 24 of the Law of Ukraine on Fight against Terrorism the organization (legal entity) reposnsible 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. 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. 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. 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. 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". 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. Terrorist assets may be frozen for an indefinite term. 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. 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 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;* *- collect under the legislation duly executed documents that may be used as evidence in the courts;* *- take under the legislation other actions aimed at ensuring proper protection of the SSU interests.* *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.* 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. 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). 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. 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. 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.
(Other) changes since the first progress report (e.g. draft laws, draft regulations or draft "other enforceable means" and other relevant initiatives	

Special Recommendation IV (Suspicious transaction reporting) I. Regarding Financial Institutions	
Rating: Partially compliant	
Recommendation of the MONEYVAL Report	*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*
Measures reported as of 27 September 2010 to implement the Recommendation of	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

the report	detection of TF – related transactions.
Measures taken to implement the recommendations since the adoption of the first progress report.	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. 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. 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. 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. The Training Center of the SFMS of Ukraine insures training of certain categories of the reporting entities 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 Complaince 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. 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. The provisions of the Article 6 of the Basic Law stipulate the obligation of the banks: -to ensure professional training of the compliance officer by means of passing training at least once in three years; -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; 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. 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.
Recommendation of the MONEYVAL Report	*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*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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.
Measures taken to implement the recommendations since the adoption of the first progress report.	
(Other) changes since the first 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	*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*
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 SCFM of Ukraine organized and held 10 working meetings in order to find out challenges connected with fulfilment of the Law by the reporting entities: real estate agents, precious stones and jewellery 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 fulfilment of the Law by DNFBPs was considered. After the AML/CFT Law enactment training and methodical assistance will be provided to DNFBPs.
Measures taken to	The Training Center of the SFMS of Ukraine insures training of certain categories of

implement the recommendations since the adoption of the first progress report.	the reporting entities 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 Complaince 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. 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. 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.
Recommendation of the MONEYVAL Report	*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.*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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.
Measures taken to implement the recommendations since the adoption of the first progress report.	
(Other) changes since the first progress report (e.g. draft laws, draft regulations or draft "other enforceable means" and other relevant initiatives	

2.3 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	*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*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	
Measures taken to implement the recommendations since the adoption of the first progress report.	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. 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. 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. 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. 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. 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.
Recommendation of MONEYVAL report	*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*
Measures reported as of 27 September 2010 to implement the Recommendation of	

the report	
Measures taken to implement the recommendations since the adoption of the first progress 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.
(Other) changes since the first 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	*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*
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 taken to implement the recommendations since the adoption of the first progress report.	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 Liberalisation of the EU Visa Regime for Ukraine approved by the Decree of the President of Ukraine dated April 22, 2011 No 494/2011. 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. 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. 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). 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. 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. 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. On May 14, 2012 the President of Ukraine signed a new edition Criminal Procedure

	Code of Ukraine. 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. On May 24, 2012 the Parliament of Ukraine adopted the Resolution on cancellation of this draft law. 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. 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.
Recommendation of MONEYVAL report	*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*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	
Measures taken to implement the recommendations since the adoption of the first progress 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.
Recommendation of MONEYVAL report	*The Ukrainian authorities should ensure that confiscation for the property used in or intended for use in terrorist financing cases is provided for*
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 taken to implement the recommendations since the adoption of the first progress report.	
Recommendation of MONEYVAL report	*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*
Measures reported as of 27 September 2010	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

to implement the Recommendation of the report	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. 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: • 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. 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, 209^1, 306 of the CC of Ukraine". 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. 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. 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.
Measures taken to implement the recommendations since the adoption of the first progress report.	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: • number of crimes, criminal cases in the proceedings, • number of cases submitted to the court; • amount of the funds and property laundered; • amount of the proceeds of crime frozen; • the property of accused persons frozen; • amount of the proceeds of crime seized 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: - 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. 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). 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. 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.
(Other) changes since the first progress report (e.g. draft laws, draft regulations or draft "other enforceable means" and other relevant initiatives	

Recommendation 4 (Secrecy laws consistent with the Recommendations)	
Rating: Partially compliant	
Recommendation of MONEYVAL report	*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*
Measures reported as of 27 September 2010 to implement the Recommendation of	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. During 2009 – first half 2010 in line with the administrative procedure about 1 500

the report	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. During the same period on request of law enforcement courts issued 4400 orders on lifting the bank secrecy. 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 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 SCFM 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 taken to implement the recommendations since the adoption of the first progress report.	
Recommendation of MONEYVAL report	*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*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	During 2008 the Training Centre of SCFM 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. 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. 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 lections 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 lections and 4 hours of seminars) within studying discipline "Operative and Search Activity" are foreseen in 7-th semester of 4-th course within speciality "Counteraction to Economic Crime". 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. 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 SCFM of Ukraine. 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. 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). 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 SCFM of Ukraine as of 25.12.2009 under № 182 were submitted to the territorial bodies and subdivisions of internal affairs in 2010. 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".
Measures taken to implement the recommendations since the adoption of the first progress report.	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: - 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. 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 SCFM of Ukraine prepared and presented in July and placed on the website of the Center 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 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 lections 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 lections 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: 1. 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. 2. 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). 3. 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. 4. 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). 5. 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 AML area; • 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. 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. 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". 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. 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.
(Other) changes since the first 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	*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*
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: - 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 taken to implement the recommendations since the adoption of the first progress 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 Crimea; MPs of Ukraine, MPs of the Verkhovna Rada of the Autonomous Republic of Crimea, members of local councils; civil servants, local government officials.
Recommendation of MONEYVAL report	- *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*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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). 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. 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.
Measures taken to implement the recommendations since the adoption of the first progress report.	
Recommendation of MONEYVAL report	- *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*
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 taken to implement the recommendations since the adoption of the first progress report.	
Recommendation of MONEYVAL report	- *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*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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)).
Measures taken to implement the recommendations since the adoption of the first progress report.	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. 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. 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. 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. 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. 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 172[6] (Violation of financial control requirement) of the Code of Ukraine on Administrative Offences established administrative responsibility for violation of these requirements.
Recommendation of MONEYVAL report	*- a requirement to conduct enhanced ongoing monitoring on a business relationship with the PEP*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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)).
Measures taken to implement the recommendations since the adoption of the first progress report.	
Recommendation of MONEYVAL report	*In addition, corruption causes an uneasiness, Ukraine should explicitly extending the provisions to domestic PEPs*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	
Measures taken to implement the recommendations since the adoption of the first progress report.	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. 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. 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 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. 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 As well such individuals are obliged to submit annually the declaration of assets, income, expenses and financial obligations. 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 local governments. 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. 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.
(Other) changes since the first progress report (e.g. draft laws, draft regulations or draft "other enforceable	

means" and other relevant initiatives	

Recommendation 7 (Correspondent banking)	
Rating: Non compliant	
Recommendation of MONEYVAL report	*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:* – *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*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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.
Measures taken to implement the recommendations since the adoption of the first progress report.	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: 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. 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. 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. 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. 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). 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 the bank. 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).
Recommendation of MONEYVAL report	– *to ascertain that the respondent institutions AML/CFT systems are adequate and effective; and*
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 taken to implement the	

recommendations since the adoption of the first progress report.	
Recommendation of MONEYVAL report	– *to obtain approval from senior management before establishing new correspondent relationships*
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 taken to implement the recommendations since the adoption of the first progress report.	
(Other) changes since the first 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	*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*
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 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)).
Measures taken to implement the recommendations since the adoption of the first progress report.	
(Other) changes since the first 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	*Specific AML/CFT requirements relating to Recommendations 6, 8, 9 and 11 should be extended to all DNFBP sectors*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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). Therefore, the Article 6 tasks, duties and rights of the reporting entity extend to stated reporting entities.
Measures taken to implement the recommendations since the adoption of the first progress report.	
Recommendation of MONEYVAL report	*Ukraine should also take steps to examine ways of to ensure the effectiveness of compliance with these AML/CFT requirements in these sectors*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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: - 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. According to the AML/CFT Law these state agencies shall: - 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. According to the New AML/CFT Law these state agencies shall: – 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 including on-site inspections; – 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.
Measures taken to implement the recommendations since the adoption of the first progress report.	
(Other) changes since the first 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	*Clear provision should be made for compliance officer of the non-banking financial institutions to be designated at management level*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	The Order of the SCFM 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. Provisions of the Order (paragraph 5) prescribe the appointment for the position of compliance officer at the level of leadership of the reporting entity. 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.
Measures taken to implement the recommendations since the adoption of the first progress report.	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. 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. 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.
Recommendation of MONEYVAL report	*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*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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)). 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.
Measures taken to implement the recommendations since the adoption of the first progress report.	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 15^1 Internal Audit (Control) that provides for the following: 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: 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). Conducting of internal inspections of a reporting entity and its structutral 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. 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, 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. 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. 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.
Recommendation of MONEYVAL report	*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*
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 taken to implement the recommendations since the adoption of the first progress report.	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. 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. 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. 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. 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. 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. The act of audit after being signed shall be submitted to the head of the institution who, if necessary, shall take appropriate measures. Familiarization of the head of the institution with the act of audit shall be confirmed by his/her signature. It should be noted that while conducting training activities for the financial institutions, special attention is paid to internal audits of the institution. 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. 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.
Recommendation of MONEYVAL report	*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*
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 taken to implement the recommendations since the adoption of the first progress report.	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. Besides, the regulations of the NFSMRC provide for the qualification requirements for the directors and chief accountants of non-bank financial institutions, including:

	– 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. 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). 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. The Training Program shall, inter alia, include the following: a) measures aimed at organization of training the employees depending on their official duties in the following areas: - 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; 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: - 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. Section 9 of the Regulation No 189 stipulates that the Compliance officer of the bank shall meet the following qualifying requirements: 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); he/she shall have formal higher education in economics or science of law, or specialized education in management; 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;

	he/she shall have irreproachable business reputation. The following circumstances can testify to absence of the irreproachable business reputation of the nominee for the position of Compliance officer of the bank: 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 there have been detected 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 Labor 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. 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).
(Other) changes since the first progress report (e.g. draft laws, draft regulations or draft "other enforceable means" and other relevant initiatives	

Recommendation 16 (DNFBP - R.15 & 21)	
Rating: Non compliant	
Recommendation of MONEYVAL report	*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*
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 taken to implement the	

recommendations since the adoption of the first progress report.	
Recommendation of MONEYVAL report	*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*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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. 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. 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.
Measures taken to implement the recommendations since the adoption of the first progress report.	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: - 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. The reporting entities are authorized to refuse the transaction if the financial transaction contains the indicators set up by the Basic Law. The Regulation on conducting financial monitoring by the reporting entities 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 insufficicently 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 repoting 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 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 insufficicently 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. 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. 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: - 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. 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. 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.
(Other) changes since the first progress report (e.g. draft laws, draft regulations or draft "other enforceable means" and other relevant initiatives	

Recommendation 17 (Sanctions)
Rating: Partially compliant

Recommendation of MONEYVAL report	*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*
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 taken to implement the recommendations since the adoption of the first progress report.	
Recommendation of MONEYVAL report	*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*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	With respect to officials of financial institutions state regulators conclude protocols on administrative offence concerning officials of financial institutions for following offences (Article 166^9 of the Code of Ukraine on Administrative Offences). 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: 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: 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: 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. 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; 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; i) bank reorganization; g) appointment of provisional administration. 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. 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). 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. A Resolution of the National Bank of Ukraine on appointment of a provisional administration shall be an executive document. 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. 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. 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.
Measures taken to implement the recommendations since the adoption of the first progress report.	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. 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. 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. The Code of Ukraine on Administrative Offences establishes administrative responsibility for, in particular, the following offenses: violation of banking legislation, regulations of the NBU or conducting risk transactions that threaten the interests of depositors and other creditors (Article 166^5 of the Code); violation of legal entity termination procedure (Article 166^6 Code); resistance to the temporaly administration or the liquidation of the bank (section 166^7 of the Code); violation of providing financial

	services procedure (section 166^{8} of the Code); violation of the AML/CTF legislation (Article 166^{9} of the Code); failure to execute legal requirements of the state financial monitoring entities officials (section 188^{34} of the Code). Pursuant to the powers of the NBU defined by the Code in the cases of the above mentioned offenses, we concider that the Article 73 and 74 of the Law of Ukraine on Banks and banking require further reciprocal clerence. It should be mentioned that pursuant to the Code and Articles 73 and 74 of the Law of Ukraine on Banks and banking: by the Resolution of the NBU as of 29.12.2001 No 563 the Regulation on impositing administrative fines was approved; 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.
Recommendation of MONEYVAL report	*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"*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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.
Measures taken to implement the recommendations since the adoption of the first progress report.	The list of reasons to recall the bank license was set up by the Article 20 of the Law on Banks and Banking. 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. 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. 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. 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: 1) in accordance with the regulation plan; 2) at the end of the term of provisionary administration of the bank and/or failure to enforce the regulation plan; 3) in other cases provided by the Law. 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. 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: - restrictions, provisionary freezing or recalling of the license or other special permission to undertake certain business activities; - provisionary dismissal of the top rank official of the bank.
Recommendation of MONEYVAL report	*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*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	The procedure of application and types of enforced measures (sanctions) to the bank for violation of requirements: 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. 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: - written warning; - imposing a fine: to the bank: in the amount of 0,01 % from the sum of registered statutory capital (for each violation). The total sum of fine 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; to managers of the bank: in the amount up to 100 untaxed minimum incomes of citizens; - 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; 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. Application to the bank of such sanction is performed under the certain appeal of the NBU. The NBU conducts selection of adequate enforced measures applying to banks considering: - 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. Moreover, the following factors are also taken into consideration: - 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).

	Also, in each case it is clarified: - 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. 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: bank, which had obtained bank license and written permission of the NBU to conduct non-trading transactions with currency valuables; financial institutions, which obtained general license of the NBU for carrying out of currency exchange transactions. Thus, the inspection of currency exchange office is conducted in course of inspection of the bank, which had opened such exchange office.
Measures taken to implement the recommendations since the adoption of the first progress report.	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 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 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 pargarph 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 150 000 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

(Other) changes since the first 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	*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*
Measures reported as of 27 September	The new AML/CFT Law foresees the obligation of reporting entity to take relevant

2010 to implement the Recommendation of the report	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)). 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. 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 address or improperly address recommendations of AML/CFT international, intergovernmental organizations.
Measures taken to implement the recommendations since the adoption of the first progress report.	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)). 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. 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. 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).

Recommendation of MONEYVAL report	*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*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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; verify purpose and nature of future business relations with clients. 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. 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.
Measures taken to implement the recommendations since the adoption of the first progress report.	
Recommendation of MONEYVAL report	*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*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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. 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). As well SCFM 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.

Measures taken to implement the recommendations since the adoption of the first progress report.	
(Other) changes since the first 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	*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*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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 SCFM of Ukraine and relevant state financial monitoring entity. 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).
Measures taken to implement the recommendations since the adoption of the first progress report.	
Recommendation of MONEYVAL report	*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*

Measures reported as of 27 September 2010 to implement the Recommendation of the report	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. 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).
Measures taken to implement the recommendations since the adoption of the first progress report.	
(Other) changes since the first progress report (e.g. draft laws, draft regulations or draft "other enforceable means" and other relevant initiatives	

Recommendation 23 (Regulation, supervision and monitoring)	
Rating: Partially compliant	
Recommendation of MONEYVAL report	*The SCFSMR should start conducting AML/CFT on-site supervision of the Ukrposhta and enhance off-site supervision*
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 taken to implement the recommendations since the adoption of the first progress report.	These supervisions are permanently conducted in case of receipt notifications on possible violation of AML/CFT legislation.
Recommendation of MONEYVAL report	*Authorities are advised to provide for a clear definition of the term "irreproachable business reputation", that will be apparent to all banks' stakeholders*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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.
Measures taken to implement the recommendations since the adoption of the first progress report.	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. 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. 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 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 nomine 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.
Recommendation of MONEYVAL report	*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*
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 taken to implement the recommendations since the adoption of the first progress report.	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. 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: 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. 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; 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. 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).
Recommendation of MONEYVAL report	*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.*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	Draft Law of Ukraine on Introducing Amendments to the Law of Ukraine on 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: 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. 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.
Measures taken to implement the recommendations since the adoption of the first progress report.	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. 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: 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. 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; 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. 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). 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).
Recommendation of MONEYVAL report	*Supervisory procedures of the SCSSM and the SCFSMR should cover risk-based analysis and supervision on consolidated basis*
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 taken to implement the recommendations since the adoption of the first progress 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 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. 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. Organizational structure of the National Commission for Securities and Stock Market provided for Departments of prudential supervision on each direction of financial activities. 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. 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 issuse of provision the legal framework of the AML/CFT system were discused. 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. Also, during the visits of IMF mission a number of workshops for representative of non-bank financial institutions were held.
Recommendation of MONEYVAL report	*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.*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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: Banks which obtain banking license and written permission of National Bank of Ukraine (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: 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 f 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. 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.
Measures taken to implement the recommendations since the adoption of the first progress report.	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. 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. 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, adopted measures caused considerable reduction of exchange offices number:

	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
Recommendation of MONEYVAL report	*The SCSSM is encouraged to continue its action aimed at decreasing the number of fictitious companies.*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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. 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.
Measures taken to implement the recommendations since the adoption of the first progress report.	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 detrmines the following : 1. Securities and derivatives being circulated are considered to be fictitious, if they meet criteria specified below: 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 is 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. 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, plases 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. 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. 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. 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: 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: • 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. 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 depositary 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).
(Other) changes since the first progress report (e.g. draft laws, draft regulations or draft "other enforceable means" and other relevant initiatives	

Recommendation 24 (DNFBP - regulation, supervision and monitoring)	
Rating: Non compliant	
Recommendation of	*The existing licensing regime of gambling institutions seems to draw a number of*

MONEYVAL report	*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*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	The regime for applying sanctions to gambling institutions was regulated by the Law of Ukraine On Licensing of Certain Business Activities. 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.
Measures taken to implement the recommendations since the adoption of the first progress report.	
Recommendation of MONEYVAL report	*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*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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. 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). Under AML/CFT Law Ministry of Finance of Ukraine as entity of state financial monitoring shall be obliged, in particular, to impose sanctions.
Measures taken to implement the recommendations since the adoption of the first progress report.	
Recommendation of MONEYVAL report	*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*
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 taken to implement the recommendations since the adoption of the first progress report.	
Recommendation of MONEYVAL report	*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*
Measures reported as	The regime for applying sanctions to gambling institutions was regulated by the Law

of 27 September 2010 to implement the Recommendation of the report	of Ukraine On Licensing of Certain Business Activities. 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. Besides, the Article 14 of AML/CFT Law provides for the obligation of state regulators: 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 taken to implement the recommendations since the adoption of the first progress report.	The Law of Ukraine On Prohibition Gambling in Ukraine as of May 15, 2009 No1334-IV exists in Ukraine. 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. Thus, the Criminal Code of Ukraine is suplemented 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. 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. 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 Gabling 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 concerningapplication of financial sanctions related to prohibition organization and carrying out of games of chance in Ukraine. 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. 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.
Recommendation of MONEYVAL report	*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.
Measures reported as of 27 September 2010 to implement the Recommendation of the report	After AML/CFT Law Ukraine entering into force SCFM of Ukraine regulatory and supervisory agencies will ensure efficient monitoring of DNFBPs and compliance with provisions of Recommendation 24.
Measures taken to implement the recommendations since the adoption of the first progress report.	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: 1. Order of the Ministry of Justice of Ukraine as of Septemeber 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 Septemeber 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 Septemeber 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 Septemeber 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. 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. 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: – 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, 2011No 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, 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.

	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. Furthermore, the SFMS of Ukraine issued a number of legal acts to regulate the financial monitoring in the reporting entities: – 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 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.
(Other) changes since the first 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	*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.*
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 SCFM 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 SCFM of Ukraine, STA, MIA and SS of Ukraine dated 29.01.09 under No. 11/33/24/53.
Measures taken to implement the	

recommendations since the adoption of the first progress report.	
Recommendation of MONEYVAL report	*The procedures for obtaining documents and information to be used in investigations should be carefully examined and modified.*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	see the answer to R. 4
Measures taken to implement the recommendations since the adoption of the first progress report.	
(Other) changes since the first 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	*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*
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.
Measures taken to implement the recommendations since the adoption of the first progress 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 exanimations 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).
Recommendation of MONEYVAL report	*There are no explicit provisions that specify the scope of the AML/CFT supervision and the power of enforcement of foreign exchange offices*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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 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: – 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 f 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. 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.
Measures taken to implement the recommendations since the adoption of the first progress report.	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).
Recommendation of MONEYVAL report	*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*
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 taken to implement the recommendations since the adoption of the first progress	

report.	
Recommendation of MONEYVAL report	*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*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	- AML/CFT Law (Art 23) explicitly gives supervisors (including NBU) power to apply sanctions for the violation of AML/CFT Law
Measures taken to implement the recommendations since the adoption of the first progress report.	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. The provisions of the Article 23 of the Law stipulate the liability for violation of the requirements of this Law. 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. 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).
Recommendation of MONEYVAL report	*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.*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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. 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.
Measures taken to implement the recommendations since the adoption of the first progress report.	
Recommendation of MONEYVAL report	*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.*
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 taken to implement the recommendations since the adoption of the first progress report.	
(Other) changes since the first progress report (e.g. draft laws, draft regulations or draft "other enforceable means" and other relevant initiatives	

Recommendation 30 (Resources, integrity and training)	
Rating: Partially compliant	
Recommendation of MONEYVAL report	*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*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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". 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)". 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 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 SCFM" 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 SCFM. In general, Training-Methodical Center of SCFM 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 SCFM 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, 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 SCFM of Ukraine dated 25.12.2009 № 182 were also submitted to territorial entities and subdivisions of internal affairs.
Measures taken to implement the recommendations since the adoption of the first progress report.	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 summery 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. 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 programs 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 (laundering) of proceeds from crime and terrorist financing" as of July 2012 is posted on the website of the Center). Typical training plans for judges of local general courts and courts of appeal in 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.
Recommendation of MONEYVAL report	*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*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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 SCFM, 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. 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". 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)". 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 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. 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. On March 2010, the SCFM 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 SCFM during February and March. 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 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 SCFM. In general, Training-Methodical Center of SCFM will conduct training of 320 officials during 2010. 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.

Measures taken to implement the recommendations since the adoption of the first progress report.	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". Under this program in the Training Center were trained in 2010 - 202 law 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 officials, including 110 territorial law enforcement officials. Moreover, the Center is implementing measures to study the international experience in this field: 1. In cooperation with the IMF was drafted and held an international workhop on "Financial investigation" (Lviv, 28.05.2010). 2. On November 21-26, 2011 in Lviv jointly with the IMF was held an international training workhop 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 wel 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 sicussed. • 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 presented 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 lections and 4 hours of seminars) and the topic "Revealing and Recording the Legalization (Laundering) of the Proceeds from Crime" (4 hours of lections 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 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. 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. 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 this crimes, as well as on interaction with the State Financial Monitoring Service of Ukraine, which were submitted to subordinated prosecutors.
Recommendation of MONEYVAL report	*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.*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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 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. 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.
Measures taken to implement the recommendations since the adoption of the first progress report.	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: 1) persons authorized to perform state functions or functions of self government authorities, in particular 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 172^2);

	offer or provision of illegal benefit (article 172^3) violation of limitations on plurality of offices and on simultaneous engagement in other activities (article 172^4) violation of statutory limitations on receiving gifts (donations) (article 172^5) violation of financial supervision requirements (article 172^6); violation of requirements pertaining to notification on conflict of interests (article 172^7); unlawful use of information learned by a person in connection with the performance of official functions (article 172^8); failure to take measures of counteraction to corruption (article 172^9). 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 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 ammmended with following: Article 364^1 (Abuse of Official Authority by an Officer of a Private Law Legal Entity Irrespective of Organizational-Legal Form); Article 365^1 (Exceeding of Authority by an Officer of a Private Law Legal Entity Irrespective of Organizational-Legal Form); Article 365^2 (Abuse of Authority by Persons Who Render Public Services); Article 368^2 (Unlawful Enrichment); Article 368^3 (Commercial Subornation of an Officer of a Private Law Legal Entity Irrespective of Organizational-Legal Form); Article 368^4 (Subornation of Person Rendering Public Services); Article 369^2 (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 08.07.2011No 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 administratie 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 takling corrutpion, 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 anticorruption 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 responcibility 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 commited crimes by them 138 criminal cases were initiated, includinmg 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 possitions in state tax authorities were held and 194 persons were refused in positions. To ensure the legal rights and interests of citizens aproximately 1,300 appeals were exemined (appeals, complains, notices) regarding possible illigal acts of officials of

	the State Tax Service, including 376 adresses 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 responcibilities 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 wel 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 hotline freceives 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. 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 offcials were dismissed. For prevention of commiting corruption by the STS fficials were taken the meausures 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 protocos according to which 17 persons were brought by courts to administrative responsibility. 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 responcibility. 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 fulfilment power, as well as procedure of liability for violation of such rules. According the article 2 (paragraph 7) officials and officers of the Security Service of Ukraine shall be subjected to the scope of this law. By the Decree of the President of Ukraine as of 01.09.2011 No 890/2011the Statute of

	the National Anti-Corruption Committee was entered into force. The National Anti-Corruption Committee according to the assigned basic tasks: 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 draftlaws, drafts of oher 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' results the work; 6.1) provides scientific and methodological assistance on preventing and combating corruption, analytical research, developes guidelines in this area; 7) performes other functions according to the acts of the President of Ukraine.
Recommendation of MONEYVAL report	*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*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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. 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. State Security Service of Ukraine together with General Prosecutor's Office and other interested law enforcement agencies has taken the following measures: - 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 have been adopted and forwarded to the leadership of STA of Ukraine; - 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.
Measures taken to implement the recommendations since the adoption of the first progress report.	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. 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). In addition to the interagency level were approved: 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);

	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). 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. According the article 2 (paragraph 7) officials and officers of the Security Service of Ukraine shall be subjected to the scope of this law. By the Decree of the President of Ukraine as of 01.09.2011 No 890/2011the Statute of the National Anti-Corruption Committee was entered into force. The National Anti-Corruption Committee according to the assigned basic tasks: 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' results the work; 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. 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 working group on review of legal and organizational provision of anti-corruption mechanisms to comply the Law of Ukraine "On grounds of Corruption Prevention and counteraction". 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".
Recommendation of MONEYVAL report	*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.*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	SCFM Training Centre jointly with specialists of SCFM 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. 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. 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". 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)". 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. 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. This guidance address for use by specialists in the sphere of law enforcement activity and financial monitoring. 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 procceds 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 SCFM" 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 SCFM. In general, Training-Methodical Center of SCFM 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 SCFM 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, 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 SCFM of Ukraine dated 25.12.2009 № 182 were also submitted to territorial entities and subdivisions of internal affairs.
Measures taken to implement the recommendations since the adoption of the first progress report.	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. 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 lections 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 lections 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 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. 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." 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 profesional 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." Furthermore, during the 9 months 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.
Recommendation of MONEYVAL report	*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*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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 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 SCFM" 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 SCFM. In general, Training-Methodical Center of SCFM 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 SCFM 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 SCFM of Ukraine dated 25.12.2009 № 182 were also submitted to territorial entities and subdivisions of internal affairs.
Measures taken to implement the recommendations since the adoption of	The Training Center of SFMS of Ukraine (hereinafter - the Center) conducts professional training for law enforcement professionals and courts officials under processional training program "Combating Legalization (laundering) of proceeds from crime and terrorist financing".

the first progress report.	Under this training program in the Center in 2010were trained: - 202 law enforcement agencies officials, - 166 court officials. In 2011 were trained: - 210 law enforcement agencies officials, - 162 court officials. In 9 months of 2012 were trained: - 136 law enforcement agencies officials, - 242 court officials. Furthermore, the Center takes measures to study the AML/CTF international experience: 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. 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 lections 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 lections 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 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 trands 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 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 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. 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. 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.
Recommendation of MONEYVAL report	*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*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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. 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 *Appendix IV* for more details.
Measures taken to implement the recommendations since the adoption of the first progress report.	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. 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".
Recommendation of MONEYVAL report	*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*
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 taken to implement the recommendations since the adoption of the first progress 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.
Recommendation of	*Efforts to prevent and sanction corruption within the Customs Service should be*

MONEYVAL report	*pursued*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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-IУ 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. 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. 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 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 Collegium 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 declarants 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 nonadmissing 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 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.
Measures taken to implement the recommendations since the adoption of the first progress report.	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 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 as study of anticorruption requirement of Ukrainian legislation was held. 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. 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. 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.
Recommendation of MONEYVAL report	*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*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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).
Measures taken to implement the recommendations since the adoption of the first progress report.	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. 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. 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. 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.
Recommendation of MONEYVAL report	*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*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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. 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. 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.
Measures taken to implement the recommendations since the adoption of the first progress report.	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. 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
Recommendation of MONEYVAL report	*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*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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 Protection Main Department of Civil Service of Ukraine elaborated the Draft Law of Ukraine On Civil Service (new version).

	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. 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.
Measures taken to implement the recommendations since the adoption of the first progress report.	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. 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. Professional development of civil servants shall be carried out if necessary, but not less than once every three years (Article 30, part 4).
Recommendation of MONEYVAL report	*SCSSM and SCFSMR should continue their efforts for providing its supervisors with adequate AML/ CFT trainings*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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.
Measures taken to implement the recommendations since the adoption of the first progress report.	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: - 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; - Kyiv National Trade and Economic University, Kyiv. 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. 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. In the first half of 2012, 116 persons were trained and obtained qualification

	certificate.
Recommendation of MONEYVAL report	*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.*
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 taken to implement the recommendations since the adoption of the first progress 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.
Recommendation of MONEYVAL report	*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.*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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 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. These prosecutors have an appropriate level of qualification, high moral characteristics and significant experience of practical prosecuting activity. 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. 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.
Measures taken to implement the recommendations since the adoption of the first progress report.	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: - extradition; - transfer of sentenced persons; - mutual legal assistance; - adoption of criminal proceedings; - transfer of executions; - confiscation of property through international cooperation 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

	fulfil 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. Experts of Department have adequate professional training and experience in international cooperation in criminal matters.
Recommendation of MONEYVAL report	*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.*
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 taken to implement the recommendations since the adoption of the first progress 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.

Recommendation 33 (Legal persons – beneficial owners)	
Rating: Partially compliant	
Recommendation of the MONEYVAL Report	*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*
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, 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. 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.

	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). 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.
Measures taken to implement the recommendations since the adoption of the first progress report.	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 року 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). 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. 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.
Recommendation of the MONEYVAL Report	*Competent authorities should be able to obtain or have timely access to such information*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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.

	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". 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. 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). 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. Taking into account an urgent need to provide as soon as possible key financial and tax 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. 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.
Measures taken to implement the recommendations since the adoption of the first progress report.	The Parliament of Ukraine passed: 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: - 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.

	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). 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 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 sate 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). 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. 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. 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). 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: - 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.
Recommendation of the MONEYVAL Report	*Ukraine should strengthen preventative measures for deterring from the practice of setting up fictitious companies*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	The Government of Ukraine pays special attention to this issue. Thus, paragraph 5^1 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. 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). 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. 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. 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. 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. 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. 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. Besides, paragraph 11 of Action Plan for 2010 № 1119 provides for taking complex

	measures aimed at disclosing fictitious entities and suspending their activities. 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.
Measures taken to implement the recommendations since the adoption of the first progress report.	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. 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. 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. 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. 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 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. 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. 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. 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. 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. 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.
Recommendation of the MONEYVAL Report	*The authorities should also consider measures to facilitate access to the data contained in the USR, in particular to the private sector*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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). 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. 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.
Measures taken to implement the recommendations since the adoption of the first progress report.	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. 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. According to paragraph 5 of the Article 16 and paragraphs 3 and 5 of the Article 20 of 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 sate 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).
(Other) changes since the first progress report (e.g. draft laws, draft regulations or draft "other enforceable means" and other relevant initiatives	

Recommendation 35 (Conventions) & Special Recommendation I (Implementation of United Nations instruments)	
Rating: Partially compliant & Non Compliant	
Recommendation of the MONEYVAL Report	*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*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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).
Measures taken to implement the recommendations since the adoption of the first progress report.	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. 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. 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.
Recommendation of the MONEYVAL Report	*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*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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. The amendments to Criminal Code of Ukraine were introduced which criminalized the crime of financing of terrorism (Article 258^5 of Criminal Code of Ukraine).
Measures taken to implement the recommendations since the adoption of the first progress report.	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). 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. 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 (*UN SC Resolutions dated 23.12.2006 № 1737, dated 24.03.2007 № 1747, dated 03.03.2008 № 1803, dated 09.06.2010 № 1929).* 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, 258^{1}, 258^{2}, 258^{3}, 258^{4} and 258^{5} 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 activities that are recognized by Ukraine according to international treaties of Ukraine. 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. 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. 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. 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. 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. 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. 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)). 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 undefinite term, that is until this person is delisted from the UN list on the base of the UN SC Resolution. 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. 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. 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.
(Other) changes since the first progress report (e.g. draft laws, draft regulations or draft "other enforceable means" and other relevant initiatives	

Recommendation 36 (Mutual legal assistance) & Special Recommendation V (International co-operation)	
Rating: Partially compliant	
Recommendation of the MONEYVAL Report	*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*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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. 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. 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.
Measures taken to implement the recommendations since the adoption of the first progress report.	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. 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. 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 in 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." 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 convicted persons and the recognition and enforcement of judgments of foreign courts in Ukraine. 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 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 еркуу ща Article 545 of the Code.
Recommendation of the MONEYVAL Report	*The Ukrainian authorities should enable rendering MLA in the absence of dual criminality, in particular for less intrusive and non compulsory measures*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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. 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.
Measures taken to implement the recommendations since the adoption of the first progress report.	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 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. 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. 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.
Recommendation of the MONEYVAL Report	*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.*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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. 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. With regard to the statistics on AML/CFT issues please see the attached *Appendix V*.
Measures taken to implement the recommendations since the adoption of the first progress report.	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. In 2011the 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. 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.
(Other) changes since the first 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	*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 SCFM or other)*
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 taken to implement the recommendations since the adoption of the first progress report.	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. Overall term of such freezing shall not exceed 14 business days. The Basic Law stipulates the following procedure of the financial transactions freezing. 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); 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; 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. 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.
Recommendation of	*Ukraine should prescribe in an evident manner that suspension (freezing) of terrorist*

the MONEYVAL Report	*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*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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 SCFM 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. Thus, the legislation of Ukraine prescribes the right of FIU to suspend performing suspicious financial transactions without relevant court decision. 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.
Measures taken to implement the recommendations since the adoption of the first progress report.	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. 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. 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.
Recommendation of the MONEYVAL Report	*Freezing mechanisms of other jurisdictions are undertaken through the Security Service of Ukraine, which provides to the SCFM 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 SCFM or other competent authorities*
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 taken to implement the recommendations since the adoption of the first progress report.	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. 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. 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. 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. 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". 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. 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 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 та III.3 (the FATF Special Recommendation III) of the Methodology for Assessing Compliance with the FATF 40 Recommendations and FATF 9 Special Recommendations.
Recommendation of the MONEYVAL Report	*The AML/CFT legal framework of Ukraine should enable suspension (freezing) of funds or other assets not connected with financial transactions*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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. 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. 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. 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. 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.

Measures taken to implement the recommendations since the adoption of the first progress report.	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. 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) 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. 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. 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. 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. Please see also item 18. *Case example:* 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.
Recommendation of the MONEYVAL Report	*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*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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. Mentioned draft act foresees procedures of considering requests on delisting and unfreezing funds and other assets of delisted persons. 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.
Measures taken to implement the recommendations	Part 11 of the Article 17 of the Basic Law sets up that the procedure for delisting the persons from the list of persons related to terrorist activities or internationally sanctioned shall be stipulated by the Cabinet of Ministers of |Ukraine.

since the adoption of the first progress report.	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. According to paragraph 7 of the Procedure the reasons to delist the person by the SFMS shall be the following: 1) quashing or cancellation of criminal record of the natural person, convicted of committing crimes stipulated in Articles 258, 258^1, 258^2, 258^3, 258^4 and 258^5 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.
Recommendation of the MONEYVAL Report	*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*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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.
Measures taken to implement the recommendations since the adoption of the first progress report.	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. The Article 11-2 of the Law of Ukraine on Fight against Terrorism stipulates the procedure for authorizing access to the asssets related to terrorist financing and the financial transactions frozen under the decision taken on the base of the UN SC Resolution. 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. 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. 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. 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. 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.
Recommendation of the MONEYVAL Report	*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)*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	Article 258-5 of Criminal Code of Ukraine prescribes the confiscation of property in the result of financing of terrorism crime.
Measures taken to implement the recommendations since the adoption of the first progress report.	
(Other) changes since the first 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	*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*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	According to the Provision № 348 the members/participants of international payment systems may be banks, non-banking financial institutions, national postal services operator. 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. Banks - payment organizations of money transfer systems are obliged to coordinate

	with the NBU the rules of these systems before providing services of systems. In order to register contracts on membership/participation in the international payment systems non-bank financial institutions are obliged to provide: 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; 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); 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. The NBU conducts electronic register of payment systems and its members/participants.
Measures taken to implement the recommendations since the adoption of the first progress report.	
Recommendation of MONEYVAL report	*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*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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.
Measures taken to implement the recommendations since the adoption of the first progress report.	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. 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. 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. 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. 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. 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. 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. 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. Payment organization of international payment system-resident of Ukraine, which 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. the National Bank conducts electronic register of payment systems ant its members/participants. 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”: 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. 2. Registration of the following agreements was performed: 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; 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; 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.
(Other) changes since the first progress report (e.g. draft laws, draft regulations or draft "other enforceable means" and other relevant initiatives	

Special Recommendation VII (Wire transfer rules)	
Rating: Partially compliant	
Recommendation of MONEYVAL report	*Ukraine should implement the detailed criteria required by FATF Special Recommendation VII, that is* *a) apply the exemptions that exist*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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: - 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 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; - accompaniment of money with information on originator at all stages of carrying out of money transfer. According to the Article 64 of the Law on Banks and Banking, banks are prohibited: to open or keep anonymous (numbered) accounts; 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; 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; 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; bank is entitled to demand, and client – to provide documents and information necessary for identification of his identity, activity and financial state.
Measures taken to implement the recommendations since the adoption of the first progress	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: a) the customers establishing the business relations with the bank (opening accounts, concluding agreements);

report.	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 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.). 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: 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. 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. 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 Infrastructure.
Recommendation of MONEYVAL report	*b) Ensure the requirements in Order No. 211 are consistent with those under NBU Resolution No. 348 and FATF SR. VII*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	On August 13, 2009 on the base of the Order of the Ukrainian state enterprise of postal communication "Ukrposta" № 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. 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). 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.
Measures taken to implement the recommendations since the adoption of the first progress report.	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. 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. 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. 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. 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. 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. These Rules shall contain the provisions on the following: - 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: 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 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.
Recommendation of MONEYVAL report	*c) Requirement to adopt effective risk-based procedures for identifying and handling wire transfers that are not accompanied by complete originator information*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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 3of 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.
Measures taken to implement the recommendations since the adoption of the first progress report.	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, performance of a financial transaction, etc.). 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: - 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. 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. 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. 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.
Recommendation of	*The Ukrainian authorities should as a matter of urgency effectively supervise non-*

MONEYVAL report	*banking financial institutions and Ukrposhta 's compliance with the rules and regulations relating to SR.VII*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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 services operators (in the part of conducting by them of money transfer) – by the Ministry of Transport and Communication of Ukraine. 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. 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.
Measures taken to implement the recommendations since the adoption of the first progress report.	To ensure compliance of the DNFBPs with the AML/CFT requirements under the Requirement 24, the Ministry of Infrastructure drafted the following regulations: 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. For the present moment, the following Orders of the Ministry of Transport and Communication are acute: The Order 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. 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.

Recommendation of MONEYVAL report	*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*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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.
Measures taken to implement the recommendations since the adoption of the first progress report.	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). 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. 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.
Recommendation of MONEYVAL report	*Ukraine should put in places measures to ensure that Ukrposhta is effectively monitored for AML/CFT purposes*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	Pursuant to the AML/CFT Law Ukrposta shall be the reporting entity. Accordingly, the AML/CFT Law identifies that Ukrposta is wholly responsible as other reporting entities. Under inspection results of the State Commission on Financial Services Markets Regulation of Ukraine, Ukrposta activity complies with the current legislation. 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. 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.
Measures taken to implement the recommendations since the adoption of the first progress report.	The Ministry of Infrastructure has drafted the following regulations: 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. To enforce paragraph 19 of the Article 6 of the Basic Law Ukrainian state entity on 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.
(Other) changes since the first progress report (e.g. draft laws, draft regulations or draft "other enforceable means" and other relevant initiatives	

Special Recommendation VIII (Non-profit organisations)	
Rating: Partially compliant	
Recommendation of MONEYVAL report	*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*
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.
Measures taken to implement the recommendations since the adoption of the first progress report.	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. According to the Article 9 of the Law of Ukraine On Charity and Charitable Organizations the reasons for the refusal in state registration shall be the following: - 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. 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 particularly, 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. 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. 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-profitable organizations which under their activities or characteristics feature fall under the risk to be use for terrorist financing purposes). 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 letters to the Council members.
Recommendation of MONEYVAL report	*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.*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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 SCFM 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. The named list is published at the official web-site of the SCFM, the access to which is absolutely open, in particular for the use by non-profit organizations. Also, the official web-site of the SCFM 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. On June 2010 FIU prepared and placed on official web-site of SCFM the recommendations for NPOs on risk to be used for terrorist financing.
Measures taken to implement the recommendations since the adoption of	

the first progress report.	
Recommendation of MONEYVAL report	*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*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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. 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. 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. Amendments to statutory documents of registered public associations subject to obligatory registration. 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. 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: - the statute and program of political party; - data on authorities structure of political party. 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 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, 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). 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). 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).
Measures taken to implement the recommendations since the adoption of the first progress report.	
Recommendation of MONEYVAL report	*The authorities should also consider reviewing the effectiveness of measures in place to sanction violations of oversight measures or rules*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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. 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. 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.
Measures taken to implement the recommendations since the adoption of the first progress report.	
Recommendation of MONEYVAL report	*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*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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. 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 enterprise, 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); - 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). 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). 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).
Measures taken to implement the recommendations since the adoption of the first progress report.	
(Other) changes since the first 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	*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.*
Measures reported as of 27 September 2010	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

to implement the Recommendation of the report	№15-93 determines the definition of "currency values", in particular, the definition of "payment documents and other securities", including the definition of "cheque".
Measures taken to implement the recommendations since the adoption of the first progress report.	The declaration of cash and cheques has been covered by the National Bank Resolution 148 of 27.05.2008. 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 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. 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. 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. 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. 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.
Recommendation of MONEYVAL report	*The SCS should have the authority to restrain currency or bearer negotiable instruments when there is a suspicion of ML or FT.*
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 taken to implement the recommendations since the adoption of the first progress 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."
Recommendation of MONEYVAL report	*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.*
Measures reported as of 27 September 2010 to implement the Recommendation of	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 report	the State Committee for Financial Monitoring of Ukraine № 37/6 as of 10.09.2009 and its minutes. 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. 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. Information containing in customs declarations is saved by the State Customs Office of Ukraine. The system of saving, accumulation and processing of this information, the Unified Automated Information System of the State Customs Office of Ukraine is elaborated and put into permanent operation. 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. 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.
Measures taken to implement the recommendations since the adoption of the first progress report.	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. The structural units 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. 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. 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. 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. 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.
Recommendation of MONEYVAL report	*The administrative penalties for false or non declarations should be raised considerably.*
Measures reported as of 27 September 2010 to implement the Recommendation of the report	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 at the rate from 500 to 1000 untaxed minimum incomes of citizens 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. 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 at the rate from 100 to 300 % of value of direct things of violation of customs rules 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.
Measures taken to implement the recommendations since the adoption of the first progress report.	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. 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.
(Other) changes since the first progress report (e.g. draft laws, draft regulations or draft "other enforceable means" and other relevant initiatives	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.

	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. 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. 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. 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 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.

2.4 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.
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).*
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 2011the 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.

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)

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 case 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 - 106.74 thousand UAH;
- in 2012 - 285.97 thousand 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 73900UAH. 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 he 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.

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 SCFM 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 SCFM of Ukraine STRs by certain categories of reporting entities, such as commodity exchange, fiduciary partnerships, providers of financial leasing services; factoring services providers and depositary – 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 SCFM 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, SCFM 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 SCFM 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 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 SCFM 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 SCFM 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 SCFM 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) referrals 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.

Additional questions since the first progress report

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 of a person	146	1		
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	365	7	11	1

powers				
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 respondent 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 201, 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 composedand 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 to189 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 2011the 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.

5) How many freezing orders have been made pursuant to the UNSCR Resoloutions 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.

2.5 Questions related to the Third Directive (2005/60/EC) and the Implementation Directive (2006/70/EC)7

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.
(other) changes since the first 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 3rd Directive[8] (please also provide the legal text with your reply)	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)). 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.

[7] For relevant legal texts from the EU standards see Appendix II
[8] Please see Article 3(6) of the 3rd Directive reproduced in Appendix II

(other) changes since the first 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.
(other) changes since the first progress report (e.g. draft laws, draft regulations or draft "other enforceable means" and other relevant initiatives)	

Politically Exposed Persons	
Please indicate whether criteria for identifying PEPs in accordance with the provisions in the Third Directive and the Implementation Directive[9] are provided for in your domestic legislation (please also provide the legal text with your reply).	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: - 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.
(other) changes since the first progress report (e.g.	

[9] Please see Article 3(8) of the 3rd Directive and Article 2 of Commission Directive 2006/70/EC reproduced in Appendix II.

draft laws, draft regulations or draft "other enforceable means" and other relevant initiatives)	

"Disclosure"	
Please indicate whether the prohibition is limited to the transaction report or also covers ongoing ML or TF investigations.	~~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 investigation or inquest (Article 387).~~ Reporting entities are prohibited to disclose information about transaction report and requests received from FIU. 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. 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. The reporting entities are prohibited to disclose information about STRs and requests received from FIU. 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. 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. 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.
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.	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. 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. 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. 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.
(other) changes since the first 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 violations the legal persons are also brought to liability.
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 leading position within that legal person.	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).
(other) changes since the first progress report (e.g. draft laws, draft regulations or draft "other enforceable means" and other relevant initiatives)	
DNFBPs	
Please specify whether the	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,

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.	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.
(other) changes since the first progress report (e.g. draft laws, draft regulations or draft "other enforceable means" and other relevant initiatives)	

2.6 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

[1] ML 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

[1] ML on the basis of Articles 209,306 of the CC of Ukraine

2007												
	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]	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

[1] ML 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)
ML[1]	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

[1] ML 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)
ML[1]	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

[1] ML 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)
ML[1]	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

[1] ML on the basis of Articles 209,306 of the CC of Ukraine

b. Please complete, to the fullest extent possible, the following tables since the adoption of the first 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)
ML[1]	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

[1] ML on the basis of Articles 209, 209-1 of the CC of Ukraine
[2] Total 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)
ML[1]	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

[1] ML on the basis of Articles 209, 209-1 of the CC of Ukraine
[2] Total legalized proceeds of crime established by the court

June 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)
ML[1]	383	-	221	301	124	114	-	14 973 257	-	5 732 483	-	4 279 003
FT												

[1] ML 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.
"C*ases 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	348821	17	922	3	319	3	135	N/A	0	0	9	N/A	0	0
Insurance companies	12011	1310	0												
Credit union	5	1	0												
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 communication unions	2	2	0												
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/prose-cutors**		**indictments**				**convictions**			
								ML		**FT**		**ML**		**FT**	
		ML	**FT**	**ML**	**FT**	**ML**	**FT**	**cases**	**persons**	**cases**	**persons**	**cases**	**persons**	**cases**	**persons**
Banks	**491771**	**311299**	**12**	**905**	**0**	**446**	**0**	**164**	**N/A**	**0**	**0**	**8**	**N/A**	**0**	**0**
Insurance companies	**11489**	**1421**	**0**												
Credit union	**3**	**0**	**0**												
Pawnshop	**265**	**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 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		ML		FT		
		ML	FT	ML	FT	ML	FT	cases	persons	cases	persons	cases	persons	cases	persons	
Banks	654936	320189	13	1331	1	520	3	244	N/A	0	0	40	N/A	0	0	
Insurance companies	16961	2154	0													
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	322966	13													

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		ML		FT	
		ML	FT	ML	FT	ML	FT	cases	persons	cases	persons	cases	persons	cases	persons
Banks	748235	287387	8	1675	3	642	7	326	N/A	0	0	116	N/A	0	0
Insurance companies	21794	2007	0												
Credit union	92	2	0												
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		ML		FT		
		ML	FT	ML	FT	ML	FT	cases	persons	cases	persons	cases	persons	cases	persons	
Banks	628300	223741	10	1682	0	626	1	354	N/A	0	0	150	N/A	0	0	
Insurance companies	17877	2462	0													
Credit union	1	33	0													
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	227192	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		ML		FT	
		ML	FT	ML	FT	ML	FT	cases	persons	cases	persons	cases	persons	cases	persons
Banks	293 036	95 570	2	832	2	257	2	176	N/A	0	0	40	65	0	0
Insurance companies	8 846	247	1												
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

b. <u>Please complete, to the fullest extent possible, the following tables since the adoption of the first progress report</u>

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	cases	persons
Banks	557170	219 060	3	1706	1	667	5	106	N/A	0	0	65	N/A	0	0
Insurance companies	22939	876	1												
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 unions	1	29	0												
Currency-exchange	0	0	0												
Persons, providing separate types of financial services	8	274	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	1068	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	221 409	4												

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**	**489 370**	**4**	**18 41**	**8**	**580**	**4**	**1 4 2**	**N/A**	**0**	**0**	**37**	**N/A**	**0**	**0**	
Insurance companies	**21498**	**845**	**0**													
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**	**103**	**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**	**232 0**	**0**													
Notaries	**-**	**529**	**0**													
Lawyers	**-**	**0**	**0**													
Accountants/auditors	**0**	**0**	**0**													
Legal persons conducting any kind of lottery	**379**	**0**	**0**													
Total	**586263**	**493 188**	**4**													

June 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**	**ML**	**FT**	**cases**	**persons**	**cases**	**persons**	**cases**	**persons**	**cases**	**persons**	

Banks	**278754**	**175 990**	**3**	**93 0**	**4**	**330**	**2**	**4 0**	**N / A**	**0**	**0**	**34**	**N/ A**	**0**	**0**
Insurance companies	**9459**	**687**	**0**												
Credit union	**168**	**0**	**0**												
Pawnshop	**23**	**0**	**0**												
Administrator of non-state pension fund (activity for administration of non-state pension funds)	**0**	**0**	**0**												
Other financial institutions	**303**	**2**	**0**												
Enterprises and communication unions	**0**	**13**	**0**												
Currency-exchange	**0**	**0**	**0**												
Persons, providing separate types of financial services	**0**	**0**	**0**												
Professional Securities Market Participants	**239**	**0**	**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	**1600**	**128 3**	**0**												
Notaries	**0**	**216**	**0**												
Lawyers	**0**	**0**	**0**												
Accountants/auditors	**0**	**1**	**0**												
Legal persons conducting any kind of lottery	**62**	**0**	**0**												
Total	**290608**	**178 192**	**3**												

Statistics of transaction reports contained in case referrals

Year	Threshold reports/STRs submitted to law enforcement agency
2010	168548
2011	135758
2012	78751

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	During 8 months of 2012
Number of AML/CFT violations identified by the supervisor						3349	2210	1793
Type of measure/sanction*								
Written warnings						19	53	57
Fines						49	69	45
Removal of manager/compliance officer								
Withdrawal of license (temporary)						1	1	1
Other**								
Total amount of fines						379 847,67 UAH	858 234 UAH	429 714,5 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	During 6 months of 2012
Number of AML/CFT violations identified by the supervisor								
Type of measure/sanction*		182	150	199	193	126	157	37
Written warnings		100	99	112	109	82	60	10
Fines		40	23	35	47	25	77	24
Removal of manager/compliance officer								
Withdrawal of license (temporary)								
Other**								
Order to eliminate violations		31	17	37	25	14	4	2
Prepared administrative reports		11	11	15	12	5	12	3
Police issued requirements to eliminate violations							6	8
Total amount of fines			40420	70890	101830	41395	153600	41990
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
Number of AML/CFT violations identified by the supervisor							104	46
Type of measure/sanction*								
Written warnings								
Fines							73900	27200
Removal of manager/compliance officer								
Withdrawal of license (temporary)								
Other**								
Total amount of fines							73900	27200
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	During 9 months of 2012
Number of AML/CFT violations identified by the supervisor							636	1497
Type of measure/sanction*								
Written warnings								
Fines							106,7	285,97
Removal of manager/compliance officer								
Withdrawal of license (temporary)								
Other**								
Total amount of fines							106,7	285,97
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	During 9 months of 2012
Number of AML/CFT violations identified by the supervisor							16	32
Type of measure/sanction*								
Written warnings								
Fines							16	32
Removal of manager/compliance officer								
Withdrawal of license (temporary)								
Other**								
Total amount of fines							32980	25160
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**

3. Appendices

3.1 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)	• 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. • 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. • 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. • Review the current threshold for predicate offences to bring it in line with the requirements under FATF Recommendation 1. • 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. • 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. • 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. • 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.
2.2 Criminalisation of Terrorist	• To ensure that the definition of terrorism fully covers all the terrorist acts set out in article 2(1) of the Terrorist Financing Convention; • 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

Financing (SR.II)	Convention and with the characteristics set out in Special Recommendation II; • Ensure that the terrorist financing offences are predicate offences for money laundering; • 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; • Provide that the law would permit the intentional element of the offence of TF to be inferred from objective factual circumstances; • 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; • 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.
2.3 Confiscation, freezing and seizing of proceeds of crime (R.3)	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; • all the predicate offences to money laundering provide for possibility of confiscation of an offender's property, in line with the FATF requirements; • confiscation for the property used in or intended for use in terrorist financing cases is provided for; • 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.
2.4 Freezing of funds used for terrorist financing (SR.III)	• 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 SCFM or other). • 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. • Freezing mechanisms of other jurisdictions are undertaken through the Security Service of Ukraine, which provides to the SCFM 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 SCFM or other competent authorities. • The AML/CFT legal framework of Ukraine should enable suspension (freezing) of funds or other assets not connected with financial transactions. • 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. • 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. • 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).
2.5 The Financial Intelligence Unit and its functions (R.26)	• The SCFM meets Recommendation 26. The evaluation team nevertheless recommends that the SCFM 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.
2.6 Law enforcement, prosecution and other competent authorities (R.27 & 28)	• 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. • The procedures for obtaining documents and information to be used in investigations should be carefully examined and modified. • Also, relevant training should be provided to the personnel of authorities in the regions which will enable them to obtain this information more easily. • 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. • 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. • 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. • 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.
2.7 Cross Border Declaration & Disclosure (SR.IX)	• 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. • The SCS should have the authority to restrain currency or bearer negotiable instruments when there is a suspicion of ML or FT. • 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. • The administrative penalties for false or non declarations should be raised considerably. • 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. • 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. • Efforts to prevent and sanction corruption within the Customs Service should be pursued.
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)	• 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. • 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 we helpful if the authorities consolidated the requirements into fewer documents which would help simplify things for them. • 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. ***Recommendation 5*** • In relation to Recommendation 5, Ukraine should ensure that the following requirements are clearly covered by law or regulation: – Banks should be required to undertake CDD when carrying out occasional transactions above the applicable designated threshold (ie. should not be limited to cash transactions only) – 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. • In addition, the following should be set out in law, regulation or other enforceable means: – 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. • 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 • The discrepancy regarding SCFM 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 SCFM Order are within NBU Resolution 189, the authorities should consider to harmoinise these requirements in a consolidated manner . • The Basic Law should include a cross-reference to the definition of terrorist financing in the Criminal Code of Ukraine. ***Recommendation 6*** • 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; – 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. • In addition, given the concerns the authorities have regarding corruption, Ukraine should consider explicitly extending the provisions to include domestic PEPs. ***Recommendation 7*** • 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: 51. 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; 52. to ascertain that the respondent institutions AML/CFT systems are adequate and effective; and 53. to obtain approval from senior management before establishing new correspondent relationships. ***Recommendation 8*** • 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.
3.3 Third parties and introduced business (R.9)	• 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.
3.4 Financial institution secrecy or confidentiality (R.4)	• 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 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.
3.5 Record keeping and wire transfer rules (R.10 & SR.VII)	***Recommendation 10*** • As regards Recommendation 10, Ukraine would benefit by setting out the requirements on record keeping more clearly in law or regulation. These include: – 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. ***Special Recommendation VII*** • Ukraine should implement the detailed criteria required by FATF Special Recommendation VII:

	– 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.
3.6 Monitoring of transactions and relationships (R.11 & 21)	• 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)	***Recommendation 13*** • 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. • 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. • 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. • 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. • 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 SCFM. • The predominance of STRs from compulsory financial monitoring indicates a lack of risk-based approach to monitoring and reporting of suspicious transactions to the SCFM 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. ***Special Recommendation IV*** • 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. • 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. ***Recommendation 14*** • 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. • There should be a clear tipping off provisions in relation with financial institutions, not just directors and other employees of the financial institutions. . ***Recommendation 25*** • The SCFM 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. • SCFM 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). • SCFSRM and SCSSM should enhance their feedback activities, especially with providing the private sector with best practice techniques, methods and trends, 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)	***Recommendation 15*** • 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. ***Recommendation 22*** • 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. • 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.
3.9 Shell banks (R.18)	• 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 respondent 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)	***Recommendation 17*** • 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. ***Recommendation 23*** • The SCFSMR should start conducting AML/CFT on-site supervision of the Ukrposhta and enhance off-site supervision. • Authorities are advised to provide for a clear definition of the term "irreproachable business reputation", that will be apparent to all banks' stakeholders. • 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. • 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. • Supervisory procedures of the SCSSM and the SCFSMR should cover risk-based analysis and supervision on consolidated basis • 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. • The SCSSM is encouraged to continue its action aimed at decreasing the number of fictitious companies. ***Recommendation 25*** • The SCFSMR and SCSSM should develop further guidance to cover more adequately the various sectors supervised by them. ***Recommendation 29*** • 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. • There are no explicit provisions that specify the scope of the AML/CFT supervision and the power of enforcement of foreign exchange offices. • 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. • 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. • 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. ***Recommendation 30*** • 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. • 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. • 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. • SCSSM and SCFSMR should continue their efforts for providing its supervisors with 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 previous 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	• The scope of the Basic law needs to be enhanced so as to bring all types of DNFBP

transaction reporting (R.16)	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)	• 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 gambling institutions cannot be regarded as proportionate and dissuasive. This situation should be addressed through relevant changes to the legal framework. • 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 andf 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.
4.4 Other non-financial businesses and professions (R.20)	• Ukrainian authorities should consider undertaking a risk assessment to review the current non financial businesses and professions which are subject to AML/CFT obligations.
5. Legal Persons and	

Arrangements & Non-Profit Organisations	
5.1 Legal Persons – Access to beneficial ownership and control information (R.33)	• 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.
5.2 Legal Arrangements – Access to beneficial ownership and control information (R.34)	No recommendations
5.3 Non-profit organisations (SR.VIII)	• 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.
6. National and International Co-operation	
6.1 National co-operation and coordination (R.31)	• These efforts should be pursued and current mechanisms should be further enhanced by considering the following improvements: – 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.
6.2 The Conventions and UN Special Resolutions (R.35 & SR.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 (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).
6.3 Mutual Legal Assistance (R.36-38 & SR.V)	• 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. • 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)	• 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)	• 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

3.2 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 2005/60EC (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.

3.3 Appendix III – Additional information and statistics submitted by Ukraine

On autonomous prosecution of money laundering

Case 1

On October 2009 the Chervonozavodskiy district Court of Kharkov city in Ukraine sentenced Mrs L to 5 years of imprisonment for the money laundering in the case 1-11/09.
It was proven that Mrs L bought two companies “Nuklon” and “Dolok” with intent to facilitate money laundering.

Persons A and B were appointed as directors of the mentioned companies. Then persons A and B transferred seals of the companies to Mrs L. Mrs L further was signing all deals of companies “Nuklon” and “Dolok”.
Two companies pretended to buy computer equipment and office equipment from clients and provided them with relevant documentation.

Total turnover of companies was 1 200 thousand hryvnas.

Source of money laundered was not established as well there was no conviction for the predicate offence.

Case 2

On June 2008 the Bogorodchanskiy district Court of Ivano-Frankivsk region in Ukraine sentenced Mrs R to 3 years of imprisonment for the money laundering in the case 1-67/08. Mr R being a director of the private company acquired spare parts of military equipment worth 31 thousand hryvnas from Mr Y knowing that this equipment constitutes the crimes proceeds. Further Mr R committed actions, directed on concealing of illegal origin of acquired property (he produced fictitious documents on the purchase of equipment).

The person who originally committed the predicate offence has not been identified and there was no conviction for the predicate offence.

AML/CFT Cases

Case 1

SCFM received report from **Bank A** on purchase of securities and wire transfers by **Company X** in the total amount of UAH 2,4 mln.

The State Customs Service submitted to SCFM information on risky export transactions by **Company X** from Ukraine to the **Company Y** and **Company Z**.

According to information of National Interpol Bureau in Netherlands and FIU of Germany mentioned companies were not registered and were not located at the mentioned addresses.

Companies – actual goods receivers had no relations with **Company Y** and **Company Z**.

SCFM prepared and submitted to the General Prosecutor's Office of Ukraine and Tax Police of Ukraine case referral and additional materials.

Criminal case was opened. Court sentenced **Citizen X** to 1.5 years of imprisonment with confiscation of smuggling objects.

The State Executive Service confiscated property and sold it, funds in the amount of UAH 186 000 were transferred to the State Budget of Ukraine.

Case 2

SCFM of Ukraine received from FIU of Moldova information concerning regular import of large cash amounts from Ukraine to Moldova by **Citizens of Ukraine I and K**.

During the period from 12.01.2004 to 31.12.2006 they moved through state border of Ukraine cash in the total amount of **USD 2,8 mln**.

SCFM prepared and submitted to the Security Service of Ukraine case referrals on transporting cash through customs border of Ukraine with concealing from customs control.

Criminal case was opened, Citizens I and K were arrested when tried to move **USD 1,9 mln** cash in the special secret place in the car through state border of Ukraine.

Court of Appeal sentenced mentioned citizens on imprisonment for 5 years and confiscation of all personal property and smuggling objects.

State Executive Service confiscated funds in the amount of **USD 1,9 mln** and the car used for cash smuggling.

Case 3

SCFM received reports on withdrawing cash by number of citizens during the period from 29.10.2009 up to 11.05.2010 in the local branch of **Bank Y** in the total amount of **UAH 398,38 mln.**

SCFM prepared case referrals and additional materials, and submitted them to the Tax Police.

Pre-trial investigation discovered the illegal providers of financial services ("converting centre") that conducted transfers to the accounts of fictitious enterprises as payment for goods, works services during 2009 – 2010. These funds were converted into cash in short period, and at the same time, no goods were sold, no services were provided and no works were executed.

During investigation the cash courier X was apprehended and cash was seized in the amount of 400 000 UAH, which was to be transferred to the customers of converting centre, also investigators seized the seals of fictitious enterprises, documents certified with such seals, and computers. Investigation is under way as of August 2010.

New FIU Cases

Case 1

The SFM S of Ukraine detected the scheme of illegal export of cash to Russia and Moldova. Thus, an organized crime group, which includes citizens of Ukraine, Russia, Moldova and Uzbekistan set channels of illegal export by five couriers of cash received from accounts opened in two Ukrainian banks, from Ukraine through border points to the CIS countries, including Russia and Moldova.

The currency funds that were illegally exported from Ukraine, were credited to the accounts of natural persons from non-resident companies that are involved in illegal financial schemes associated with the withdrawal of money from Russia under fictitious agreements and conversion them into cash abroad with its subsequent importation to Russia.

During the investigation FIU used the information obtained from foreign FIUs and the State Border Service of Ukraine.

In total during January - March 2011, over 300.0 millions. USD were exported to Russia.
Upon results of consideration of case referrals a criminal case under part 2 of Article 205 "Fictitious Entrepreneurship" and part 3 of Article 209 "Legalization (Laundering) of the Proceeds of Crime" of the Criminal Code of Ukraine was initiated.
The cash in total of 9,0 million USD was seized.
Pre-trial investigation is continuing.

Case 2
The SFMS of Ukraine detected the scheme of expropriation of depositors funds of the credit union and their subsequent legalization.
Misappropriation of funds of the credit union members – the citizens of Ukraine was carried out by transferring their deposits for the benefit of the separate branch of the credit union that actually didn't conduct its activities. In addition to that, it was clearly observed improper purpose of payment when conducting these transactions, namely: the funds were transferred in the form of financial assistance.
Later, after these transactions, the natural person associated with the activities of the credit union, deposited cash on personal account and bought a car.
According to the law enforcement authorities information concerning the director of the credit union and other persons involved in the commission of illegal acts a criminal case initiated under Article 190 (Fraud), 209 (Legalization (Laundering) of the Proceeds from Crime) and 358 (Forgery of Documents, Seals, Stamps and Forms, Sale or Use of Forged Documents, Seals, Stamps) of the Criminal Code of Ukraine was forwarded to the court. During the investigation 350 655 USD were refunded and property of the accused for a total of 2,426,500 USD was seized.

Case 3
The SFMS of Ukraine detected the scheme of misappropriation of the enterprise's cash by transferring funds into cash, using fictitious securities. Thus funds received from the group of enterprises (Donetsk, Kyiv, Vinnytsia, Odessa regions and Kyiv) in favor of two legal persons (Kyiv) as payment of securities (mostly bills) were subsequently transferred to accounts of the group of natural persons (Kyiv and Vinnytsia regions.) under the guise of payment for shares with indications of "fictitious nature".
In its turn, other natural persons withdrew funds in cash from accounts of natural persons by proxy (Kyiv, Dnipropetrovsk and Volyn regions) through cashes of servicing banks allegedly for the purpose of share acquiring.
The amount of received cash funds amounted to 722.07 millions UAH.
Upon consideration of case referrals the criminal case was initiated under part 2 of Article 205 (Fictitious Entrepreneurship) and part 2 of Article 209 (Legalization (Laundering) of the Proceeds from Crime) of the Criminal Code of Ukraine.

Case 4
The SFMS of Ukraine detected the scheme of "conversion" non-cash funds into cash. Thus, non-cash funds of a range of business entities for the purpose of their acquisition, were transferred through chain of a range of business entities in the form of providing reciprocal financial assistance to the accounts of the three legal persons. Later, when funds come to the accounts of these legal persons, the funds were withdrawn in cash through cash of banking institution for the purpose of legalization.
The amount of received cash funds amounted to 402.4 millions UAH.
In order to prevent carrying out of financial transactions on conversion non-cash funds into cash by banking institution, the financial transactions on the account of legal person were suspended.
The SFMS of Ukraine took decision on further suspension of financial transactions for the period of 5 and 7 days.

Under results of consideration of case referrals, 4 criminal cases under part 3 of Article 212 "Evasion of taxes, fees (compulsory payments), part 5 of Article 191 Misappropriation, embezzlement or conversion or property by malversation and part 1 of Article 209 Legalization (laundering) of the proceeds from crime of the Criminal Code of Ukraine were initiated regarding officials of the above enterprises. Criminal cases are considered in the court.

Case 5
The SFMS of Ukraine detected the scheme of misappropriation of budget funds by means of conducting of unsecured with commodities financial transactions involving enterprises with indicia of "fictitious nature" and their subsequent legalization. Thus, non-cash funds that were transferred by two state enterprises for agricultural products (grain) to the newly established enterprise, by chain were transferred through the accounts of a number of enterprises with indicia of "fictitious nature" for commodities and inventory holdings, and, later, were transferred to the account of the natural person as partial payment for securities. This natural person withdrew funds in cash from its account in the days of funds receiving.
The amount received in cash amounted to 11.67 millions USD.
Under results of consideration of case referrals, the criminal case under part 3 of Article 191 Misappropriation, embezzlement or conversion or property by malversation and part 3 of Article 209 Legalization (laundering) of the proceeds from crime of the Criminal Code of Ukraine was initiated.
The total amount of funds of 12,4 million USD was seized. The criminal case is considered in the court.

AML/CFT international cooperation- General Prosecutor's Office of Ukraine

During 2009 General Prosecutor's Office of Ukraine submitted to the foreign competent authorities of 6 countries **6 international requests** on mutual legal assistance in criminal cases, investigated under the facts of the legalization (laundering) of the proceeds from crime, thus under the indicia of crimes foreseen by the Article 209 of Criminal Code of Ukraine.
Among noted requests 2 of them concern extradition of offenders (Switzerland and Russian Federation), and 4 – on providing procedural actions (Germany, USA, Great Britain, Georgia).
During the mentioned period General Prosecutor's Office received **18 requests** from foreign competent authorities of 10 countries on mutual legal assistance in criminal cases investigated under facts of the legalization of the proceeds.
Among them 15 – on providing procedural actions (Lithuania – 4 requests, USA – 2 requests, Latvia – 2 requests, Belgium – 2 requests, Belarus – 1 request, Switzerland – 1 request, Kazakhstan – 1 request, Hungary – 1 request, Bulgaria – 1 request), 1 – on acceptance of criminal prosecuting concerning citizen of Ukraine (Slovakia), 2 – on extradition of offenders (Kazakhstan and Russian Federation).
During 6 months of 2010 General Prosecutor's Office of Ukraine **submitted** to competent authorities of Germany and Russian Federation **one intercession to each** from Ukrainian bodies of pre-trial investigation on mutual legal assistance in criminal cases investigated under the facts of the legalization (laundering) of the proceeds from crime.
During noted period General Prosecutor's Office of Ukraine **received 11 commissions** from foreign competent authorities on providing procedural actions **and 1 request** on extradition of person in criminal cases investigated under the facts of the legalization of the proceeds from crime.
Noted commissions were submitted by the law enforcement authorities of Belgium (2), Latvia (2), Lithuania, Bulgaria, Hungary and Portugal, Italy, Switzerland, Kazakhstan, Kyrgyzstan.
It should be noted that on June 17, 2010 the Law of Ukraine "On Introducing Amendments to Criminal Procedure Code of Ukraine on Extradition" as of May 21, 2010 set in force, initiator and developer of which was General Prosecutor's Office of Ukraine.
Besides, General Prosecutor's Office of Ukraine developed the Drat Law of Ukraine "On Introducing Amendments to Criminal Procedure Code of Ukraine" on international cooperation in criminal cases in the part of execution of international investigative commissions and transferring of criminal prosecuting.

At the present time noted draft law was submitted to the Ministry of Justice of Ukraine for further introducing to the Parliament of Ukraine.

AML/CFT international cooperation- General Prosecutor's Office of Ukraine

In 2011the 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.

These requests were addressed to the competent authorities of the Italian Republic, the Republic of Latvia, the Kingdom of Spain, Georgia and the United States.

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.

In addition, in 2011 the General Prosecutor of Ukraine received 1 report from the competent authorities of the Czech Republic on ML commitment.

For 6 months of 2012 two applications were sent to the competent authorities of the Russian Federation.

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.

These orders were sent by law enforcement of Slovak Republic (2), Lithuania (2), Latvia (1), Czech Republic (1), the United States (1), Finland (1) and Belgium (1). A set of necessary procedural measures aimed at execution of all applications were adopted in full extent and in short terms.

AML/CFT international cooperation

The Ministry of Interior of Ukraine

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. The most active cooperation was carried out with law enforcement authorities of Germany (41), Great Britain (27), Cyprus (22), Czech Republic (21) and Spain (19);

In 2011 - processed 145 AML documents received and 195 CFT documents sent – respectively 129 and 112. The most active cooperation was carried out with law enforcement authorities of Germany (31), Great Britain (27), Russia (17), Poland (14) and Cyprus (8);

In the first half of 2012 - processed 112 AML documents received and 113 CFT documents sent – respectively 209 and 132. The most active cooperation was carried out with law enforcement authorities of Russia (38), France (25), Germany (23) and Great Britain (14).

The Ministry of Justice of Ukraine

Statistics on Received and Submitted MLA Requests

Year	Legal assistance requests received	Legal assistance requests forwarded
2009	560	16
2010	582	22
2011	659	9
9 months of 2012	599	14

All submitted and received requests were proceeded. Average time for response is 2 months.

Statistics on Received and Submitted Extradition Requests

Year	Extradition requests received	Extradition requests forwarded
2009	152	211
2010	121	172
2011	116	223
9 months of 2012	80	132

Year	Requests on execution of sentences and extradition of convicted persons received	Requests on execution of sentences and extradition of convicted persons sent
2009	647	307
2010	216	35
2011	179	49
9 months of 2012	118	92

ML/FT Assistance Requests

	Number of directed searches			
Year	Number	Number of requests executed	Number of rejected requests	The average time a response to the request
-	-	-	-	-
	Number of requests received			
Year	Number	Number of queries executed	Number of rejected requests	The average time a response to the request
2010	3	3	-	1.5 - 2 months
2011	2	2	-	1.5 - 2 months
9 months of 2012	1	1	-	2 months

Requests Extradition of ML and FT

	Number of directed searches				
Year	Number	Number of requests executed	Number of rejected requests	Number of persons who have been issued	The average time a response to the request
-	-	-	-	-	-

	Number of requests received				
Year	Number	Number of queries	Number of rejected requests	Number of persons who	The average time a response

		executed		have been issued	to the request
2010	2	2	-	2	2 months
2011	1	1	-	1	2 months
9 months of 2012	_	-	-	-	-

FIU

FIU of Ukraine actively cooperates with leading international organizations and specialized foreign institutions engaged in combating money laundering and terrorist financing, such as: the Financial Action Task Force (FATF), the FATF Style Regional Bodies (FSRBs), the Special Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL), the Eurasian Group on Combating Money Laundering and Financing of Terrorism (EAG), the Council of Europe, the European Commission, the United Nations office on Drugs and Crime (UNODC), the Egmont Group of Financial Intelligence Units, the World Bank, the International Monetary Fund (IMF).
Since 2002, FIU of Ukraine experts on a regular basis participate and represent Ukraine at MONEYVAL Plenary meetings, are involved in typological research and mutual evaluations of MONEYVAL member countries. Also, FIU of Ukraine participates in the events organized by the FATF.
FIU of Ukraine actively attends the FATF Working Groups and Plenary meetings, as well as the Europe/Eurasia Regional Review Group meetings within MONEYVAL. In addition, a representative of FIU of Ukraine was invited to partisipate in FATF on-site visit to the Republic of Turkmenistan.
Also, in 2012 FIU of Ukraine representative was elected as a member of the Bureau of the Conference of the Parties to the Convention of the Council of Europe on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism.
The election of FIU of Ukraine representative as a member of the governing body of the Conference of the Parties to the Convention is proof that Ukraine is a reliable partner of the international community in combating money laundering and terrorist financing, as well as recognition of the high FIU of Ukraine reputation as a financial intelligence unit.
Since 2004, FIU of Ukraine has been representing Ukraine (being observer country) in Eurasian Group is an attraction of Ukraine to EAG joint typology researches, in particular to organization of joint trainings, as well as participation of FIU of Ukraine representatives in mutual evaluations of EAG member states and EAG activities (FIU of Ukraine representative is appointed as Co-chair of the Working Group on Typologies.
Since 2004, FIU of Ukraine is a member of the Egmont Group, which now combines FIUs of 131 countries of the world and provides an exchange of information in the investigation of money laundering and terrorist financing. FIU of Ukraine representatives actively cooperate in the Egmont Group meetings. At the meeting of the Europe Regional Group FIU of Ukraine repreasentative was elected as one of three Europe regional representatives for two years. Under position the Europe regional representative is a member of the Egmont Committee - the governing body of the Egmont Group. This is a recognition of the high FIU of Ukraine reputation as FIU and has positive impact on the international image of Ukraine.
In 2007, Ukraine became the first state in the post-Soviet space, which was chosen as the venue for Egmont Working Groups meetings. The FIU of Ukraine organized and held in Kiev the Egmont Working Groups meetings, which were attended by 125 representatives of FIUs and international experts.
With the assistance of the international organizations (the Council of Europe, the European Commission, the EAG, the World Bank, the IMF, the EBRD and the OSCE, the OECD, etc.) FIU of Ukraine permanently organizes and conducts international seminars and conferences with the participation of international experts - representatives of other FIUs, law enforcement agencies state regulators and judges.

Being one of the most developed FIUs of the world and having a high reputation FIU of Ukraine permanently provides advisory assistance to other FIUs on development and improvement their national AML/CFT systems. As an example, FIUs of Buelorussia, Armenia, Moldova, Kyrgyzstan, Kazakhstan, Azerbaijan and Tajikistan sponsored by the FIU of Ukraine became full members of the Egmont Group.

Also, the FIU of Ukraine has signed **62 MOUs** with foreign countries:

- ***Europe***: Spain, Italy, Bulgaria, Russian Federation, Georgia, Albania, Cyprus, Serbia, Macedonia, Croatia, Armenia, Moldova, Belarus, Belgium, Portugal, Poland, France, Czech Republic, Liechtenstein, Netherlands, Lithuania, Great Britain, Latvia, Slovakia, Estonia, Slovenia, Romania, Montenegro, Island of Man, San Marino, Monaco, Andorra, Turkey, Greece, Finland.
- ***America***: USA, Canada, Panama, Brazil, Columbia, Peru, Guatemala, Mexico, Bermuda, Aruba.
- ***Asia:*** Thailand, Korea, China, Philippines, Kyrgyzstan, Syria, Mongolia, Kazakhstan, Jordan, Israel, Indonesia, Tajikistan, UAE.
- ***Africa:*** Nigeria, Egypt.
- ***Australia and Cook Islands***.

Also, on Frbruary 15, 2012 the PROTOCOL No 1to Memorandum of Understanding between General Inspector of Financial Information within the Ministry of Finance of the Republic of Poland and State Department for Financial Monitoring within the Ministry of Finance of Ukraine concerning Cooperation in Combating Legalization (Laundering) Proceeds from Crime and Financing of Terrorism within the framework of preparation and hosting the Europe Football Championship "EURO-2012" was signed.

Statistics on International Cooperation of FIU of Ukraine

Indicator	Total from the activity beginning	During 6 months of 2012
Requests submitted to foreign FIUs	3987	134
Number of FIUs	103	38
Among them information letters	172	20
Requests through FIU.net	87	0
Responses received	3650	143
Number of FIUs	95	37
Responses through FIU.net	81	0
Requests received from foreign FIUs	1234	93
Number of FIUs	80	38
Requests through FIU.net	12	0
Responses submitted	1228	89
Number of FIUs	79	38
Responses through FIU.net	12	0

The most active information exchange is being carried out with FIUs of Latvia, Russian Federation, Great Britain, the USA, Cyprus, Lithuania, Poland, Netherlands, Germany, Byelorussia and British Virgin Islands.

3.4 Appendix III – Relevant Legislation (excerpts)

Codes of Ukraine

1. The Criminal Code of Ukraine
2. The Criminal Procedure Code Of Ukraine
3. The Economic Code of Ukraine
4. The Code on Administrative Justice of Ukraine
5. The Code on Administrative Offences of Ukraine
6. The Civil Code of Ukraine

Laws of Ukraine

7. The Law of Ukraine "On Prevention and Counteraction to Legalization (Laundering) of the Proceeds of Crime or Terrorist Financing"
8. 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"
9. The Law of Ukraine "On amending some legislative acts of Ukraine on *inside information*"
10. The Law of Ukraine "On amending some legislative acts of Ukraine on prevention to legalization (laundering) of the proceeds from crime *(on market manipulation)"*
11. The Law of Ukraine "On Fight against Terrorism"
12. The Law of Ukraine "On Banks and Banking"

Resolutions of the Plenum of Supreme Court of Ukraine

13. Resolution as of 15.04.2005 No 5 "On Practice of application of legislation on criminal responsibility for the legalization (laundering) of the proceeds of crime by courts"

Resolutions of the Cabinet of Ministers of Ukraine

14. Resolution as of 09.03.2011 No 190-p "Strategy for developing Anti-money laundering and counter terrorist financing system for the period up to 2015"
15. Resolution as of 25.08.2010 No 765 "On Procedure of Determining the Countries (Territories) that do not apply or improperly apply the Recommendations of AML/CFT International, Intergovernmental Organizations"
16. Resolution as of 18.08.2010 No 745 "On adopting the Procedure of Composing the List of Persons Related to Terrorist Activities or regarding whom International Sanctions are Applied"
17. Resolution as of 28.12.2011 No 1379 "Action Plan on prevention and counteraction to legalization (laundering) of the proceeds of crime or terrorist financing for 2012"
18. Resolution as of 25.08.2010 No 746 "On approval of Procedure of Submitting Information Concerning Client Identification by State Authorities on Request of Reporting Entity"
19. Resolution as of 25.08.2010 No 747 "On Some Issues of Financial Monitoring Organization"
20. Resolution as of 25.08.2010 No 759 "On adopting the Procedure for Providing Information on Financial Transactions by State Authorities to the State Financial Monitoring Service of Ukraine"

21. Resolution as of 30.08.2010 No 775 "On approval of Procedure of submitting information to the State Financial Monitoring Service of Ukraine by business entities, enterprises, institutions, organizations, which are not reporting entities"

Resolutions of the National Bank of Ukraine

22. Resolution as of 14.05.2003 No 189 "On Approval of the Regulation on Financial Monitoring Execution by Banks"
23. Resolution as of 15.06.2011 No 192 "On approval of the Regulation on application by the National Bank of Ukraine of sanctions for violation of the legislation on prevention and counteraction money legalization (laundering) or terrorist financing"
24. Resolution as of 25.08.2007 No 348 "On Approving Regulation on Functioning of Domestic and International Payment Systems in Ukraine"

Unofficial translation

CRIMINAL CODE OF UKRAINE

with amendments introduced by the Laws N 2953-III (2953-14)
as of January 17, 2002

...

as of September 18, 2012 No. 5284-VI

Extract

…

Article 7. The operation of the law on criminal liability in regard to offenses committed by citizens of Ukraine or stateless persons outside Ukraine

1. Citizens of Ukraine and stateless persons permanently residing in Ukraine, who have committed offenses outside Ukraine, shall be criminally liable under this Code, unless otherwise provided by the international treaties of Ukraine, the consent to the binding effect of which has been granted by the Verkhovna Rada of Ukraine.

2. Where the persons referred to in the first paragraph of this Article underwent criminal punishment for the committed criminal offenses outside Ukraine, they shall not be criminally liable for these criminal offenses in Ukraine.

Article 8. The operation of the law on criminal liability in regard to offenses committed by foreign nationals or stateless persons outside Ukraine

Foreign nationals or stateless persons not residing permanently in Ukraine, who have committed criminal offenses outside Ukraine, shall be criminally liable in Ukraine under this Code in such cases as provided for by the international treaties, or if they have committed any of the special grave offenses against rights and freedoms of Ukrainian citizens or Ukraine as prescribed by this Code.

Article 9. Legal consequences of conviction outside Ukraine

1. A judgment passed by a foreign court may be taken into account where a citizen of Ukraine, a foreign national, or a stateless person have been convicted of a criminal offense committed outside Ukraine and have committed another criminal offense on the territory of Ukraine.

2. Pursuant to the first paragraph of this Article, the repetition of criminal offenses, or a sentence not served, or any other legal consequences of a judgment passed by a foreign court shall be taken into account in the classification of any new criminal offense, determination of punishment, in the discharge from criminal liability or punishment.

Article 14. Preparation for a Crime

1. Preparation for a crime shall be deemed a search for or adjustment of devices, a search for accomplices or conspiracy for committing a crime, elimination of obstacles, as well as other deliberate arrangements for committing a crime.

2. Preparation for a crime of medium gravity shall not entail criminal liability.

Article 16. Criminal Liability for a Non-Consummated Crime

Criminal liability for preparation of a crime and a criminal attempt shall arise under Article 14 or 15 and the article of the Special Part of the present Code that provide for liability for a non-consummated crime.

Article 18. Crime Committer

1. A crime committer shall be a putable individual that committed a crime in the age of criminal discretion pursuant to the present Code.

2. A special crime committer shall be a putable individual that – in the age of criminal discretion – committed a crime, a committer of which may only be a definite person.

Article 26. Notion of Complicity
Intentional joint participation of several subjects of crime in committing an intentional crime shall be deemed complicity in a crime.
Article 63. Imprisonment for a determinate term
1. The punishment of imprisonment consists in confinement of a convicted person and placing him or her in a penitentiary institution for a determinate period of time.
2. Imprisonment shall be imposed for a term of one to fifteen years except for the cases provided for by the General Part of this Code.
Article 64. Life imprisonment
1. The punishment of life imprisonment is imposed for special grave offenses and shall apply only in cases specifically provided for by this Code, where a court does not find it possible to impose imprisonment for a determinate term.
2. Life imprisonment shall not be imposed on persons who committed offenses under 18 years of age and to persons over 65 years of age, and women who were pregnant at the time of offense or at the time of sentencing.
Article 191. Misappropriation, embezzlement of property or possession thereof by power abuse
1. Misappropriation or embezzlement of somebody else's property by a person to whom it was entrusted
shall be punishable by a fine up to 50 tax-free minimum incomes, or correctional labor for a term up to two years, or restraint of liberty for a term up to four years, or imprisonment for a term up to four years, with or without the deprivation of the right to occupy certain positions or engage in certain activities for a term up to three years.
2. Misappropriation, embezzlement or possession of property by power abuse-
shall be punishable by restraint of liberty for a term up to five years, or imprisonment for the same term, with the deprivation of the right to occupy certain positions or engage in certain activities for a term up to three years.
3. Any such actions as provided for by paragraph 1 or 2 of this Article, if repeated or committed by a group of person upon their prior conspiracy, -
shall be punishable by restraint of liberty for a term of three to five years, or imprisonment for a term of three to eight years, with the deprivation of the right to occupy certain positions or engage in certain activities for a term up to three years.
4. Any such actions as provided for by paragraphs 1, 2 or 3 of this Article, if committed in respect of a large amount, -
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 three years.
5. Any such actions as provided for by paragraphs 1, 2, 3 or 4 of this Article, if committed in respect of an especially large amount, or by an organized group, -
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 forfeiture of property.
Article 205. Fictitious entrepreneurship
1. Fictitious entrepreneurship, that is the establishment or acquisition of businesses entities (legal entities) to cover illegal activities or engage in prohibited types of business, -
shall be punishable by a fine of 500 to 2000 tax-free minimum incomes.
2. The same acts, if repeated or where they caused a significant pecuniary damage to the State, a bank, lending institution, other legal entities or citizens, -
shall be punishable by a fine of 3000 to 5000 tax-free minimum incomes.
Note: Pecuniary damage inflicted upon individuals is significant where it equals or exceeds 200 tax-free minimum incomes, whereas pecuniary damage inflicted upon the State or a legal entity is significant where it equals or exceeds 1,000 tax-free minimum incomes.
Article 209. Legalization (laundering) of the proceeds from crime

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, –
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.
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, –
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.
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, –
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.
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 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 a fine amounting to more than 3000 tax-free minimum incomes, or the activity conducted outside Ukraine if it is recognized as a crime by a Criminal Law of country where it was committed, and is a crime under Criminal Code of Ukraine and resulted in illegal proceeds;
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 6000 tax-free minimum incomes of citizen.
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 18000 tax-free minimum incomes of citizen."

Article 209-1. Intentional violation of AML legislation

1. Intentional failure to submit, untimely submission or submission false information on financial transactions which according to the law are subject to financial monitoring to the specially authorized central agency of executive power on financial monitoring issues, if it caused essential damage to the rights, freedoms or interests of individual citizens, state or public interests or interests of individual legal persons protected by law, -
shall be punishable by fine at the rate of 1000 to 2000 tax-free minimum incomes of citizen with deprivation of the right to occupy certain positions or engage in certain activities for a term up to 3 years.
2. Any disclosure of information which according to the law is submitted to the specially authorized central agency of executive power on financial monitoring issues, by a person which received this information in the course of professional or service activity, if it caused essential damage to the rights, freedoms or interests of individual citizens, state or public interests or interests of individual legal persons protected by law, -
shall be punishable by fine at the rate of 3000 to 5000 tax-free minimum incomes of citizen with deprivation of the right to occupy certain positions or engage in certain activities for a term up to 3 years.

Article 222-1. Stock market manipulation

1. Intentional actions of an officer of the stock market professional that have the signs of manipulation in the stock market, stipulated by the law on state regulation of the securities market resulting in obtaining by the stock market professional or by natural person or by third party of income in significant size, or

avoiding by such persons of losses in significant size, or if it has incurred significant damage to the rights, freedoms and interests of legal persons protected by the law, -
shall be punished by a fine at the rate of 3000 up to 5000 tax-free minimum incomes of the citizens with deprivation of the right to occupy certain positions or carry out certain activities for a term of up to three years.
The same actions, committed recurrently or under previous conspiracy by group of persons, or if they have caused grave consequences, -
shall be punished by a fine at the rate of 5000 up to 10000 of tax-free minimum incomes of the citizens with deprivation of the right to occupy certain positions or carry out certain activity for a term of up to three year.
Note: 1. Significant size in this Article shall be a size that 500 and more times exceeds tax-free minimum incomes of the citizens.
2. Significant damage in this Article shall be the damage that 500 and more times exceeds tax-free minimum incomes of the citizens.
3. Grave consequences in this Article shall be the damage that 1 000 and more times exceeds tax-free minimum incomes of the citizens.

Article 232-1. Illegal use of inside information

1. Intentional illicit disclosure, dissemination or granting 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 a fine at the range of seven hundred fifty to two thousand tax-free minimum of citizens' income with deprivation of the right to occupy certain positions or to undertake certain activity for the term up to three years or without it.
2. Making legal acts (deeds) using inside information for one's own account or for the account of other persons aimed at acquisition or disposal of securities or derivative financial instruments to which the inside information relates, 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 a fine at the range of three thousand to five thousand tax-free minimum of citizens' income with deprivation of the right to occupy certain positions or to undertake certain activity for the term up to three years or without it.
3. The actions provided for by part one or two of this article if they are committed recurrently or under prior conspiracy of a group of persons if such actions have caused grave consequences, –
shall be punished by a fine at the range of five thousand to eight thousand tax-free minimum of citizens' incomes with deprivation of the right to occupy certain positions or to undertake certain activity for the term up to three years or without it.
4. The actions provided for by part 1-3 of this Article if they are committed by an organized group, –
shall be punished by a fine at the range of eight to ten thousand tax-free minimum of citizens' income with deprivation of the right to occupy certain positions or to undertake certain activity for the term up to three years or without it.
Note: 1. Significant size (significant loss, significant damage) in this Article shall be a size (loss, damage) that is equal or exceeds 500 tax-free minimum of citizens' incomes.
2. Grave consequences in this Article if they are causing material damage, shall be those that are equal or exceed 1 000 tax-free minimum of citizens' incomes.
3. The persons that committed the actions provided for by this Article shall be deemed officers of the issuers including those that have been officers on the moment of acquaintance with inside information; the persons that have access to inside information through the exercise of their employment, profession or

duties or contractual obligations regardless relationships with the issuer, including officers of the stock exchange professional actors; civil servants that possess inside information through the exercise of their profession or duties; the persons that got acknowledged with inside information by virtue of their criminal activities; auditors, notaries, experts, assessors, sequestrators or other persons exercising the public powers conferred on them by the law.

Article 258. Terrorist act

1. Terrorist act, using weapons, committing explosion, arson or other actions emerging danger for life or health of people, or involving significant material damage, or resulting in other harmful consequences; and if such actions were committed with a purpose of security violation, threaten of citizens, military conflict provocation, international deterioration, or with a purpose of influence on state authorities, or on local government authorities, or on its officials, or on civil organizations, or on legal persons on whether to take certain actions or not; and also with a purpose of attracting attention of the society to some political, religious, or other beliefs of the guilty person (terrorist), or threat to commit such actions with the same purpose, -

shall be punishable by imprisonment for a term of 5 to 10 years.

2. The same actions carried out repeatedly or under prior conspiracy by a group of persons, or involving significant material damage, or resulting in other harmful consequences, -

shall be punishable by imprisonment for a term of 7 to 12 years.

3. Actions prescribed by Paragraphs one or two of this Article, involving a human death, -

shall be punishable by imprisonment for a term of 10 to 15 years, or by life imprisonment.

4. Excluded

5. Excluded

Article 258-1 Involvement in commitment of terrorist act

1. Implication of a person in commitment of a terrorist act or coercion to commitment of a terrorist act using deception, extortion, using vulnerable condition of a person, or use of threats of violence

–shall be punished by imprisonment for a term of 3 to 5 years.

2. Actions, envisaged by the part 1 of this Article, committed with regard to several persons or repeatedly, as well as under prior conspiracy by a group of persons, or by an official person with using official position,

– shall be punishable by deprivation of liberty for a term of from 4 to 7 years.

Article 258-2 Public exhortations to commit a terrorist act

1. Public exhortations to commit a terrorist act, as well as distribution, production or keeping with the purpose of distribution of materials with such exhortations

– shall be punishable by correctional labour for a 2 year term of or detention for a term of 6 months, or the limitation of liberty for a term up to 3 years, or the deprivation of liberty for the same term.

2. The same actions, committed using mass media,

– shall be punishable by limitation of liberty for a 4 year term or the deprivation of liberty for 5 years with deprivation of the right to occupy certain positions or engage in certain activities for the period up to 3 years.

Article 258-3 Creation of a terrorist group or terrorist organization

1. Establishment of a terrorist group or terrorist organization, leadership in such group or organisation or participation in it, as well as material, organizational or other assistance in creation or activity of terrorist group or terrorist organization – shall be punishable by deprivation of liberty for a term of from 8 to 15 years.

2. A person, except organizer and leader of terrorist group or terrorist organisation, who voluntarily informed law enforcement authority about relevant terrorist activity, contributed to its termination or detection of crimes, committed with regard to establishment or activity of such group or organisation, if there is no corpus delicti of other crime in its actions, shall be released from criminal responsibility for actions envisaged by part 1 of this Article.

Article 258-4 Contribution in commitment of a terrorist act

1. Recruiting, financing, material support, armament, training of a person with the purpose of commitment a terrorist act, as well as use of person with this purpose
– shall be punishable by imprisonment for a term of from 3 to 8 years.
2. The same actions, committed with regard to several persons or repeatedly, or by prior conspiracy by a group of persons, or by an official person with using official position,
– shall be punishable by deprivation of liberty for a term of from 5 to 10 years.

Article 258-5. Terrorist Financing

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.
2. The same action repeated or conducted for mercenary reasons or under prior conspiracy 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.
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.
4. A person, except organizer or manager of terrorist group (organization), shall be exempted from criminal liability for the actions envisaged by this Article in vase 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.

Article 306. Use of funds generated from illegal circulation of narcotics, psychotropic substances, their analogues or precursors, poisonous or addictive substances, or poisonous or addictive drugs

1. Deposit of money obtained as the result of illegal circulation of narcotics, psychotropic substances, their analogues or precursors, poisonous or addictive substances, or poisonous or addictive drugs in banks, enterprises, establishments, organizations and their subsidiaries, or use of such money for purchase of objects or property subject to privatization, or of equipment for manufacturing or other purposes, or use of such proceeds (money and property) for continuation illegal circulation of narcotics, psychotropic substances, their analogues or precursors, poisonous or addictive substances, or poisonous or addictive drugs -
shall be punishable by imprisonment for a term from 7 to 12 years with deprivation of right to occupy certain position, or deprivation of the right to occupy certain positions or engage in certain activities for a term up to three years with confiscation of funds or other assets from crime, as well as with confiscation of property.
2. Actions envisaged by part one of this article committed repeatedly or by prior conspiracy of a group of persons, or with regard to large amounts, -
shall be punished by imprisonment for the term of 8 to 15 years with deprivation of the right to occupy certain positions or perform certain activities for the term up to three years with confiscation of funds or other assets from crime, as well as with confiscation of property.
Note. Large amount shall be understood as funds, the amount of which is equal or exceeds 200 tax-free minimum citizens' incomes.

Unofficial translation

CRIMINAL PROCEDURE CODE OF UKRAINE

with amendments introduced by the Decrees of the Presidium of the Verkhovna Rada of Ukrainian SSR as of June 27, 1961

...

as of April 22, 2011

...

with amendments and supplements, introduced by Law of Ukraine as of September 18, 2012 No. 5290 – VI

Extract

…

Article 121. Non-disclosure of information relating to pre-trial investigation

Information relating to pre-trial investigation may be disclosed only upon permission of the investigator or prosecutor and in the amount they find it possible.

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.

Article 126. The way in which a civil claim and forfeiture of asset are secured

Civil claim and potential forfeiture of asset are secured through attachment of deposits, valuables, and other asset of the accused or suspect or persons who are materially liable for his/her acts wherever such deposits, valuables, and other asset are located, as well as through removal of attached asset. Deposits of the said persons may be attached only upon court's decision.

Attached asset are subject to inventory and may be transferred in custody of enterprises, institutions, organizations or family members of the accused or other persons. Persons who took attached asset in custody are warned about criminal liability for asset conservation, such warning being made against signed acknowledgment.

Primary necessities which are used by the person subject to inventory and by his/her family members are not subject to inventory. List of such necessities is attached in the Annex to the Criminal Code of Ukraine.

With regard to attached asset and its transfer in custody, an appropriate record is drawn up and signed by the person who conducted inventory, attesting witnesses and the person who assumed custody of the attached asset. A list of assets transferred in custody is attached to the record, such list being signed by the said persons.

In case of need, a specialist is invited to assess the value of the asset inventoried; such specialist signs the record and the list of assessed asset.

Attachment is revoked by investigator's decision whenever there is no longer need in such a measure.

Unofficial translation

ECONOMIC CODE OF UKRAINE

With amendments and supplements introduced by Laws of Ukraine

of February 4, 2005, N 2424-IV, OVY, 2005, N 8, p. 432

...

of September 6, 2012 N 5213-VI

...

Extract

Article 139. Property in the economy sphere

1. A property in this Code shall be an aggregate of things and other values (including non-material assets) that have valuable estimation are being produced or used in activity of economic entities and reflected in their balance or considered in other provided for by the law forms of property of these entities.

2. Depending on economic form gained by a property while conducting of economic activity, the property values belong to main funds, negotiable means, money, commodities.

3. Main funds of production and non-production designation shall be houses, buildings, machinery, equipment, instrument, production equipment and outfit, economic set and other property of durable use referred by the legislation to main funds.

4. Negotiable means shall be raw materials, fuel, materials, law-value and short-lived items, other property of production and non-production designation that is referred by the legislation to negotiable means.

5. Money in complement of property of economic entities shall be funds in national and foreign currency designated for performing commodity relations of these entities with other entities as well as financial relations according to the legislation.

6. Commodities in complement of economic entities property shall be produced outfit (commodity stores), performed works and services.

7. A special kind of economic entities property shall be securities.

Unofficial translation

CODE OF ADMINISTRATIVE JUSTICE OF UKRAINE

with amendments introduced by the Laws of Ukraine
as of September 8, 2005
…
as of September 6, 2012 No 5207-VI
…

Extract

…

Section III
PROCEEDINGS IN THE COURT OF THE FIRST INSTANCE

Chapter 6
PECULIARITIES OF PROCEEDINGS IN CERTAIN CATEGORIES OF ADMINISTRATIVE CASES

…

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 and authorizing access to them.

1. 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 to them shall be conducted on the grounds of administrative lawsuit of Head of the Security Service of Ukraine or his/her deputy.
2. Administrative lawsuit shall be submitted to the court of first instance under jurisdiction stipulated by this Code 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 requirements of an applicant;
4) list of documents and other materials annexed;
5) sealed signature of the authorized person of the subject of power authorities.
3. In case of failure to comply with the requirements of part two of this article the court shall notify the applicant and provide a term to address the deficiencies.
Non-fulfilment of the courts demands in provided terms entails return of the applicant's lawsuit and attached documents.
Return of the lawsuit is not a hindrance for recurrent submission to the court with it after elimination of all deficiencies that lead to the address to the court.
4. The court shall refuse by the judgment in acceptance of the lawsuit in the instance if the claim does not fall under part 1 of this Article. Refusal in acceptation of this lawsuit makes impossible recurrent address of the applicant with the same lawsuit.
5. 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-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 imposition or lift or to which the access is provided, shall not be notified on the consideration of the case by the court.
6. Court resolution shall contain:
1) date of adoption of resolution;
2) name of the court, surname, name and patronymic name of judge;

3) motives and conclusion of the court on essence of the claims laid with reference to the law;
4) the procedure for making actions stipulated by the resolution.
7. 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.
8. 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 to them are final and subject to fulfilment without delay.

Unofficial translation

CODE OF UKRAINE ON ADMINISTRATIVE OFFENCES

with amendments introduced by the Resolutions of the Verkhovna Rada
as of April 12, 1985
…
with amendments introduced by the Laws of Ukraine
as of 18 September, 2012

Extract

Section II. ADMINISTRATIVE OFFENCES AND ADMINISTRATIVE LIABILITY

II. SPECIAL PART

Chapter 12

ADMINISTRATIVE OFFENCES IN THE FIELD OF TRADE, PUBLIC CATERING, PROVIDING SERVICES, FINANCE AND ENTREPRENEURSHIP

…

Article 163-8. Stock Market Manipulation

Intentional actions of an officer of the stock market professional that have the signs of manipulation in the stock exchange, stipulated by the law on state regulation of the securities market, –
entail imposing a fine from one hundred up to five hundred tax-free minimum incomes of citizen.
The same actions, committed by a group of persons or by person, who during a year was subjected to administrative penalty for an offence provided for by part 1 of this Article, -
entail imposing a fine from five hundred up to seven hundred fifty tax-free minimum incomes of citizen.

Article 163-9. Illegal Use of Inside Information

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, and conducting transactions using inside information for one's own account or for the account of other persons aimed at acquisition or disposal of securities or derivative financial instruments to which inside information relates, –

entails imposing a fine from five hundred to seven hundred and fifty tax-free minimum incomes of citizen.

Note. The persons that committed the actions provided for by this Article shall be deemed officers of the issuers including those that have been officers on the moment of acquaintance with inside information; the persons that have access to inside information through the exercise of their employment, profession or duties or contractual obligations regardless relationships with the issuer, including officers of the stock exchange professional actors; civil servants that possess inside information through the exercise of their profession or duties; the persons that got acknowledged with inside information by virtue of their criminal activities; auditors, notaries, experts, assessors, sequestrators or other persons exercising the public powers conferred on them by the law.

…

Article 166-5. Violation of banking legislation, the legislation regulating funds transfer in Ukraine, regulations of the National Bank of Ukraine or carrying risk transactions that threaten the interests of depositors and other bank creditors

Violation by the bank management or other persons who according to the law may be subjected to inspections by the National Bank of Ukraine, of banking legislation, regulations of the National Bank of Ukraine or carrying risk transactions that threaten the interests of depositors and other bank creditors -

entail imposing a fine from fifty to one hundred tax-free minimum incomes of citizen.

Violation of the laws of Ukraine and the regulations of the NBU, which regulate the funds transfer in Ukraine -

entails the imposing a fine on officials of the payment institution, the member/participant of the payment system in amount from one hundred to five hundred tax-free minimum incomes of citizen.

Violation of the NBU general monitoring parameters to identify erroneous and improper transfers using electronic payment instruments -

entails the imposing of a fine on the acquire officials and / or issuer in amount from one hundred to two hundred tax-free minimum incomes of citizen.

Failure to inform about erroneous/improper transfers and subjects of transfers, other members/participants of the payment system -

entails the imposition of a fine on officials of the member/participant of the payment system from one hundred to two hundred tax-free minimum incomes of citizen.

Note. The terms "acquirer", "issuer", "payment organization", "member/participant of the payment system" are used in the meaning determined by the Law of Ukraine "On Payment Systems and Money transfer in Ukraine".

Article 166-6. Violation of the procedure of termination of the legal entity or entrepreneurship of natural person – entrepreneur

Failure to submit at the stated by the law time the state registrar with documents obligatory to be provided by the law for termination of the legal person or submission of false information in the following documents -

entails the imposing of a fine on the head of commission for termination of legal entity, the liquidation committee, the liquidator or officials from in amount from sixty to eighty tax-free minimum incomes of citizen.

The actions specified in paragraph one of this Article, if committed by a person who for a year had been subjected to administrative penalty for the same offense -

entails the imposing of a fine on the head of commission for termination of legal entity, the liquidation committee, the liquidator or officials from in amount from eighty to one hundred tax-free minimum incomes of citizen.

Absence of accounting or keeping accounting with violation of established procedure, untimely, incomplete or with violation of the established procedure conducting the property inventory, violation of

the order for assessing property, the compilation of liquidation balance (intermediate balance), a distribution balance, deed of conveyance during the termination of a legal entity -
entails the imposing of a fine on officials of legal entity, other persons involved in the termination of a legal entity, in amount from one hundred to one hundred fifty tax-free minimum incomes of citizen.
Evasion by the head of commission for termination of legal entity, the liquidation committee, the liquidator or other persons involved in the termination of the legal person the termination of the legal entity or the compilation of a liquidation balance (intermediate balance), a distribution balance, deed of conveyance, which is required to be submitted by law for the termination of the legal person -
entails the imposing of a fine from one hundred to one hundred and fifty tax-free minimum incomes of citizen.
Failure to submit, untimely submission or partial submission upon request of the State Tax Service or the Pension Fund of Ukraine to conduct unscheduled inspections of primary documents, registers, tax accounts and other documents concerning the calculation and payment of taxes and fees, a single contributions to compulsory social insurance, the insurance funds to the Pension Fund of Ukraine, social insurance funds and other amounts related to such obligations, compliance with other legislation, control of which is assigned to these agencies and funds, as well as untimely, incomplete or with violation of the established procedure of inventory of capital assets, inventory holdings and assets during the termination of the legal person on request of the state tax service -
entails the imposing of a fine on the head of commission for termination of legal entity, the liquidation committee, the liquidator or other persons involved in the termination of the legal person in amount from one hundred to one hundred and fifty tax-free minimum incomes of citizen.
Actions envisaged by the part three - five of this article, committed by a person who within a year was subjected to administrative penalty for the same offense -
entails the imposing of a fine on the head of commission for termination of legal entity, the liquidation committee, the liquidator or other persons involved in the termination of the legal person in amount from one hundred and fifty to two hundred tax-free minimum incomes of citizen.
Violation of procedure of termination of entrepreneurship of natural person - entrepreneur -
entails the imposition of fines on natural persons - entrepreneurs in amount from sixty to eighty tax-free minimum incomes of citizen.
Liability for violation of procedure of termination of the legal entity or entrepreneurship of natural person - entrepreneur shall not be applied to the head of the liquidation committee, the liquidator or other persons involved in the termination of the legal entity or entrepreneurship of natural person - entrepreneur if such violations occurred as a result of failure to timely submit relevant certificates and hold relevant assessments by the State Tax Service, social insurance funds and the Pension Fund of Ukraine.
Groundless denial of the State Tax Service, the Pension Fund of Ukraine, social insurance funds to provide state registration of the termination of the legal entity or entrepreneurship of natural person - entrepreneur -
entails the imposition of a fine on the officials of the state tax service, the Pension Fund of Ukraine, the social insurance funds from two hundred to two hundred tax-free minimum incomes of citizen.
Failure to conduct or untimely conduct by tax authorities, social security funds and the Pension Fund of Ukraine of inspections related to the termination of the legal entity or entrepreneurship of natural person - entrepreneur, and failure to provide or delay in providing relevant certificates on the absence of tax debts, fees or single contribution on compulsory social insurance, the insurance funds to the Pension Fund of Ukraine and social insurance funds, which are controlled by the state tax authorities, social insurance funds and the Pension Fund of Ukraine -
entails the imposition of a fine on the officials of the State Tax Service, social insurance funds and the Pension Fund of Ukraine in amount from two hundred to two hundred fifty tax-free minimum incomes of citizen.

Article 166-7. Counteraction to interim administration or liquidation of the bank

Obstructing by any person to access by the authorized person of the Natural Persons Investment Assurance Fund to the Bank, its assets, bank books, records, documents, databases during the interim administration or liquidation -
entails the imposition of a fine of three hundred to five hundred tax-free minimum incomes of citizen.

Article 166-8. Violation of procedure for providing financial services
Undertaking banking activity, banking transactions or other provision of financial services without becoming a financial institution or without a special permit (license), unless the law provides granting a status of financial institution or receiving a special permission (license) to perform stated types of activity, or with violation of licensing -
entails the imposition of a fine of one hundred to two hundred fifty tax-free minimum incomes of citizen.
The actions specified in paragraph one of this article related to obtaining significant incomes -
shall be punishable by a fine ion amount from two thousand to three thousand tax-free minimum incomes of citizen.
Note. Acquisition of significant income occurs when the sum exceeds the tax-free minimum incomes of citizen in one thousand and more times.

Article 166-9. Violation of AML/CTF legislation
Violation of requirements on identification and financial activity verification of person conducting financial transaction; failure to submit, untimely submission or submission false information on financial transactions subject to financial monitoring to the specially authorized central agency of executive power on financial monitoring issues; failure to submit, untimely submission of additional information on financial transactions subject to financial monitoring under request of the specially authorized central agency of executive power on financial monitoring issues; violation of requirements on recordkeeping related to identification and financial activity verification of person conducting financial transaction, and conducted financial transactions; failure to report the specially authorized central agency of executive power on financial monitoring issues on suspension financial transaction if the participant or beneficiary included to the list of person related to terrorist activity or internationally sanctioned, -
shall be punishable by a penalty imposed on reporting entities officials, citizens – business entities at the rate of 100 to 200 tax-free minimum incomes of citizen.
Failure to submit, untimely submission or submission of false information related to analysis of financial transactions subject to financial monitoring, notes and copies of documents (including bank and commercial secrecy) on the request of the specially authorized central agency of executive power on financial monitoring issues –
shall be punishable by a penalty imposed on officials of the institutions, enterprises and organizations, citizens – business entities which are not a reporting entities at the rate of 100 to 200 tax-free minimum incomes of citizen.
Any disclosure of information which according to the Law shall be subject to exchange between the reporting entity and specially authorized central agency of executive power on financial monitoring issues or the fact of submission (receiving) such information by the persons aware of such information during their professional or service activity, –
shall be punishable by a penalty at the rate of 300 to 500 tax-free minimum incomes of citizen.

…

Article 172-6. Violation of financial control requirement
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 ten to twenty five tax-free minimum incomes of citizens.

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 ten to twenty five tax-free minimums of citizens incomes.

Note. The subject of the offenses in this article is the person referred to in paragraph 1, subparagraph "a" of the paragraph 2 of Article 4 of the Law of Ukraine "On Principles of Prevention and Combating Corruption."

…

Article 188-34. Failure to comply legal requirements of officials of the state financial monitoring entities

Failure to execute legal requirements of the officials of the state authorities to address violations of AML/CTF legislation or putting obstacles to execute their duties –

shall be punishable by a penalty imposed on reporting entities officials, citizens – business entities at the rate of one hundred to two hundred tax-free minimum incomes of citizens.

Unofficial translation

CIVIL CODE OF UKRAINE

With amendments and supplements, introduced by Laws of Ukraine of June 19, 2003 N 980-IV, OVY, 2003, No 30, p. 1527

…

of September 18, 2012, No 5284-VI

…

Extract

…

Article 190. Property

1. Property as a special object shall be an individual thing, an aggregate of things, as well as property rights and duties.

2. Property rights shall be a non-consuming thing. Property rights shall be material things.

Unofficial translation

THE LAW OF UKRAINE

on Prevention and Counteraction to Legalization (Laundering) of the Proceeds of Crime or Terrorist Financing

With amendments introduced by the Law
from 24.12.2012 N 345-IV,
from 06.02.2003 N 485-IV,
from 18.05.2004 N 1726-IV,
from 01.12.2005 N 3163-IV,
from 18.05.2010 N 2258-VI
(By the Law from 18.05.2010 N 2258-VI
This Law provided in new wording),
from 07.04.2011 N 3205-VI,
from 07.07.2011 N 3610-VI,
from 15.11.2011 N 4025-VI,

(From November 20, 2012 to the
Act will be amended
in accordance with the Law
from 13.04.2012
N 4652-VI)

This Law shall protect rights and legitimate interests of citizens, society and state by means of determination of the legal mechanism for prevention and counteractions to legalization (laundering) of the proceeds from crime or terrorist financing as well as ensure development of national, multisource analyst information providing Ukrainian and foreign law-enforcement agencies to detect, verify and investigate offences related to money laundering and other illegal financial transactions.

Chapter I. GENERAL PROVISIONS

Article 1. Definitions

1. The following definitions shall be used in the current Law:
1)proceeds of crime – shall mean any economic benefit resulting from the commitment of a socially dangerous illicit act that precedes the legalization (laundering) of proceeds, that may consist of material property, or property in titles, as well include movable or immovable property, and documents that confirm the title to such property or a share in it;
2)socially dangerous illicit act that precedes the legalization (laundering) of proceeds of crime – shall mean the act for which the Criminal Code of Ukraine provided the essential punishment of imprisonment or fine of more than 3,000 tax-free minimum incomes of citizen (except acts provided for by Articles 212 and 212-1 of the Criminal Code of Ukraine), or act committed outside Ukraine, if it is recognized socially dangerous illicit act that precedes the legalization (laundering) of the proceeds, where it was committed, under criminal law of the country, and is a crime under the Criminal Code of Ukraine and resulted to illegal receipt of proceeds;
3) terrorist financing – providing or collection of assets of any kind in knowledge that they are to be used, in full or in part, for organization, preparation and commitment by a individual terrorist or terrorist organization, determined by the Criminal Code as the terrorist act, involvement into commitment of a terrorist act, public calls to commit a terrorist act, creation of the terrorist group or terrorist organization, assistance in commitment of a terrorist act as well as any other terrorist activity, and an attempt to commit such an actions;
4) financial transaction – shall mean any actions related to assets conducted with assistance of the reporting entity;
5) financial monitoring – shall mean the aggregate of AML/CTF actions taken by financial monitoring entities and include conduction of state financial monitoring and initial financial monitoring;
6)subject of financial monitoring – shall mean actions with assets connected with relevant participants that conduct financial transactions in case of risk for such assets to be used for legalization (laundering) of the proceeds of crime or terrorist financing, and any other information on such actions or events, assets and their participants;
7) state financial monitoring – shall mean the aggregate of actions taken by the entities of the state financial monitoring and directed on execution of AML/CTF legislation requirements:
state financial monitoring of the Specially Authorized Agency – shall mean the aggregate of actions taken by this agency on collection, processing and analysis of information on financial transactions submitted by the reporting entities and entities of state financial monitoring and other state agencies, relevant foreign agencies, as well as actions for verification of such information according to the Ukrainian legislation;
state financial monitoring of other entities of the state financial monitoring – shall mean the aggregate of actions taken by entities defined by the second paragraph of the part three of Article 5 of the current Law and directed on execution requirements of AML/CTF legislation;
8) initial financial monitoring – shall mean the aggregate of actions taken by the reporting entities and directed on execution of the current Law requirements, and includes the conduction of obligatory and internal financial monitoring;
9)obligatory financial monitoring – shall mean the aggregate of actions taken by reporting entities for detection of financial transaction subject to obligatory financial monitoring according to the Article 15 of the current Law, identification of transactions participants and examination of their activity, record keeping on such transactions and data on their participants, obligatory reporting on them to the Specially Authorized Agency, and submission of additional information on financial transactions and their participants, that became an object of financial monitoring of the Specially Authorized Agency;
10)internal financial monitoring shall mean the aggregate of actions taken by reporting entities for detection financial transactions subject to internal financial monitoring according to the Article 16 of this Law, by means of ML/TF risk assessment; record keeping on such transactions and data on their participants; submission to the Specially Authorized Agency information on high level ML/TF risk

transactions, as well as additional information on financial transactions and their participants subject to financial monitoring by the Specially Authorized Agency;
11)properly completed report on financial transaction subject to financial monitoring – shall mean the report on financial transaction, subject to financial monitoring, completed and submitted to the Specially Authorized Agency according to requirements of the Article 12 of the current Law;

12)reporting entity`s failure to submit information on financial transaction subject to financial monitoring to the Specially Authorized Agency shall mean:
failure to submit information on financial transactions subject to financial monitoring (absence in Specially Authorized Agency records of the properly completed and submitted report (information) on such financial transaction by the reporting entity;
repeated submission of improperly completed report (information) on financial transaction subject to financial monitoring, and which was not registered by the Specially Authorized Agency (improperly completed report (information) on financial transaction subject to financial monitoring shall mean consecutive submission by reporting entity of three improperly completed reports on the same financial transaction subject to financial monitoring);
13)intentional submission by the reporting entity deliberately unauthentic information on financial transactions subject to financial monitoring to the Specially Authorized Agency – shall mean intentional submission of deliberately unauthentic and false information on financial transactions subject to financial monitoring;
14)risks – shall mean menace (threat, vulnerabilities) for reporting entities to be used by clients while providing them services according to the nature of their activity for legalization (laundering) of the proceeds of crime or terrorist financing;
15)risk management – shall mean actions taken by the reporting entities in order to determine, assess, monitor and control risks for their decreasing to the appropriate level;
16)the Specially Authorized Agency – shall mean the central agency of executive power with a special status on financial monitoring issues;
17)assets – shall mean funds, property, property rights and non-property rights;
18)participants of financial transaction – shall mean client, contracting party, and persons acting on their behalf and in their interest;
19)client – shall mean any person applying for services or uses reporting entity services;
20)control over legal person – shall mean direct or indirect possession by the natural person individually or jointly with immediate relatives of the share in legal person which equals to 50 and more percents of the statutory capital or votes of legal person, or independent from formal possession capability to execute conclusive influence on management or activity of legal person;
21)control over natural person – shall mean possibility for final influence on financial transactions of such a person regardless the actual possession of assets of natural person;
22)controller – shall mean a person executing control;
23)essential share – direct or indirect holding of 10 and more percents of the statutory capital (fund), 10 and more percents of shares or voting authority in legal person, direct or indirect influence on it;
24)beneficiary - shall mean natural person, for the benefit or interest of which a financial transaction is conducted;
25)business relations – shall mean relations between the client and reporting entity originating on the basis of agreement regarding provision of financial or other services;
26)foreign bank subsidiary – shall mean separate structural division of the foreign bank, which does not have a status of a legal person and executes banking activity on the territory of Ukraine;
27)case referrals - shall mean data on financial transactions subject to financial monitoring and under analysis of which the Specially Authorized Agency detected suspicions on money laundering or terrorist financing crime or socially dangerous illicit act that precedes legalization (laundering) of the proceeds of crime. Case referrals is the report on crime and contains the basis for law-enforcement agencies` decision-making according to the Criminal Procedure Code of Ukraine, as well as basis for conduction of

operational and search activity by law-enforcement and intelligence authorities of Ukraine. The form and structure of case referrals shall be defined by the Specially Authorized Agency with approval of law-enforcement agencies;
28)additional case referrals – shall mean data collected on the basis of analysis of additionally received information to the case referrals previously submitted to law-enforcement agencies;
29)politically exposed persons – shall mean natural persons which empowered or were empowered with execution of important political functions in foreign countries, especially:
- Head of State, Head of Government, ministers and deputy ministers;
- parliamentary deputies;
- members of the Supreme Court, the Constitutional court or other high level judicial authorities the decisions of which could not be appealed except of extraordinary cases;
- members of courts of auditors or the boards of central banks;
- extraordinary and plenipotentiary ambassadors, charge d'affaires and high-ranking military officers;
- members of an administrative, managerial or supervisory agencies in a government enterprises of strategic importance.

30)international sanctions – shall mean sanctions recognized by Ukraine according to international treaties, or decisions of international organizations regarding freezing of assets, the decision of which are recognized according to international treaties;
31)irreproachable business reputation – shall mean range of confirmed information on person enabling to make decision on the correspondence of its activity to legislation requirements, as well as for natural persons – on individual professional, managerial skills and absence of criminal records for mercenary and economic crimes which is not expunged or quashed according to the procedure defined by legislation;
32)separate subdivision of reporting entity – shall mean branch, other subdivision of reporting entity situated outside its location and which execute financial transaction or ensure their execution including provision of services on behalf of reporting entity;
33)high risk – shall mean the result of risk assessment conducted by the reporting entity grounded on the range of defined criteria and indicate on high probability of reporting entity to be used for money laundering and/or terrorist financing;
34)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.

Article 2. Scope of the Law

1. This Law shall apply to the citizens of Ukraine, foreigners and stateless persons, as well as to the legal persons, their subsidiaries, branches and other separate divisions that ensure execution of financial transactions both in Ukraine and abroad according to the international treaties of Ukraine ratified by the Verkhovna Rada of Ukraine.

Article 3. AML/CTF legislation

1. The relations originated in AML/CTF sphere shall be regulated by the current Law, other Laws of Ukraine that regulate activity of financial monitoring entities as well as by the normative–legal acts of the Specially Authorized Agency and other state agencies empowered to regulate activity of the reporting entities and adopted for execution of the current Law.
2.

Article 4. Actions Related to Money Laundering

1. Legalization (laundering) of the proceeds of crime shall cover any acts related to the proceeds (property) received (obtained) from commitment of crime, directed to conceal the origin of such proceeds (property) or assistance to the person who is the associate in crime that is the origin of such proceeds (property).

Section II. FINANCIAL MONITORING SYSTEM

Article 5. System and Entities of Financial Monitoring

Financial monitoring system shall consist of two levels: the initial and the state one.

1. The reporting entities shall be:
1) banks, insurance (re-insurance), credit unions, pawn-shops and other financial institutions;
2) payment organizations, members of payment systems, acquiring and clearing institutions;
3) commodity, stock and other exchanges;
4) professional participants of securities market
5) asset management companies;
6) operators of post service, other institutions that conduct financial transactions on funds transfer;
7) subsidiaries or branches of foreign business entities providing financial services on the territory of Ukraine;
8) specially designated reporting entities:
f) business entities providing intermediary services while conducting transactions on buying-selling real estate;
g) 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;
h) business entities conducting lotteries and gambling including casino, electronic (virtual) casino;
i) notaries, lawyers, auditors, audit firms, natural persons – entrepreneurs providing accounting services, business entities providing legal services (except persons providing services within labor law relations) in cases foreseen in the Articles 6 and 8 of the current Law;
j) natural persons – entrepreneurs 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.
9) other legal entities which under their legal status are not financial institutions but provide certain financial services.
3.The entities of the state financial monitoring are:
National Bank of Ukraine, Ministry of Finance of Ukraine, Ministry of Justice of Ukraine, Ministry of Transport and Communications of Ukraine, Ministry of Economy of Ukraine, National Commission for Securities and Stock Market, National Commission for Financial Services Markets Regulation of Ukraine;
The Specially Authorized Agency.

Article 6. Tasks, Responsibilities and Rights of Reporting Entities

1. Reporting entity considering legislation requirements, normative-legal acts of the Specially Authorized Agency and other entities of the state financial monitoring establishes the rules, develop programs for conducting financial monitoring and assigns the compliance officer responsible for its execution, except specially designated reporting entities operating individually without creation of legal person and persons listed in subparagraph «e» point 8 part 2 Article 5 of the current Law.
2. The reporting entity shall be obliged:
1) to register as reporting entity at the Specially Authorized Agency and in case of termination of its activity to inform the Specially Authorized Agency within the procedure defined by the National bank of Ukraine for banks and by the Cabinet of Ministers of Ukraine for other reporting entities;
2) to perform customer due diligence and verification in cases provided by the law;
3) to 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;
4) in its activity to ensure ML/FT risks management and develop risk criteria;
5) to ensure registration of financial transaction, subject to financial monitoring, not later than the next business day after the moment of its detection;
6) to inform the Specially Authorized Agency on:
a) financial transactions subject to obligatory financial monitoring during three business day after the date of such transactions registration or attempt to conduct such transaction;

b) financial transactions subject to internal financial monitoring in case of reasonable suspicion that they are connected with legalization of the proceeds of crime – on the day of suspicions arise but not later than in ten business days from them moment of such transactions registration or attempt to conduct such transaction;
c) detected financial transactions, subject to reasonable suspicion that they are connected with, related to or intended for terrorist financing on the day of detection or attempt to conduct such transaction and inform relevant law enforcement agencies designated by the law.
7) in case of receipt from the Specially Authorized Agency a notification on incorrect (inaccurate) completion of the fields in the report on financial transaction subject to financial monitoring, to submit to Specially Authorized Agency with correctly completed report on such financial transaction during three business days;
8) to assist within the frameworks of acting legislation to the personnel of the Specially Authorized Agency in conducting financial transactions analysis;
9) to submit on Specially Authorized Agency request the additional information on financial transaction subject to financial monitoring, copies of initial documents on the basis of which such transactions and liked financial transactions were conducted, data on the transactions` participants as well as other information including information that is classified as bank or commercial, insurance secrecy, copies of documents essential for execution tasks assigned to Specially Authorized Agency during five business days from the date of request received;
10) to submit on the request of the Specially Authorized Agency information (including copies of documents) necessary for execution of request received from foreign authorized agency including the information that is classified as bank or commercial secrecy during five business days from the date of request receiving;
11) submit on the request of the Specially Authorized Agency information on tracing up (monitoring) of client`s financial transactions subject to financial monitoring. The procedure for submission of current information is stipulated by the Specially Authorized Agency with approval of relevant entities of the state financial monitoring.
12) if a reporting entity, on the objective cause fails to enforce the terms established in paragraphs 9, 10 of the Part two of this Article, considering the scope of requested information (depends on form of presentation – electronic or written, copy or scan, receiving data from archives etc), a reporting entity shall be obliged during a business day when request was received but not later than the next business day to adjust with Specially Authorized Agency the terms of requested information submission. The procedure for submission of current information shall be stipulated by the Specially Authorized Agency with approval of relevant entities of the state financial monitoring.
13) to submit on the request of relevant entity of state financial monitoring information essential for verification of facts of violation of AML/CTF legislation;
14) to take actions on prevention of disclosure (especially to the persons whose financial transactions are being verified) of information that is submitted to the Specially Authorized Agency, and other information on financial monitoring issues (including the facts of submission of such information or receiving the request from the Specially Authorized Agency);
15) to maintain documents on identification of the persons which conducted the financial transaction that pursuant to the current Law are subject to financial monitoring, as well as all documents connected to business relations with client no less than five years after termination of business relations, and all essential data on transactions – no less than five years after completion of transaction (hereby, the terms for documents maintenance could be extended by the relevant entity of the state financial monitoring within the procedure stipulated by legislation);
16) to ensure on documentary request unimpeded access of entities of state financial monitoring and law enforcement agencies to documents or information contained therein, according to the requirements of legislation;
17) by order of the Specially Authorized Agency submitted for execution of foreign authorized agency request on suspension of the relevant financial transaction that could be related to money laundering or

terrorist financing, to suspend execution or ensure monitoring of financial transaction of the relevant person within the procedure stipulated by the Specially Authorized Agency with approval of relevant entities of state financial monitoring;
18) to ensure development and permanent renewal of rules, programs for execution of financial monitoring considering legislation requirements;
19) to conduct annually internal inspections of activity for adherence with AML/CFT legislation requirements;
20) to ensure professional training of the compliance officer by means of passing training at least once in three years;
21) to take measures on permanent basis for personnel training on detection of financial transactions subject to financial monitoring according to the current Law by performance educational and practical events;
22) to detect financial transactions subject to obligatory financial monitoring according to Article 15 of the current Law;
23) to perform analysis of financial transactions directed to detect financial transactions subject to internal financial monitoring according to Article 16 of the current Law;
24) to verify purpose and nature of future business relations with clients;
25) according to legislation and internal procedures permanently update information on nature of client's activity and financial condition;
26) to conduct analysis of correspondence of client's financial transactions to existent information on nature of its activity and financial condition;
27) to take appropriate measures aimed to restrict risk of abuse associated with services provided using the latest technologies especially transactions without direct contact with the client.

3. Reporting entity shall be obliged to execute individually clients classification considering risk criteria designated by the Specially Authorized Agency and authorities that conduct regulation and supervision over its activity, while executing financial transactions that might be related to legalization (laundering) of the proceeds of crime or terrorist financing, and to undertake preventive measures regarding clients whose activity indicates high risk of conduction of such transactions.
4. Reporting entity shall be obliged to take the following measures:
1) Concerning foreign financial institutions with correspondent relations established within the procedure defined by the relevant entity of the state financial monitoring:
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.
2) regarding politically exposed persons or associated individuals - the fact of client's belonging to PEP or person acting on his/her behalf, the reporting entity exposes in accordance with internal procedures when establishing business relations with clients and in the process of service acting (associate individuals to politically exposed persons shall be the members of family and other close relatives, legal persons the sufficient share or control in which belongs to politically exposed persons or their close relatives):
a) to establish relations with politically exposed persons and their associates under permission of the senior management of the reporting entity;
b) take measures to establish sources of funds of such persons;

c) to conduct monitoring of operations in consideration of the appropriate state financial monitoring entity, participants or beneficiaries of which are politically exposed persons or related persons in the manner prescribed for the high risk clients.
3) reporting entity shall be obliged to take measures to reduce the risk of charitable and nonprofit organizations to be used with the purpose of money laundering or terrorist financing considering recommendations of the relevant entity of state financial monitoring.
5. Reporting entities as well as their branches offices and other separate divisions are obliged to ensure taking of measures, envisaged by AML/CTF 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.
Simultaneously, the reporting entity shall take relevant preventive measures directed on: enhancement of the client identification prior to establishment of 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.
6. Provisions of the paragraph 4, 11, 12, of the part two of the current Article shall not cover specially designated reporting entities.
Provisions of subparagraph «a» of the paragraph 6 and 22 of the part two of the current Article shall not cover specially designated reporting entities except the entities envisaged by subparagraph «c», point 8 part of the Article 5 of the current Law.
Provisions of the paragraphs 18, 19, 20, 21, 24, 25, 26, 27 of the part two and parts three-five of the current Article shall not cover specially designated reporting entities envisaged by subparagraph «e», point 8 part two of the Article 5 of the current Law.
7. A reporting entity in order to execute the tasks assigned according to the current Law shall have the right to request the executive power authorities, law enforcement agencies, National Bank of Ukraine, other legal persons that in turn shall inform on the results of the consideration of such request within the procedure prescribed by the legislation.
8. For the violation of the current Law reporting entities` senior management and compliance officers that are responsible for performing financial monitoring shall bear responsibility according to the law.
Requirements for verification of irreproachable business reputation and correspondence to professional criteria of candidates for the positions named in the current paragraph shall be established by the relevant entities of the state financial monitoring.
9. Senior manager of a reporting entity shall be responsible for the organization of AML/CTF legislation requirements adherence.
In case of liquidation procedure of a reporting entity including declaration of the bankrupt or appointment of the temporary administration the responsibility for execution of the paragraph 9, 10 of part 2 of the Article 6 of the current Law shall be assigned to liquidation commission members, liquidator or temporary administrator.

Article 7. Legal Status of Compliance Officer

1. Person responsible for financial monitoring (further – compliance officer) shall be appointed at the position at the managerial level of a reporting entity.
The appointment and dismissal of the bank`s (foreign branch) compliance officer shall be under agreement with the National Bank of Ukraine.
2. The authority of the compliance officer of a reporting entity shall be:
1) taking a decision to inform the Specially Authorized Agency on financial transactions in case of reasonable suspicion on their relation to money laundering or connected with, related to or intended for terrorist financing;

2) taking a decision to inform the law enforcement agencies prescribed by the legislation on financial transactions suspected to be related, connected with or intended for terrorist financing;
3) performing the inspection of any reporting entity division and its personnel on compliance with the rules of internal financial monitoring and execution of financial monitoring programs;
4) access to the all premises, documents, telecommunication facilities of the reporting entity;
5) involvement of any personnel of the reporting entity to perform AML/CTF measures and inspections on this issues;
6) organization of development and submission for approval as well as introducing, realization of the rules for internal financial monitoring and financial monitoring execution programs;
7) receiving the explanations from the reporting entity personnel on performing financial monitoring regardless of their position;
8) assistance to authorized representatives of the relevant state financial monitoring agencies in performing the inspections of the reporting entity on compliance to Ukrainian AML/CTF legislation;
9) taking a decision on submitting information on financial monitoring issues on request of the Specially Authorized Agency and on relevant law enforcement agencies requests;
10) executing other tasks according to the legislation.
3. Compliance officer of the reporting entity also performs other functions in accordance to the legislation, rules for internal financial monitoring, financial monitoring execution programs and other internal AML/CTF documents.
4. Senior manager of a reporting entity shall be obliged to assist compliance officer in execution of its functions.
5. Compliance officer shall be independent in its activity, accountable exceptionally to the senior manager of the reporting entity and is obliged at least once a month to provide the senior manager with a written information on detected financial transactions subject to financial monitoring, and measures undertaken, especially for:
ensure the execution of financial monitoring measures;
development and permanent renewal of rules and programs for conduction of financial monitoring considering legislation requirements;
personnel training on execution requirements of the current Law, by carrying out educational and practical events.

Article 8. Actions taken by the Specially Designated Reporting Entities
1. Execution of reporting entities obligations shall be ensured by lawyers, notaries, person providing legal services, auditors, audit offices, natural persons – entrepreneurs that provide accounting services and if they participate in preparation and execution of deeds on:
buying-selling of real estate;
customer's assets management;
bank or securities account management;
gathering funds for establishment of legal entities, provide their functioning or management;
establishment of legal persons, ensure their management or functioning as well as purchase– sale of legal persons.
2. 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.
3. 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.

4. Execution of reporting entities obligations shall be ensured by business entities providing lotteries and gambling including casino, electronic (virtual) casino, when executing financial transactions related to receiving or returning stakes or payment of winnings.
5. Execution of reporting entities obligations shall be ensured by natural persons - entrepreneurs 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 on of the Article 15 of the Law in cases foreseen by Articles 6 and 8 of the current Law.
6. The notaries as the reporting entities shall not report their suspicions on financial transactions to the Specially Authorized Agency if the relevant information was received under the circumstances subject to the secrecy of notary actions, except for the cases on certification of real estate purchase - sale agreements, if the amount of such transaction equals or exceeds UAH 400 000 or equals or exceeds amount in foreign currency equivalent to UAH 400 000.
7. Lawyers, persons providing legal services, auditors, audit companies, entrepreneurs providing accounting services, shall not report on their suspicions on financial transactions to the Specially Authorized Agency if the relevant information was received under the circumstances subject to the lawyer's or professional secrecy, when they execute their duties on protection of client, representing interests of client before courts and in cases of pretrial settlement of disputes.
8. Senior managers and compliance officers of the specially designated reporting entities shall bear responsibility for the violation of the current Law according to the law.

Article 9. Identification and Verification of the Clients that Conducts Financial Transactions

1. Reporting entity according to legislation and on the basis of submitted official documents or their duly certified copies, shall conduct identification of clients that execute financial transactions. Additional data for client`s verification also could be received from client and other sources, if such information is public (open).
2. Referred in the paragraph 1 of this Article documents shall be valid at the moment of their submission and include all the necessary data for identification.
3. The identification and verification of activity shall be conducted in the following cases:
of establishing business relations with clients;
of suspicion that financial transaction might be related to ML or TF;
of executing of financial transaction subject to financial monitoring;
of executing of a single financial transaction 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.
4. Depending on ML/TF risk the customer identification is also carried out in case of conducting financial transaction by client on the amount defined by the part one of the Article 15 of the current Law whether such operation is single or as a few operations that may be linked to each other.
5. In case of suspicion raised concerning reliability or adequacy of information provided on customer, the reporting entity shall be obliged to undertake measures to verify and clarify customer (person) identity information.
6. Feature of carrying out identification (simplified identification) and verification of financial activity by reporting entities considering their specific activity shall be designated by agencies which due to the current Law execute functions of regulation and supervision over these reporting entities.
7. A reporting entity has the right to demand, and the state authorities are obliged within ten business days to provide the reporting entity according to the legislation with information on customer identification. Such information shall be provided free of charge. The list of such authorities and the procedure for submitting information shall be designated by the Cabinet of Ministers of Ukraine.
8. A reporting entity has the right to demand and the customer is obliged to provide information concerning his/her identity, nature of activity and financial condition required for such entity to execute AML/CTF legislation requirements.

9. If the customer, with whom the business relations were established, fails to submit the necessary information on identification and verification of financial activity, the reporting entity shall have the right to refuse execution of further financial transaction.
10. Customer identification is carried out till/during establishment of the business relations, execution of deeds but before execution of financial transaction, opening account.
11. With the purpose of identifying residents the reporting entities shall identify:
1) for natural person - surname, name, patronymic, date of birth, series and number of the passport (or other ID), date of issue and issuing agency. During the identification the place of registration or real residence of natural person, identification number according to the State Register of natural persons – payers of taxes and other compulsory payments or series and number of passport which contains the record of State Tax Administration agencies on refusal in receiving the identification number shall be verified;
2) for natural person – entrepreneur – surname, name, patronymic, date of birth, series and number of passport (or other ID), date of issue and issuing agency. During the identification the place of residence or the place of stay of natural person – entrepreneur, requisites of the bank in which the account is opened and the number of bank account (if available) shall be verified;
3) for legal person — full title, location; clarifying of information about managing bodies and their composition; the identification data on persons who have the right to manage accounts and property; information on owners of qualifying holding in a legal person; information on controllers of a legal person; identification number according to the Unified State Register of entities and organizations of Ukraine; requisites of the bank where the account is opened and the bank account number.
12. With the purpose of identifying non-residents the reporting entities shall identify:
1) for natural person – surname, name, patronymic (if available), date of birth, series and number of passport (or other ID), date of issue and issuing agency, citizenship. During the identification the data on the place of residence or temporary residence in Ukraine shall be verified.
2) for legal person – full title, location and essential elements of the bank where the account is opened and bank account number, information on managing bodies and its composition; identification information on the persons who have the right to manage accounts and property; data on owners of significant share in legal person; the data on controllers of legal person. Also the reporting entity should be provided with a copy of the legalized extract from the trade, bank or court register or notary sealed registration certificate of the foreign authorized agency on registration of the relevant legal person.
13. Customer identification is not obligatory in case of:
conducting financial transaction by person that has been identified before;
concluding of deeds between banks, registered in Ukraine;
14. The reporting entity can use simplified identification procedure in case of:
establishment of business relations or conduction of financial transaction if the client is a state agency, state enterprise, international institution or organization with Ukraine`s participation according to international treaties of Ukraine ratified by the Parliament of Ukraine;
conducting financial transaction on organized securities market.
15. If customer (person) acts as a representative of the other person or acts in the interests of other person, or the reporting entity doubts whether the person acts on its own behalf, or the beneficiary is another person, the reporting entity, according to the requirements of this Article and provisions of other laws that regulate the identification procedure, is obliged to identify also the person, on whose behalf or under the order of which or in the interests of which the financial transaction is conducted, or which is a beneficiary.

16. If a person acts as a representative of the other person, the reporting entity should verify the relevant powers of this person as well.

Article 10. The Refusal of Reporting Entity to Perform Financial Transaction

1. Reporting entity 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.
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.

Article 11. Risk Management
1. A reporting entity shall be obliged to manage ML/TF risks considering 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.
2. The risk assessment by a reporting entity shall be executed considering relevant criteria such as type of customer; geographical location of customer registration country or institution through which the customer transfer (receive) the assets and in form of goods and services.
3. To reduce the detected risks a 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 while opening the account or establishing relations with him; increasing the frequency of customer verification, including its owners; collection of information on purpose to understand the customer's activity, nature and level of the transactions conducted; enhanced monitoring of customer's transactions etc.

Article 12. Submission of the Information upon Financial Transaction
1. The submission of the information by reporting entity on financial transaction which, according to the Article 15 of the current Law is subject to the obligatory financial monitoring, shall be performed within three business days from the date of its registration.
2. The decision on submission or non-submission to the Specially Authorized Agency the information on financial transaction that is subject to internal financial monitoring shall be taken by compliance officer of the reporting entity (branch, other separate division of the reporting entity) according to internal procedures vested in rules of internal financial monitoring according to the Article 16 of the current Law. If the decision to submit the information to the Specially Authorized Agency on financial transaction is taken, such information shall be submitted not later than in ten business days from the date of registration of the transaction.
3. The procedure of registration of financial transactions subject to financial monitoring as well as submission to the Specially Authorized Agency of the information on financial transactions subject to financial monitoring, other financial transactions that might be related to money laundering or terrorist financing shall be established by:
The National Bank of Ukraine – for the banks;
The Cabinet of Ministers of Ukraine – for the other reporting entities.
4. The submission of information by reporting entity to the Specially Authorized Agency shall not represent a violation of professional, insurance, bank or commercial secrecy.
5. The reporting entity, its officials and other personnel shall not be disciplinary, administratively, civilly and criminally liable for submission of information on financial transaction to the Specially Authorized Agency, if they were acting within the frameworks of the current Law, even if such actions caused damage to legal or natural persons, as well as for other actions related to implementation of the current Law.

6. It is prohibited for the reporting entity's personnel who submitted to the Specially Authorized Agency the information on financial transaction to inform about these actions the persons that conduct (conducted) it or any other third persons.
7. It is prohibited for the reporting entity's personnel who received the request from the Specially Authorized Agency and/or responded on such a request to this agency to inform participants of financial transaction specified in request or in the respond as well as to inform any other third party.
8. If a reporting entity that conducts a financial transactions has reasonable suspicions that such financial transactions are connected with, related to or intended for financing terrorist activity, terrorist acts or terrorist organizations, and organizations or persons internationally sanctioned, it should immediately inform about such financial transactions the Specially Authorized Agency and the law-enforcement agencies defined by the legislation at the same day the suspicion arise.
9. The state authorities, conducting AML/CTF activity, in case of detection, while executing their functions, of financial transactions subject to suspicion that they are conducted with the purpose of the money laundering or terrorist financing, or connected with persons internationally sanctioned are obliged to inform the Specially Authorized Agency concerning such transactions. Procedure and requirements for information submission shall be stipulated by the Cabinet of Ministers of Ukraine.
10. State authorities are obliged to submit to the Specially Authorized Agency the information (copies of documents) essential for execution its tasks according to the procedure defined by the Cabinet of Ministers of Ukraine.
Illegitimate refusal to submit such information (copies of documents), untimely or incomplete submission shall entail the liability of state authorities' officials according to the law.
11. The Specially authorized agency of executive power on customs issues submits information on cases of illegal transportation through the Ukrainian state boundary of cash, negotiable monetary documents, precious metals, precious stones and products of them, as well as cultural values for the amount that equals or exceeds the amount envisaged in the Part 1 of the Article 15 of this Law.
12. The information submitted under requirements of the current Law shall be restricted. This information shall be shared, disclosed and protected by reporting entities, executive agencies and the National Bank of Ukraine which according to legislation are responsible for the regulation and supervision over reporting entities, in accordance with the Law.
13. The Specially Authorized Agency ensures securing and keeping of the information, received according to requirements of the current Law. It is prohibited for the Specially Authorized Agency to disclose and/or pass to anyone the received from reporting entities information, with the exception of cases, envisaged in the Articles 18, 20 and 22 of the current Law. The information, kept in the Specially Authorized Agency and received from reporting entities, shall be restricted. In case of receipt of request on such information the Specially Authorized Agency shall return to relevant person such request without consideration except for the cases if the request was submitted within the verification of previously submitted case referrals. If the Specially Authorized Agency has additional information related to previously submitted to the law enforcement agencies case referrals the Specially Authorized Agency can form and submit to the relevant law enforcement authority the additional case referrals.
Any disclosure by the personnel of the Specially Authorized Agency the information received from reporting entities according to the requirements of the current Law shall be subject to liability accordingly to the Law.
14. The submission by the state authorities to the Specially Authorized Agency of the information on financial transactions which might be related to money laundering or terrorist financing shall be a violation of bank or commercial secrecy.
The officials and other personnel of the state authorities shall not be disciplinary, administratively, civilly and criminally liable for submission of information to the Specially Authorized Agency on financial transaction which might be related to money laundering or terrorist financing.
15. Business entities, enterprises, institutions, organizations regardless the form of ownership that are not a reporting entities in accordance with the paragraph 2 section 1of the Article 20 of the current Law are obliged to submit on the request of the Specially Authorized Agency the information related to analysis of

financial transactions subject to financial monitoring, references and copies of the documents (including those constituting bank or commercial secrecy) essential for execution by this agency AML/CTF tasks.
The information submitted according to the requirements of the section 15 of this article shall be restricted. The share of this information, its disclosure and protection shall be performed according to the Law.
The Scope and procedure for submission of such information (except information on individual natural persons) shall be designated by the Cabinet of Ministers of Ukraine.
The officials and other personnel of the business entities, enterprises, institutions, organizations and state authorities shall not be disciplinary, administratively, civilly and criminally liable for submission of information to the Specially Authorized Agency according to the requirements of the current Law.
The persons guilty in violation of provisions of the current Law shall be liable according to the Law of Ukraine on Information and other legislative acts.
16. It is prohibited for the intelligence agencies of Ukraine to disseminate information received from the Specially Authorized Agency in a form of case referrals and additional materials except for the cases of their submission to law-enforcement agencies for taking a decision according to the Criminal Procedure Code of Ukraine.
The intelligence agencies of Ukraine shall be obliged to inform the Specially Authorized Agency on the stage of processing and taking relevant actions under results of consideration of case referrals and additional materials received.

Article 13. Registration of Financial Transaction Subject to Financial Monitoring
Information on financial transaction subject to financial monitoring received by the Specially Authorized Agency shall be registered by this agency. The procedure for registration information on financial transaction subject to financial monitoring shall be established by the Cabinet of Ministers of Ukraine.

Article 14. Powers of Entities of the State Financial Monitoring
1. State regulation and supervision in AML/CTF sphere is carried out upon:
1) banks, payment organizations and members of payment systems which are bank institutions — by the National Bank of Ukraine;
2) stock exchanges, assets managing companies and other professional participants of the securities markets (except banks) – by the National Securities and Stock Market Commission;
3) insurance (re-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 AML/CTF regulation and supervision of which is conducted by other entities of state financial monitoring), payment organizations and members of payment systems which are non-bank institutions – by the National Commission on Regulation of Financial Services Markets of Ukraine;
4) 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;
5) notaries, lawyers, and other persons providing legal services – by the Ministry of Justice of Ukraine;
6) postal services operators (in part of conducting of money transfers) – by the Ministry of Transport and Communication of Ukraine;
7) commodities and other exchanges conducting financial transactions with goods – by the Ministry of Economy of Ukraine;
8) other reporting entities for which the Law does not define the state authorities regulating and supervising their activity – by the Specially Authorized Agency.
2. The entities of state financial monitoring indicated in paragraph 1 of this Article are obliged to:
1) ensure AML/CTF supervision the activity of the relevant reporting entities especially by means of conduction of scheduled and unscheduled inspections, including on-site inspections;

2) ensure provision of AML/CTF methodological, methodical and other assistance to the reporting entities;
3) ensure regulation and supervision considering AML/CTF 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;
4) demand from the reporting entities to executing AML/CTF legislation requirements, and if revealing cases of violation the legislation to take measures prescribed by the laws;
5) conduct inspections for organization of professional training of personnel and heads of the divisions responsible for financial monitoring execution;
6) inform Specially Authorized Agency for realization of its tasks on detected cases of violation by the reporting entities of AML/CTF legislation and measures taken to eliminate such violations;
7) annually, but not later than January of the following year, submit the Specially Authorized Agency with generalized information on the reporting entities for which they provide regulation and supervision for adherence of AML/CTF legislation requirements including information on violations revealed and measures taken to eliminate such violations;
8) ensure keeping of the information submitted by the reporting entities and entities of the state financial monitoring and by law-enforcement authorities;
9) coordinate with Specially Authorized Agency any normative – legal acts related to executing requirements of the current Law;
10) submit to Specially Authorized Agency information, particularly documents essential for execution of its tasks (except the information on citizens private life) according to the procedure prescribed by the legislation;
11) take according to legislation actions on verification irreproachable business reputation of persons conducting management and control over reporting entities;
12) 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;
13) 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;
14) use the information of the Specially Authorized Agency about indicators of violation by the reporting entities of AML/CTF legislation for establishing existence of relevant violations.
Provisions of the paragraph 6, 7, 9, 10 and 14 of the Part 2 of this Article shall be applied to the entities of the state financial monitoring, except Specially Authorized Agency.
3. Entities of the state financial monitoring within the scope of the current Law have the right to obtain from reporting entities information, essential for fulfillment by them functions of regulation and supervision over these entities.
4. The entities of state financial monitoring (except Specially Authorized Agency) and other state authorities according to the legislation shall provide the Specially Authorized Agency with access to their informational resources for establishing and ensure functioning of the unified state AML/CTF informational system.
5. The entities of state financial monitoring shall define and elaborate the procedure for taking relevant preventive measures to 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: 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.

Section III. FINANCIAL TRANSACTIONS SUBJECT TO OBLIGATORY AND INTERNAL FINANCIAL MONITORING

Article 15. Financial Transactions Subject to Obligatory Financial Monitoring

1. Financial transaction shall be subject to obligatory financial monitoring if its amount equals or exceeds UAH 150 000 (for business entities performing gambling – UAH 13,000), or equals or exceeds the amount in foreign currency equivalent to UAH 150 000 (for business entities performing gambling – UAH 13,000) and has one or more indicators provided below:

1) transfer of funds to anonymous (numbered) account abroad and transfer of funds from anonymous (numbered) account from abroad, as well as transfer of funds to account or from account opened in financial institution in a country included by the Cabinet of Ministers of Ukraine to the list of offshore zones;

2) purchase (sale) of cheques, travel cheques or other similar payment means for cash;

3) placement or transfer of funds, granting or receiving a credit (loan), performing other financial transactions if at least one of the parties of financial transaction is a natural or legal person that has appropriate registration, location or residence in a country (territory) which do not or insufficiently apply recommendations of international, intergovernmental organization, the activity of which is directed on combating money laundering or terrorist financing, or if one of the parties has an account in a bank registered in abovementioned country (on territory). The list of such countries (territories) shall be stipulated in accordance with the procedure established by the Cabinet of Ministers of Ukraine, using conclusions of the international, intergovernmental organizations engaged in counteraction to the legalization (laundering) of the proceeds from crime and terrorist financing, and shall be published;

4) placement of cash funds on account and further transfer to other person on the same or next transaction day;

5) placement of funds to the current account of the legal or natural person – business entity or writing off the funds from the current account of the legal or natural person - business entity if the period of its activity does not exceed three months from the day of its registration, or placement of funds to the current account or writing of the funds from the current account of the legal or natural person - business entity if the transactions on such account have not been conducted since the day of its opening;

6) transfer of funds abroad by a person with absence of foreign economic agreement (contract);

7) exchange of banknotes, particularly of foreign currency, for banknotes of another nominal value;

8) conduction of a financial transaction with bearer's securities which were not deposited in depositary institutions;

9) conduction of a financial transaction with promissory notes with blank endorsement or bearer's endorsement;

10) performing cash payment on financial transaction;

11) performing financial transactions on legal deeds without specification of payment form;

12) receipt (payment, transfer) of insurance (reinsurance) payment (insurance deposit, insurance premium);

13) performing insurance payment or insurance compensation;

14) 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;

15) conduction of payments under external economic contract which does not provide a real delivery of goods, works, services to the customs territory of Ukraine;

16) providing of credit funds to a person which is not a member of non-bank credit institution at the same day for a few times if the total amount of financial transaction equals or exceeds the amount stated in the part one of this Article;

According to paragraphs 10, 11, 16 of the part one of this Article the information on financial transactions shall be submitted to the Specially Authorized Agency by all reporting entities except banks.

Article 16. Financial Transactions Subject to Internal Financial Monitoring

1. A financial transaction shall be subject to internal financial monitoring if it has one or more indicators designated by this Article or contains other risks:
1) complex or unusual character of financial transaction or aggregate of connected financial transactions without apparent economic or visible lawful purpose;
2) noncompliance of a financial transaction with the character and nature of customer's activity;
3) revealing of repeated financial transactions, the nature of which gives grounds to believe that their aim is to evade the procedures of obligatory financial monitoring or identification established by this Law (particularly two or more financial transactions conducted by the client during one business day with the same person and might be connected if the total amount is equals or exceed the amount stated in the part one of Article 15).
2. If the reporting entity has grounds to believe that financial transaction is connected with money laundering or terrorist financing it conducts the internal financial monitoring regarding other financial transactions which are essential to be clarified.
3. Transactions are also subject to internal financial monitoring according to typologies of international AML/CTF organizations.

Article 17. The suspension of Financial Transactions Subject to Reasonable Suspicion to be Connected to Money Laundering or Terrorist Financing or Internationally Sanctioned

1. Reporting entity has the right to suspend carrying out of financial transaction if such transaction contains indicators provided in the Articles 15, 16 of the current Law and 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 of financial transactions shall be performed for a period up to two business days.
2. According to the part one of this Article the Specially Authorized Agency can take a decision on further suspension of such financial transaction up to five 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. If the Specially Authorized Agency takes no relevant decision during the period, provided by the part one of this Article, the reporting entity shall recommence conduction of financial transaction.
3. The Specially Authorized Agency can take a decision to suspend debit transactions under customer's (person's) accounts, if such transaction contains indicators provided in the Articles 15, 16 of the current Law and in case of suspicion in terrorist financing, up to five business days, and is obliged to inform immediately about it the reporting entity, as well as law enforcement agencies, authorized to take decision according to Criminal Procedure legislation.
4. The suspension of debit financial transactions is not a ground for suspension of credit transactions. At that the reporting entity should inform the Specially Authorized Agency on conduction of such transactions at the same day.
5. If the decision was taken according to paragraphs 2 and 3 of this Article, the Specially Authorized Agency performs analysis, collects essential additional information, processes, verifies and analyses such information. If confirming reasonable suspicion the Specially Authorized Agency 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 Procedure legislation.
In this case the term for financial transaction suspension shall be prolonged for seven business days from the date of submitting such case referrals under condition that the overall term would not exceed fourteen business days.
The Specially Authorized Agency on the day of submitting case referrals shall inform relevant reporting entity on expiry date of the term of financial transaction suspension.

If the verification doesn't confirm the suspicion on money laundering or terrorist financing, the Specially Authorized Agency shall immediately cancel its decision on suspension of debit transactions and inform the reporting entity on it.
6. The procedure for suspension and renewal execution of financial transactions shall be established by the entities of state financial monitoring within their competence. The terms of financial transactions suspension by the reporting entities and the Specially Authorized Agency mentioned in parts one-four of this Article shall be absolute and cannot be prolonged.
7. The procedure for composing the list of persons related to terrorist activity or internationally sanctioned shall be designated by the Cabinet of Ministers of Ukraine. The grounds for enlisting a legal or natural person to the named list shall be the following:
1) court sentence in legal force concerning conviction of natural person for committing crimes, provided by the Articles 258, 258-1, 258-2, 258-3, 258-4 and 258-5 of the Criminal Code of Ukraine;
2) data formed by international organizations or their empowered bodies on organizations, legal and natural persons related to terrorist organizations or terrorists as well as on persons internationally sanctioned;
3) courts sentences (decisions), decisions of other competent agencies of foreign states concerning organizations, legal or natural persons, related to terrorist activity, acknowledged by Ukraine according to the international treaties of Ukraine.
8. List of persons, related to execution of terrorist activity or internationally sanctioned shall be informed to the reporting entities by the Specially Authorized Agency within procedure agreed with other entities of state financial monitoring.
9. 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.
10. The suspension of financial transactions according to the part one of this article as well part five of Article 22 of the current Law does not constitute the basis for civil liability of the reporting entity and its officials for violation of the terms of relevant legal deeds.
11. Procedure for excluding from the list of persons related to terrorist activity or internationally sanctioned is defined by the Cabinet of Ministers of Ukraine. The grounds for delisting a legal or natural person from the named list shall be the following:
1) quashing or cancellation of criminal record of natural person convicted by the court sentence which entered into legal force on finding this person guilty in committing a crimes provided by the Articles 258, 258-1, 258-2, 258-3, 258-4 and 258-5 of the Criminal Code of Ukraine;
2) excluding the person from data formed by international organizations or their empowered bodies on organizations, legal and natural persons related to terrorist organizations or terrorists or internationally sanctioned;
3) quashing or cancellation of criminal record of natural person convicted by the court sentence (decision), decisions of other competent foreign authorities on organizations or natural persons related to terrorist activity, acknowledged by Ukraine according to the international treaties of Ukraine;
4) existence of relevant documented data on the death of person enlisted according to the part seven of the current Article.
12. Consideration of requests for delisting persons related to terrorist activity or internationally sanctioned shall be carried within the procedure defined by the Cabinet of Ministers of Ukraine.

Section IV. TASKS, FUNCTIONS AND RIGHTS OF THE SPECIALLY AUTHORIZED AGENCY

Article 18. Tasks and Functions of the Specially Authorized Agency

1. The following shall be the tasks of the Specially Authorized Agency:

1) collection, processing and analysis of the information on the financial transactions subject to financial monitoring, other financial transactions or other information related to ML/TF suspicions;
The Specially Authorized Agency establishes principles for working out of reporting entities' information on transactions subject to financial monitoring and criteria for transactions analysis.
2) ensure realization of the state policy in AML/CTF sphere;
3) establishment and ensuring operation of unified state AML/CTF information system;
4) establishment of cooperation, interaction and information exchange with the state authorities, competent authorities of foreign states and international organizations in the named sphere;
5) ensure representation of Ukraine, according to the established procedure, in international AML/CTF organizations.
2. In accordance with the tasks assigned to it, the Specially Authorized Agency shall:
1) introduce proposals on elaboration of legislative acts, take part, according to the established procedure, in elaboration of other AML/CTF normative-legal acts;
2) submit requests to the executive power authorities, local self-government authorities, business entities on receiving information (including copies of documents) essential for fulfillment of its tasks;
3) cooperate with executive power authorities, other state authorities within AML/CTF system;
4) submit relevant case referrals, additional materials to law enforcement agencies which are empowered by criminal procedure legislation, and intelligence agencies of Ukraine to conduct operational and search activity in case of reasonable grounds to consider that financial transaction or aggregate of connected financial transactions can be related to money laundering or terrorist financing, and receive information regarding processing of such case referrals;
5) in case of reasonable grounds that financial transaction or client are connected with commitment of act provided in the Criminal Code of Ukraine and do not relate to money laundering or terrorist financing, submits such information to the relevant law-enforcement or intelligence authority in form of case referrals;
6) participate in international AML/CTF cooperation;
7) analyze ML/TF methods and financial schemes;
8) provides generalization of condition of the execution by state authorities the AML/CTF measures in the state;
9) approve draft AML/CTF normative legal acts of the entities of state financial monitoring, as well approve its draft normative legal acts on executing AML/CTF requirements by reporting entities with the entities of state financial monitoring.
10) analyze the efficiency of measures, functioning of the financial monitoring system in the state under information received from the state agencies;
11) receive from reporting entities (except specially designated) information on tracing (monitoring) of the client`s financial transactions subject to financial monitoring;
12) ensure executing the tasks prescribed by Article 14 of the current Law (with the exception of paragraphs 6, 7, 9, 10 and 14 of the part two of Article 14 of the current Law);
13) assist in detection of indicators of criminal proceeds usage in financial transactions;
14) demand from the reporting entities the execution of AML/CTF legislation requirements, if detected violations of legislation takes measures provided by the laws, and inform agency providing supervision over such reporting entity;
15) ensure implementation of AML/CTF state policy and conduct coordination of activity of state authorities in this sphere;
16) ensure according to the law organization and coordination of activity for AML/CTF retraining and professional development of financial monitoring experts on financial monitoring issues and reporting entities personnel responsible for conduction financial monitoring on the basis of the relevant training institution within the management of the Specially Authorized Agency.
17) according to legislation provide entities of state financial monitoring with information for increasing effectiveness of supervision over adherence by reporting entities of AML/CTF legislation requirements

(the scope and the procedure of submitting such information shall be designated by joint normative legal acts of the Specially Authorized Agency and relevant entities of the state financial monitoring);
18) after receiving relevant information from law enforcement authorities, authorized to take a decision according to the criminal procedure legislation, inform the reporting entity on the fact of initiation of criminal case (or closing of a criminal case in course of pretrial investigation) under its report submitted to the Specially Authorized Agency according to the requirements of the Articles 15, 16 of the current Law, as well as inform it on courts decisions taken on such criminal cases with the simultaneously informing relevant entity of state financial monitoring. The procedure of such informing the reporting entity and entity of state financial monitoring shall be established by the Specially Authorized Agency;
19) provide interpretations on application of AML/CTF normative-legal acts, issued by the Specially Authorized Agency;
20) participate, under instruction of the Cabinet of Ministers of Ukraine, in elaboration of relevant international treaties of Ukraine;
21) determine and approve with the agreement of the entities of state financial monitoring the risk criteria;
22) performs other functions pursuant to the tasks assigned to it and other duties according to the legislation.
3. The Specially Authorized Agency for performing its tasks shall have the right to establish, reorganize and liquidate the structural units in Autonomous Republic of Crimea, regions and relevant training institutions.
4. Within the scope of the current Law the Specially Authorized Agency shall ensure recordkeeping of the following:
1) information on financial transactions subject to financial monitoring;
2) case referrals and additional materials submitted to the law enforcement agencies as well as procedural decisions taken by the law enforcement agencies on the basis of consideration of such case referrals;
3) information on results of the pre-trial investigation and court decisions taken for cases in investigation of which were used (are used) submitted case referrals;
4) information on assets confiscated and seized for cases in investigation of which were used (are used) submitted case referrals;
5) sent and fulfilled international requests for AML/CTF cooperation.

Article 19. Political Independence of the Specially Authorized Agency

1. The Head of the Specially Authorized Agency shall be appointed and dismissed according to the procedure established by the legislation.
2. The utilization of the Specially Authorized Agency for party, group or personal interests shall be prohibited.
3. The activity of parties, movements and other civil unions for political purposes within the Specially Authorized Agency shall be prohibited.
4. The membership of officials and personnel of the Specially Authorized Agency in parties, movements and other civil groups shall be suspended for the period of service or work under labor contract.
The Head of the Specially Authorized Agency shall not be a member of a political party.
5. As an exception, personnel working under labor contract with a Specially Authorized Agency may participate in trade unions.

Article 20. Rights of the Specially Authorized Agency

1. The Specially Authorized Agency shall have the right to:
1) engage experts of central and local executive bodies, enterprises, institutions and organizations (with the consent of their heads) in consideration of the issues within its competence;
2) receive, free of charge according to the procedure established by legislation, information (notes, copies of documents) including the information that is classified as bank or commercial secrecy required for fulfillment of its tasks from executive power authorities, law-enforcement agencies, National Bank of Ukraine, local self-government authorities, business entities, enterprises, institutions and organizations;

3) receive from the reporting entity (except specially designated) if essential under outcome of analysis the data on tracing (monitoring) of assets turnover suspected in money laundering or terrorist financing;
4) according to the procedure established by legislation, to provide access, including automatic, to databases of entities of the state financial monitoring and other state agencies;
5) to receive under request from reporting entities information (notes, copies of documents), including the information that is classified as bank or commercial secrecy, on financial transaction subject to financial monitoring, and connected transactions. If participant of financial transaction is nonresident of Ukraine, the Specially Authorized Agency has the right to demand from the reporting entity all available information on this person. If the participant of financial transaction is resident of Ukraine, the Specially Authorized Agency has the right to demand from the reporting entity copies of this person's passport, card with signs samples and letters of attorney under which this participant took part in conduction of financial transaction subject to financial monitoring, as well as other information (copies of documents) essential to perform the tasks assigned to the Specially Authorized Agency;
6) issue normative-legal acts necessary for performing tasks and functions under Article 18 of the current Law;
7) receive, according to the procedure established by legislation, the information on processing and taking relevant measures under received materials, from the law enforcement and intelligence agencies of Ukraine which, pursuant to this Law, receive case referrals on financial transactions from the Specially Authorized Agency;
8) conduct organization and coordination of activity for AML/CTF retraining and professional development of state authorities experts on financial monitoring and with approval of relevant entities of state financial monitoring - personnel of reporting entities responsible for conduction financial monitoring;
9) conclude, in accordance with the procedure established by legislation, international interagency agreements on cooperation with relevant authorities of other countries;
10) make a decision on suspension debit transactions on the person's accounts for the period established by the current Law;
11) extend the suspension of the execution of financial transactions in cases defined by the current Law;
12) with the agreement of relevant entities of state financial monitoring participate in preparing and/or performing inspections of the reporting entities regarding adherence of AML/CTF legislation;
13) inform entities of state financial monitoring on violation of requirements of the current Law by reporting entities;
14) submit entities of state financial monitoring with statistical information according to legislation within the scope established by part four of the Article 18 of the current Law.

Section V. INTERNATIONAL AML/CTF COOPERATION

Article 21. General Principles of International AML/CTF Cooperation

1. International AML/CTF cooperation shall be carried out by entities of the state financial monitoring on reciprocity principle according to the current Law, international treaties of Ukraine ratified by the Parliament of Ukraine, other normative legal acts considering recommendations and standards of the Financial Action Task Force (FATF), Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL), European Union, World Bank, International Monetary Fund, Egmont Group of Financial Intelligence Units, United Nations Organization.

Article 22. Competence of State Authorities to Ensure International AML/CTF Cooperation

1. The Specially Authorized Agency, according to the international treaties of Ukraine under reciprocity principle or spontaneously, shall conduct international cooperation with relevant agencies of foreign states in part of exchange of AML/CTF experience and information.

2. The Specially Authorized Agency shall disclose information with restricted access to the relevant agency of foreign state on the conditions of ensuring by the latter of its protection similar to the level of the national standards acting in Ukraine and its use exclusively for the purposes of criminal justice in cases on money laundering or terrorist financing.

3. Execution by the Specially Authorized Agency of a request of the relevant foreign agency shall constitute grounds to demand information, essential for execution of the request (including banking or commercial secrecy), copies of documents, from state authorities, companies, institutions, organizations and reporting entities. The Specially Authorized Agency demand for submission of information, essential for execution of a request of relevant foreign agency, shall contain reference number and registration date of the request in the relevant register of the Specially Authorized Agency.

4. The refusal or postponement in execution of the request for international AML/CTF cooperation shall be performed exclusively on the basis of international treaties of Ukraine.

5. Executing relevant request of foreign authorized agency on suspending relevant financial transaction as related to ML/TF, the Specially Authorized Agency is empowered to assign the reporting entity to suspend or renew performing or to provide monitoring of financial transaction of relevant person within the period mentioned in the request. Procedure of suspending and renewal of such financial transaction shall be established by the supervisory authority regulating and control under reporting entities within its competence.

6. The Ministry of Justice of Ukraine shall be entrusted with performance of international AML/CTF cooperation in the part of execution of court decisions concerning confiscation of the proceeds, while the General Prosecutor's Office of Ukraine shall be entrusted with execution of procedural actions in the framework of investigation of criminal cases on money laundering or terrorist financing.

7. Criminal proceeds confiscated while proceeding the case on money laundering or terrorist financing and subject to recover to Ukraine or to foreign state shall be transferred according to international treaty of Ukraine with such a state on distribution of confiscated assets or proceeds from such assets. The funds received by Ukraine under such international treaty shall be transferred to a special fund of the state budget if other is not provided by the law.

8. Entities of state financial monitoring shall conduct international cooperation with relevant foreign agencies on exchange of experience and information on AML/CTF regulation and supervision over activity of financial institutions in the area, according to the international treaties of Ukraine or spontaneously.

9. The Specially Authorized Agency and other entities of state financial monitoring within their competence shall cooperate with the Financial Action Task Force (FATF) and other international AML/CTF organizations.

10. Ukraine, according to international treaties of Ukraine ratified by the Parliament of Ukraine and laws of Ukraine, recognize the court sentences (decisions), decisions entered to a legal force of other foreign competent authorities regarding persons which have proceeds from crime.

Ukraine, according to international treaties of Ukraine ratified by the Parliament of Ukraine and laws of Ukraine, recognize the court sentences (decisions), decisions entered to a legal force of other foreign competent authorities regarding confiscation of the proceeds from crime or equivalent property situated on the territory of Ukraine.

The confiscated proceeds from crime or equivalent property on the basis of the relevant international treaty of Ukraine can be transferred in a full scope or partially to a foreign state which court or other competent agency had taken a sentence (decision) on confiscation.

11. The decision on extradition to the foreign state of persons committed crimes related to money laundering or terrorist financing shall be taken under obligations of Ukraine according to the international

treaties of Ukraine, and decision on transit traffic of such persons through the territory of Ukraine shall be taken under obligations of Ukraine within international treaties of Ukraine.
In case of absence of the relevant international treaty with foreign state requesting extradition with Ukraine, the named persons could be extradited for crimes related to money laundering or terrorist financing exclusively within adherence the reciprocity principle.

Section VI. LIABILITY FOR VIOLATION OF THE CURRENT LAW REQUIREMENTS AND REINSTATEMENT OF RIGHTS AND LEGITIMATE INTERESTS

Article 23. Liability for Violation of the current Law Requirements

1. Persons guilty of violation of the current Law requirements shall be subject to criminal, administrative and civil liability according to the law. Also such persons may be deprived of the right to conduct certain kinds of activity pursuant to the law.
2. Legal persons conducted ML/TF financial transactions may be liquidated by a court decision.
3. If the reporting entity fails to comply (irrelevant compliance) the current Law requirements and/or other AML/CTF normative- legal acts it could be fined according to the procedure defined by the law:
-for violation of requirements on person`s identification and verification in cases provided by the legislation, - at the rate up to 500 tax-free minimum incomes of citizen (for reporting entities which are not legal persons – at the rate up to 100 tax-free minimum incomes of citizen);
-for non-detection, untimely detection and violation of the procedure for registration of financial transactions which according to the legislation are subject to financial monitoring, - at the rate up to 800 tax-free minimum incomes of citizen (for reporting entities which are not legal persons – at the rate up to 100 tax-free minimum incomes of citizen);
-for non-submission, untimely submission, violation of procedure for submission or submission of false information to the Specially Authorized Agency on financial transactions which according to the legislation are subject to financial monitoring, - at the rate of 2000 tax-free minimum incomes of citizen (for reporting entities which are not legal persons – at the rate up to 100 tax-free minimum incomes of citizen);
-for violation of the procedure for suspension of financial transactions – at the rate up to 1000 tax-free minimum incomes of citizen (for reporting entities which are not legal persons – at the rate of 100 tax-free minimum incomes of citizen);
-for violation of obligations provided by Articles 6, 8-12, 17, 22 of the current Law and not stated in paragraphs 1-5 of the part three of the current Article at the rate up to 300 tax-free minimum incomes of citizen (for reporting entities which are not legal persons – at the rate of 100 tax-free minimum incomes of citizen).
4. Repeated (during a year) violation by the reporting entities – legal person or citizens – business entities of the current Law requirements and/or AML/CTF normative-legal acts shall be resulted with imposition of fine at the rate up to 3000 tax-free minimum incomes of citizen (for citizens – business entities – at the rate of 200 tax-free minimum incomes of citizen).
5. Besides application of financial sanctions for repeated similar violations during one year by reporting entities of the current Law requirements and/or AML/CTF normative- legal acts, the entity of the state financial monitoring could restrict, terminate or cancel the license or other special leave for execution certain kinds of activity in the procedure prescribed by the legislation.
6. In case of severe violation by the reporting entity official of the requirements of the current Law and/or AML/CFT normative-legal acts the entity of state financial monitoring could take a decision on temporary dismissal from the position of such official of reporting entity.
7. Sanctions to the reporting entities within this article are imposed by the entities of the state financial monitoring regulating and supervising the reporting entities activity within their competence.
If a person conducted several violations foreseen in the part three of the current Article the penalty shall be implicated within the sanction provided for more gross violation from the conducted.

Article 24. Reinstatement of Rights and Legitimate Interests
1. Upon a court decision, the criminal proceeds shall be subject to confiscation in favor of state or returned to its owner whose rights or legitimate interests were violated, or their cost shall be compensated.
2. The agreements aimed at money laundering or terrorist financing shall be considered as null and void in accordance with the procedure prescribed by the law.
3. The entities of financial monitoring, their officials and other personnel shall not be liable for the damage caused to legal and natural persons as a result of performance of their official duties during execution of financial monitoring, provided they acted within their duties, obligations and in the manner prescribed by the current Law.

4. The damage, caused to legal or natural person by illegal actions of the state agencies as a result of AML/CTF actions, shall be compensated from the State Budget of Ukraine.

Section VII. CONTROL AND SUPERVISION OVER ADHERENCE OF THE AML/CTF LAWS

Article 25. Control over Adherence of AML/CTF Laws
1. Control over adherence of AML/CTF laws shall be executed by the state power authorities within their competence in procedure defined by the law.
2. The Specially Authorized Agency annually in March submits AML/CTF report to the Parliamentary Committee on Finance and Banking and Parliamentary Committee on Combating Organized Crime and Corruption.

II. FINAL PROVISIONS

1. This Law shall enter into force in 90 days from the date of its publication.
2. The following legal acts of Ukraine shall be amended:
1) part 3 of the Article 112 of the Criminal Procedure Code after numbers “258-4” shall be supplemented with numbers “258-5”;
2) In the Administrative Code of Ukraine:
a) The Article 166^9 shall be read in the following wording:

"Article 166^9. Violation of AML/CTF legislation
Violation of requirements on identification and financial activity verification of person conducting financial transaction; failure to submit, untimely submission or submission false information on financial transactions subject to financial monitoring to the specially authorized central agency of executive power on financial monitoring issues; failure to submit, untimely submission of additional information on financial transactions subject to financial monitoring under request of the specially authorized central agency of executive power on financial monitoring issues; violation of requirements on recordkeeping related to identification and financial activity verification of person conducting financial transaction, and conducted financial transactions; failure to report the specially authorized central agency of executive power on financial monitoring issues on suspension financial transaction if the participant or beneficiary included to the list of person related to terrorist activity or internationally sanctioned, -
shall be punishable by a penalty imposed on reporting entities officials, citizens – business entities at the rate of 100 to 200 tax-free minimum incomes of citizen.
Failure to submit, untimely submission or submission of false information related to analysis of financial transactions subject to financial monitoring, notes and copies of documents (including bank and commercial secrecy) on the request of the specially authorized central agency of executive power on financial monitoring issues –

shall be punishable by a penalty imposed on officials of the institutions, enterprises and organizations, citizens – business entities which are not a reporting entities at the rate of 100 to 200 tax-free minimum incomes of citizen.
Any disclosure of information which according to the Law shall be subject to exchange between the reporting entity and specially authorized central agency of executive power on financial monitoring issues or the fact of submission (receiving) such information by the persons aware of such information during their professional or service activity, –
shall be punishable by a penalty at the rate of 300 to 500 tax-free minimum incomes of citizen.";
b) supplement with the Article 188^{34} of the following wording:

"Article 188^{34}. Failure to execute legal requirements of the state financial monitoring entities officials
Failure to execute legal requirements of the officials of the state authorities to address violations of AML/CTF legislation or putting obstacles to execute their duties –
shall be punishable by a penalty imposed on reporting entities officials, citizens – business entities at the rate of 100 to 200 tax-free minimum incomes of citizen.";

c) Article 221 after numbers "Article 188^{33}" to supplement with numbers "Article 188^{34}";
d) in the paragraph 1 of the part one of the Article 255:
in the abstract "National Bank of Ukraine (the Articles 164^{11}, 166^{7} - 166^{9})" numbers "166^{9}" shall be replaced with number "166^{8}";
abstract "Specially Authorized Agency of executive power on financial monitoring issues (Article 166^{9})" shall be excluded;
abstract "State Commission for Securities and Stock Market (Articles 166^{9}) shall be excluded;
supplement with abstract of the following wording:
"entities of the state financial monitoring (Articles166^{9} , 188^{34})";
e) in the part two of the Article 277 the words and numbers "Articles 46^{1}, 51 and 176" to amend with words and numbers "Articles 46^{1}, 51, 166^{9}, 176 and 188^{34}";
3) In the Criminal Code of Ukraine:
a) in Article 209:
in abstract 1 of the part one words "or concluding agreement" to amend with words "or legal deed";
paragraph 1 of the note shall be read as follows:
"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 of country where it was committed, and is a crime under Criminal Code of Ukraine and resulted in illegal proceeds";

b) Article 209-1 shall be read as follows:

"Article 209-1. Intentional violation of AML legislation
1. Intentional failure to submit, untimely submission or submission false information on financial transactions which according to the law are subject to financial monitoring to the specially authorized central agency of executive power on financial monitoring issues, if it caused essential damage to the rights, freedoms or interests of individual citizens, state or public interests or interests of individual legal persons protected by law, -
shall be punishable by fine at the rate of 1000 to 2000 tax-free minimum incomes of citizen or deprivation liberty up to 2 years, with deprivation of the right to occupy certain positions or engage in certain activities for a term up to 3 years.

2. Any disclosure of information which according to the law is submitted to the specially authorized central agency of executive power on financial monitoring issues, by a person which received this information in the course of professional or service activity, if it caused essential damage to the rights, freedoms or interests of individual citizens, state or public interests or interests of individual legal persons protected by law, -
shall be punishable by fine at the rate of 2000 to 3000 tax-free minimum incomes of citizen or deprivation liberty up to 3 years, with deprivation of the right to occupy certain positions or engage in certain activities for a term up to 3 years.";
c) in the part one of the Article 258-3 the word "material" shall be excluded;
d) in part one of the Article 258-4 the words "financing, material provision" shall be excluded;
e) supplement with the Article 258-5 with the following wording:

"Article 258-5. Terrorist Financing
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.
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.
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.
4. A person, except organizer or manager of terrorist group (organization), shall be exempted from criminal liability for the actions envisaged by this Article in vase 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.
4) in the Civil Code of Ukraine:
a) part one of the Article 1074 to supplement with the words "as well as in case of suspension of financial transactions that could be related to money laundering or terrorist financing provided by the law";
b) Article 1087 shall be supplemented with part three of the following wording:
"3. Cash payments threshold for legal and natural persons – business entities according to this article shall be established by the National Bank of Ukraine.";
5) part one of the Article 6 of the Law of Ukraine on Operational and Search Activity shall be supplemented with the paragraph 4 of the following wording:
"4) existence of case referrals of the special central agency of executive power on financial monitoring issues received within the procedure defined by the law.";
6) Article 15 of the Law of Ukraine on State Tax Service in Ukraine after part three to supplement with two new parts of the following wording:
"State tax service officials execute organizational-management and consultative-advisory functions provided by the legislation of Ukraine.

The legal status of state tax service officials, their rights and duties are defined by the Constitution of Ukraine, current Law, and in part that is not covered by it – by the Law of Ukraine on Civil Service".
Parts 4-9 shall be considered as parts 6-11.
7) in the Law of Ukraine On State Regulation of Securities Market in Ukraine:
a) part two of the Article 7 shall be supplemented with the paragraph 38 of the following wording:
"38) execute other tasks according to the law.";
b) Article 8 shall be supplemented with the paragraph 33 of the following wording:
"33) execute other rights provided by the law";
c) part three of the Article 11 shall be read as follows:
"In case of nonpayment of penalty during 15 days the enforced recovery of penalties is executed on the basis of the relevant court decision under the claim of the State Commission on Securities and Stock Market.";
8) in the Law of Ukraine on Charity and Charity Organizations:

a) in Article 8:
part four after words "data on the founders (founder)" shall be supplemented with the words "(for the founders – legal persons – with addition of proven documents on structure of founders' property that enable to determine owners of sufficiency share in these legal persons)";
part nine after words "on changes in the statutory documents" and "to the registering agency " shall be supplemented accordingly with the words "or structure of the legal persons-founders' property" and "with addition of relevant proven documents";
part ten shall be supplemented with words "or failure to submit/untimely submission of notification about changes in statutory documents or in structure of legal person-founder's property or if available the person with direct or indirect influences on legal person – founder and/or receive significant part of the proceeds from activity of such legal person, who enlisted to the list of persons related to terrorist activity";

b) part one of the Article 9 after words "procedure of establishing charity organization or" shall be supplemented with the words "availability of the founders/owners of sufficiency share in the legal person – founder or the person with 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";
9) in the Law of Ukraine on Banks and Banking:
a) first sentence of the part two of the Article 59 shall be read as follows:
"The suspension of own expenditure transactions of the bank on its accounts as well as suspension of debit transactions of the legal and natural persons shall be executed only in case of seizure according to part one of this Article with the exception of cases prescribed by the Law on Prevention and Counteraction to the Legalization (Laundering) of the Proceeds from Crime or Terrorist Financing.";
b) in Article 62:
paragraph 5 of the part one shall be read as follows:
"5) to the special central agency of executive power on financial monitoring issues on its request on financial transactions related to financial transactions subject to financial monitoring (analysis) in accordance to AML/CTF legislation as well as on participants of mentioned transactions";
part nine after word "Regulations" shall be supplemented with the words „of part two and four";
c) part two of the Article 63 shall be read as follows:
"National Bank of Ukraine supervising the activity of the banks shall perform the inspections of the banks on compliance to AML/CTF legislation requirements and sufficiency of the measures aimed at prevention money laundering or terrorist financing";
d) in Article 64:
part one shall be supplemented with a new part of the following wording:

“Banks shall be prohibited to establish correspondent relations with banks, other financial institutions – non-residents that have no permanent location and don’t perform activity in the place of their registration and/or don’t subject to relevant supervision in the country (territory) of their location as well as with banks and other financial institution – non-residents that maintain such correspondent relations”.
parts two-nine shall be considered as parts three-ten;
abstract four of the part four shall be read in the following wording:
“customers conducting cash transactions without opening an account on amount that equals or exceeds UAH 150 000 or the equivalent amount in foreign currency”;
in the first sentence of the part six the words “its person” shall be excluded;
in part seven:
first and second sentence shall be amended with a sentence of the following wording:
“For identification of the legal person except state and municipal enterprises bank shall be obliged to identify natural persons who own significant share in this legal person as well as natural persons with direct or indirect influence on this legal person”;
in the fourth sentence the words “have doubtful nature” shall be replaced with the words “subject to financial monitoring”, and words “prescribed by the legislation”, “that supervise and/or control the activity of this legal person” and “prescribed by the legislation” shall be excluded;
in part eight the words “have doubtful nature” and “Mentioned agencies” shall be replaced accordingly with the words “subject to financial monitoring” and “the Agencies”;
part ten shall be excluded;

10) in Article 18 of the Law of Ukraine on Financial Services and State Regulation of Financial Services Markets”:
in third sentence of the part eight the word “bank” shall be replaced with words “financial institution”;
part eleven shall be excluded;

11) in the Law of Ukraine on Combating Terrorism:
a) in Article 1:
abstract eleven shall be read as follows:
“financing and other promotion of terrorism”

abstract eleven shall be supplemented with a new abstract of the following wording:
“providing or collection of 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 CC of Ukraine, 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”.
abstract twelve – twenty shall be abstracts thirteen – twenty one correspondingly;

b) in Article 4:

part four after abstract one shall be supplemented with a new abstract of the following wording:
“specially authorized central agency of executive power on financial monitoring issues”.
abstracts two – twelve shall be abstracts three – thirteen correspondingly;
part five shall be read as follows:
“In case of reorganization or changes in names of central agencies of executive power enlisted in this article, their functions in the sphere of combating terrorism could be transferred to their successors if this provided by the relevant acts of the Cabinet of Ministers of Ukraine and President of Ukraine”;
12) part one of the Article 24 of the Law of Ukraine on State Registration of Legal Persons and Natural Persons – Business Entities shall be supplemented with abstract six of the following wording:

"information with submission of the supporting documents on structure of founders – legal persons' property that enable to establish the natural persons - owners of significant share of these legal persons";
13) part one of the Article 2 of the Law of Ukraine on Legal Persons Liability for Commitment Corruption Offences after word "Articles" shall be supplemented with numbers "258-5".

3. Cabinet of Ministers of Ukraine during three months from the date of publication of the current Law:

shall harmonize its normative-legal acts with the current Law;
ensure ministries and other central agencies of executive power adopt acts essential for implementation of the current Law, as well as harmonize their normative legal acts with the current Law.
During 3 month after the entering into force of the current Law, the National Bank of Ukraine shall harmonize its normative legal acts with the current Law and submit its proposals regarding amendments arising from the current Law.

The President of Ukraine L. Kuchma

Kyiv
November 28, 2002
No. 249-VI

Unofficial translation

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

The Parliament of Ukraine resolves:
I. To introduce amendments to the following laws of Ukraine:
1. In the ***Code of Administrative Justice of Ukraine*** (information of the Parliament of Ukraine, 2005, No 35-37, p.446):

1) to supplement Section III with the ***Article 183-4*** of the following content:

"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.

9. 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 to them shall be conducted on the grounds of administrative lawsuit of Head of the Security Service of Ukraine or his/her deputy.

10. Administrative lawsuit shall be submitted to the court of first instance under general rules of jurisdiction stipulated by this Code in writing and shall contain:

6) name of administrative court;

7) name, postal address and telephone number of the applicant;

8) reasons of lawsuit, circumstances confirmed by proofs and the requirements of an applicant;

9) list of documents and other materials annexed;

10) sealed signature of the authorized person of the subject of power authorities.

11. In case of failure to comply with the requirements of part two of this article the court shall notify the applicant and provide a term to address the deficiencies.

Non-fulfillment of the courts demands in provided terms entails return of the applicant's lawsuit and attached documents.

Return of the lawsuit is not a hindrance for recurrent submission to the court with it after elimination of all deficiencies that lead to the address to the court.

12. The court shall refuse by the judgment in acceptance of the lawsuit in the instance if the claim does not fall under part 1 of this Article. Refusal in acceptation of this lawsuit makes impossible recurrent address of the applicant with the same lawsuit.

13. 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-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 imposition or lift or to which the access is provided, shall not be notified on the consideration of the case by the court.

14. Court resolution shall contain:

5) date of adoption of resolution;

6) name of the court, surname, name and patronymic name of judge;

7) motives and conclusion of the court on essence of the claims laid with reference to the law;

8) the procedure for making actions stipulated by the resolution.

15. 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.

16. 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 to them are final and subject to fulfillment without delay.";

2. The ***Article 256***, part ***1*** supplement by paragraph ***8*** of the following content:

"8) 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 of the persons and authorizing access to them.".

2. The ***Article 25***, part ***2*** of the of the ***Law of Ukraine On the Security Service of Ukraine*** (information of the Parliament of Ukraine 1992, No 27, p. 382; 2003, No 45, p.357) shall be supplemented with point ***7*** of the following content:

"7) according to the Law 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.".

3. In the ***Law of Ukraine "On Fight Against Terrorism"*** (information of the Verkhovna Rada of Ukraine, 2003, No 25, p. 180; 2005, No 25, p. 335; 2006, No 14, p.116; 2009, No 36-37, p. 511; 2010, No 19, p.151; No 29, p. 392; 2011, No 10, p.63):

1) The ***Article 1*** after the paragraph third shall be supplemented with a new paragraph of the following content:

"the assets related to terrorist financing or financial transactions suspended under the decisions taken on the base of UN SC Resolutions, shall be funds, property, property and non-property rights, that fully or partially, directly or indirectly owned or controlled by persons related to terrorist activity or internationally sanctioned, and the assets obtained or generated from such funds, property, property and non-property rights, as well as other assets of the mentioned persons;".

In connection with that to consider paragraphs four – twenty first as paragraphs five – twenty two;

2) to supplement part one of the Article 5 after words "conducts pre-trial investigation in cases if crimes related to terrorist activity;" with words "initiates the issue on imposition of freezing for an indefinite term to the assets related to terrorist financing or financial transactions suspended under the decisions taken on the base of UN SC Resolutions, lifting freezing from such assets and authorizing access to such assets under the request of person that can confirm with documents the necessity to cover basic and extraordinary expenditures;";

3) to supplement with the ***Articles 11-1*** and ***11-2*** of the following content:

“Article 11-1. 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

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”.

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.

Imposing to and lifting freezing out of the assets related to terrorist financing or financial transactions suspended under the decisions taken on the base of UN SC Resolutions, shall be conducted under the court decision.

Article 11-2. Procedure for authorizing access to the assets related to terrorist financing or financial transactions suspended under the decisions taken on the base of UN SC Resolutions

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.

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.

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.

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.

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.”.

II. This Law shall enter into force on the day following the day of its publication.

Head of the Parliament of Ukraine

Unofficial translation

Law of Ukraine
On amending some legislative acts of Ukraine on inside information

The Parliament of Ukraine resolves:
I. To amend the following legislative acts of Ukraine:

1. In the ***Article 163[9]*** of the ***Code of Ukraine on administrative offences*** (information of the Parliament of USSR, 1984, annex to No 51, page 1122):

1) first paragraph shall be laid down in the following wording:
"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, and conducting transactions using inside information for one's own account or for the account of other persons aimed at acquisition or disposal of securities or derivative financial instruments to which inside information relates"
2) there shall be note of the following content:
"Note. The persons that committed the actions provided for by this Article shall be deemed officers of the issuers including those that have been officers on the moment of acquaintance with inside information; the persons that have access to inside information through the exercise of their employment, profession or duties or contractual obligations regardless relationships with the issuer, including officers of the stock exchange professional actors; civil servants that possess inside information through the exercise of their profession or duties; the persons that got acknowledged with inside information by virtue of their criminal activities; auditors, notaries, experts, assessors, sequestrators or other persons exercising the public powers conferred on them by the law".
2. In the ***Article 232[1]*** of the ***Criminal Code of Ukraine*** (information of the Parliament of Ukraine, 2001, No 25-26, page 131):
1) part one shall be substituted by two parts of the following content:
"1. 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.

2. Making legal acts (deeds) using inside information for one's own account or for the account of other persons aimed at acquisition or disposal of securities or derivative financial instruments to which the inside information relates, 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 untaxed minimum of citizens' income or by the restriction of freedom for the term to three years, or imprisonment for the term to two 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".

Therefore, part two shall be considered part three;

2) In part three:
paragraph one shall be laid down in the following wording:

"3. The actions provided for by part one or two of this article if they are committed recurrently or under prior collusion of a group of persons if such actions have caused grave consequences, – ";

second paragraph after the words "by the restriction of freedom for the term from two to five years" to be supplemented with the words "or imprisonment for the same term";

3) to supplement with part four of the following content:

"4. The actions provided for by part one-three of this Article if they are committed by an organized group, –

shall be punished by the imprisonment for the term from two to five years with deprivation of the right to occupy certain positions or to undertake certain activity for the term up to three years and confiscation of the property or without it";

4) in the note:

point 1 to be laid down in the following wording:

"1. Significant size (significant loss, significant damage) in this Article shall be a size (loss, damage) that 500 and more times exceeds untaxed minimum of the citizens' incomes.";

to supplement with point 3 of the following content:

"3. The persons that committed the actions provided for by this Article shall be deemed officers of the issuers including those that have been officers on the moment of acquaintance with inside information; the persons that have access to inside information through the exercise of their employment, profession or duties or contractual obligations regardless relationships with the issuer, including officers of the stock exchange professional actors; civil servants that possess inside information through the exercise of their profession or duties; the persons that got acknowledged with inside information by virtue of their criminal activities; auditors, notaries, experts, assessors, sequestrators or other persons exercising the public powers conferred on them by the law".

3. The ***Article 11***, part ***1***, point ***12*** of the ***Law of Ukraine "On State Regulation of the Securities Market in Ukraine"*** (information of the Parliament of Ukraine, 1996, No 51, page 292; 2009, No 23, page 278;) to be laid down in the following wording:
"12) intentional illicit disclosure, dissemination or providing access to inside information (excluding disclosure of inside information through the exercise of employment, profession or duties and in other instances provided for by the law) as well as providing recommendations with the use of such information on acquisition or disposal of securities or derivative financial instruments, or conducting transactions using inside information for one's account or for the account of other persons aimed at acquisition or disposal of securities or derivative financial instruments to which inside information relates –"

from ten to fifty thousand tax-free minimum of citizens' incomes or in the amount from one hundred fifty to three hundred percents of the profit (income) gained in the results of these actions".

4. In the ***Law of Ukraine "On Securities and Stock Market"*** (information of the Parliament of Ukraine, 2006, No 31, page 268):
1) The ***Article 44*** to be laid down in the following wording:

"Article 44. Inside information

1. Inside information shall mean information which has not been made public, relating to the issuer, its securities and derivative financial instruments traded in the stock exchange or transactions regarding them, if it were made public, would be likely to have a significant effect on the prices of securities and

derivative financial instruments and which is subject to publication pursuant to the requirements stipulated by this Law.

2. Information on the estimation of the securities and/or financial economic state of the issuer if it is obtained on the base of disclosed information or information from other publicly available data not forbidden by the legislation, shall not be deemed inside information.

3. The information shall not be deemed inside information from the moment of its publication pursuant to the law";

2) in the ***Article 45***:

in paragraph one word "insider" shall be substituted by the words "the person that possesses inside information";

paragraph two and four after words "securities" shall be supplemented by the words "and derivatives";

part two shall be laid down in the following wording:

"2. Stock exchange shall inform the State Commission on Securities and Stock Market on transactions with securities and/or derivatives in case, when there is a suspicion that in course of performing such transactions inside information is used or may be used."

to exclude part three.

Therefore, part four shall be deemed part three.

II. This Law shall enter into force on the day following the day of its publication.

Head of the Parliament of Ukraine

Unofficial translation

Law of Ukraine

On amending some legislative acts of Ukraine on prevention to legalization (laundering) of the proceeds from crime

The Parliament of Ukraine resolves:

I. To amend the following laws of Ukraine:

1. The ***Article 112***, parts ***2*** and ***4*** of the ***Criminal Procedural Code of Ukraine*** after figures "222" shall be supplemented with the figures "222-1".

2. The ***Article 163-8*** of the ***Code of Ukraine on Administrative Offences*** (information of the Parliament of USSR, 1984, annex to № 51, p. 1122) shall be laid in the following wording:

"Article 163-8. Stock market manipulation

Intentional actions of an officer of the stock market professional or natural person that have the signs of manipulation in the stock exchange, stipulated by the law on state regulation of the securities market –

entail imposing a fine from one hundred up to five hundred untaxed minimum of citizens' incomes.

The same actions, committed by a group of persons or by person, who during a year was subjected to administrative penalty for an offence provided for by part 1 of this Article, -

entail imposing a fine from five hundred up to seven hundred fifty untaxed minimum of citizens' incomes.".

3. The ***Criminal Code of Ukraine*** (information of the Parliament of Ukraine, 2001, № 25-26, Art. 131) shall be supplemented with the ***Article 222-1*** of the following content:

"Article 222-1. Stock market manipulation

1. Intentional actions of an officer of the stock market professional or natural person that have the signs of manipulation in the stock market, stipulated by the law on state regulation of the securities market resulting in obtaining by the stock market professional or by natural person person or by third party of income in significant size, or avoiding by such persons of losses in significant size, or if it has incurred significant damage to the rights, freedoms and interests of legal persons protected by the law, -

shall be punished by a fine from seven hundred fifty up to two thousand untaxed minimum of citizens' incomes or by the restriction of freedom for a term of up to three years, or imprisonment for the same term with deprivation of the right to occupy certain positions or carry out certain activities for a term of up to three year.

The same actions, committed recurrently or under previous conspiracy by group of persons, or if they have caused grave consequences, -

shall be punished with a fine from two up to three thousand of untaxed minimum of citizens incomes, or by the restriction of freedom for a term of from two up to five years, or imprisonment for the same term with deprivation of the right to occupy certain positions or carry out certain activities for a term of up to three year.

Note: 1. Significant size in this Article shall be a size that 500 and more times exceeds untaxed minimum of the citizens' incomes.

2. Significant damage in this Article shall be the damage that 500 and more times exceeds an untaxed minimum of citizens' incomes.

3. Grave consequences in this Article shall be the damage that 1 000 and more times exceeds an untaxed minimum of citizens' incomes.".

4. In the ***Law of Ukraine on State Securities Market Regulation in Ukraine*** (information of the Parliament of Ukraine, 1996, № 51, p. 292 with the following amendments):

1) The ***Article 1***, paragraph ***16*** of shall be excluded;

2) to supplement the ***Article 7***, part ***2*** of with points 37-1 and 37-2 of the following content:

"37-1) determines availability of the signs of manipulation in the stock exchange;

37-2) sets out the criteria of essential deviation of the price from current price of the financial instrument in the stock exchange depending on type, liquidness and/or market price of the financial instrument;".

3) to supplement the ***Article 10-1*** of the following content:

"Article 10-1. Manipulation in the stock exchange

Manipulation in the stock exchange shall mean

1) conducting or attempt to conduct the transactions or to make an order to trade financial instruments which give or are likely to give false or misleading signals as to the supply of, demand for or price of the financial instrument, individually or under prior conspiracy of a group of persons and that lead to formation of prices other than those that would exist unless such transactions or orders have not been made;

2) conducting or attempt to conduct transactions or to make an order to trade financial instruments through intentional illegal actions, including fraud or insider dealing;

3) dissemination of information through the media, including electronic media, or by any other means, which gives, or is likely to give false or misleading signals to the stock exchange actors as to the price, demand, proposal and scope of the financial instruments traded in the stock exchange, including the dissemination of false or misleading information, where the person who made the dissemination knew, or ought to have known, that the information was false or misleading;

4) buying or selling of financial instruments at the close of the close of the market with the effect of misleading investors acting on the basis of closing prices.

5) recurrent acquisition or disposal of the financial instruments within a trade day by two or more trade participants in their own interests or at the expense of the same customer under which every trade participants is a seller and buyer of the same financial instrument under the same price in the same quantity, or that have no evident economic sense or evident legal aim at least for one trade participant (or their customers), and giving by the customer to several trade participants order to conclude for his/her account one or more transactions with the same financial instrument under which seller and buyer act in the interests of the customer;

6) recurrent within a trade day conducting or attempt to conduct transactions or to make orders to trade financial instruments that have no evident economic sense or evident legal aim if under the results of such trade securities owner remains the same;

7) recurrent failure of trade participant to fulfill the obligations under trade contracts concluded during a trade day in his/her own interests or at the expense of the customers if concluding of such contracts lead to significant increase or decrease of price of the financial instrument provided that such contracts had a significant effect on the price of the financial instrument;

8) conducting in the stock exchange of transactions with the financial instrument under the price that has an essential deviation from the price of an appropriate financial instrument that was formed in the stock exchange during the same trade session (current price) through giving unaddressed orders on

condition that transactions have been carried out on behalf and/or at the expense of persons between which (or whose employees) there was a prior collusion on acquisition or disposal of the financial instrument under the price that has an essential deviation from current price.";

The following shall not be considered market manipulation:

1) pegging of prices for the emissive securities because of their public placement or circulation on condition that that such actions are conducted by the stock exchange participant on the base of an appropriate agreement with the securities' issuer;

2) pegging of the prices for the securities of open or interval collective investment undertakings because of the purchase thereof in the instances stipulated by the law;

3) pegging of the prices, demand, and proposal or trade turnover by financial instruments on condition that such actions are conducted by the stock exchange participant on the base of an appropriate agreement with the stock exchange.

The actions carried out by the state authorities in pursuit of monetary or public debt management policy shall not be regarded manipulation.";

4) In the ***Article 11***, part ***1***:

to lay out paragraph 1 of the point 11 in the following wording:

"11) intentional actions that have the signs of manipulation in the stock exchange stipulated by this law-";

to exclude paragraph 38.

II. This Law shall enter into force on the day following the day of its publication.

Head of the Parliament of Ukraine

Unofficial translation

LAW OF UKRAINE
ON FIGHT AGAINST TERRORISM

with amendments introduced by the Laws of Ukraine
as of May 31, 2005
...
as of April 21, 2011

This Law with the purpose of defense of person, state and society against terrorism, disclosure and removal of reasons and terms which generate it, determines legal and organizational bases of fight against this dangerous phenomenon, powers and duties of agencies of executive power, associations of citizens and organizations, officials and separate citizens in this sphere, procedure of co-ordination of their activity, guarantees of legal and social defense of citizens because of their participation in a fight against terrorism.

This Law provisions cannot be applied as the ground for prosecuting citizens, who, operating within the limits of law, stand up for their constitutional rights and freedoms.

Chapter I. GENERAL PROVISIONS

Article 1. Definition of the Main Terms

In this Law terms stated below are used in such meaning:
terrorism is a socially dangerous activity, that underlies in conscious, purposeful application of violence by the capture of hostages, arsons, murders, tortures, intimidation of population and power agencies or perpetration of other encroachment upon life or health of not guilty people or threats of committing of criminal acts with the purpose of achieving criminal purposes;

terrorist act is the criminal act in the form of application of weapon, commission of explosion, arson or other actions, responsibility for which is foreseen by the Article 258 of the Criminal Code of Ukraine. In the case when terrorist activity is accompanied by the commitment of crimes foreseen by the Articles 112, 147, 258 - 260, 443, 444, and also other Articles of the Criminal Code of Ukraine, responsibility for their perpetration comes in accordance with the Criminal Code of Ukraine;

the assets related to terrorist financing or financial transactions suspended under the decisions taken on the base of UN SC Resolutions, shall be funds, property, property and non-property rights, that fully or partially, directly or indirectly owned or controlled by persons related to terrorist activity or internationally sanctioned, and the assets obtained or generated from such funds, property, property and non-property rights, as well as other assets of the mentioned persons;

technological terrorism is the crimes perpetrated with a terrorist purpose using nuclear, chemical, bacteriological (biological) and other weapon of mass destruction or its components, other substances harmful for people's health, and facilities of electromagnetic action, computer systems and communication networks, including invasion, lay-up and destruction of potentially dangerous objects, which directly or indirectly pose a threat or jeopardize with extraordinary situation as a result of these actions and make a danger for a personnel, population and environment; create conditions for accidents and catastrophes of technogenic nature;

terrorist activity is activity which covers:

planning, organization, preparation and realization of terrorist acts;

instigation to committing of terrorist acts, violence over natural persons or organizations, elimination of material objects in terrorist aims;

organization of illegal armed groups, criminal groups (criminal organizations), organized criminal groups for committing terrorist acts as well as participation in such acts;

recruiting, armament, preparation and use of terrorists;

propaganda and distribution of ideology of terrorism;

financing and other promotion of terrorism;

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

international terrorism is carried out in a world or regional scale by terrorist organizations, by the groups, including at support of state agencies of the separate states, with the purpose of achieving certain goals socially dangerous violent acts, related to the kidnapping, capture, murder of not guilty people or threat to their life and health, destruction or threat of destruction of important national economic objects, systems of life-support, communications, by application or threat of application of nuclear, chemical, biological and other weapon of mass destruction;

terrorist is a person which takes part in terrorist activity;

terrorist group - group from two and more of persons which teamed up with the purpose of commitment terrorist acts;

terrorist organization is a solid association of three and more of persons created with the purpose of undertaking terrorist activity within which distributing of functions is carried out, the rules of conduct obligatory for these persons during preparation and perpetrating of terrorist acts are specified. Organization is acknowledged terrorist, if at least one of its structural subdivisions carries out terrorist activity with awareness of even one of leaders (leading bodies) of all organization;

fight against terrorism is activity in relation to prevention, exposure, suspension, minimization of consequences of terrorist activity;

counterterrorist operation is the complex of the co-ordinated special measures, directed to warning, prevention and suspension of the criminal acts perpetrated with a terrorist purpose, liberation of hostages, rendering terrorists harmless, minimization of consequences of terrorist act or other crime committed with a terrorist purpose;

district of conducting of counterterrorist operation - determined by leadership of counterterrorist operation area of locality or aquatorium, transport vehicles, buildings, apartments and territories or aquatoriums, which adjoin to them and which the noted operation is conducted within the limits of;

regime in the district of conducting counterterrorist operation is a special procedure, which can be imposed in the district of conducting counterterrorist operation for the time of its conducting and foresee giving to the subjects of fight against terrorism of certain, prescribed by this Law special authorities, necessary for liberation of hostages, providing of safety and health of citizens, who occurred in the district of conducting counterterrorist operation, normal functioning of public authorities, local self-government bodies, enterprises, arrangements, organizations;

hostage is a natural person captured and (or) kept with the purpose of making state agency, enterprises, arrangements or organizations or separate individuals carry out some action or hold back from realization of some action as condition of liberation of person captured and (or) kept.

Article 2. Legal Bases of Fight against Terrorism

Legal base of the fight against terrorism is constituted by the Constitution of Ukraine, Criminal Code of Ukraine, this Law, other Laws of Ukraine, European Convention on the Suppression of Terrorism, 1977, International Convention for the Suppression of Terrorist Bombing, 1997, International Convention for the Suppression of the Financing of Terrorism, 1999, other international treaties of Ukraine, approval to the binding force of which has been given by the Parliament of Ukraine, Decrees and Directives of the President of Ukraine, Resolutions and Directives of the Cabinet of Ministers of Ukraine, and other regulations adopted for execution of Laws of Ukraine.

Article 3. Key Principles of Fight against Terrorism

Fight against terrorism is based on the principles of:
legality and steady observance of rights and freedoms of man and citizen;
complex use to that end of legal, political, social, economic, informative, propagandist and other possibilities; priority of preventive measures;
inevitability of punishment for participating in terrorist activity;
priority of defense of life and rights of persons endangered as a result of terrorist activity;
combination of public and secret methods of fight against terrorism;
nondisclosure of information about technical methods and tactic for conducting anti-terrorism operations of, and also about the list of their participants;
integrity in guidance by forces and facilities involved for conducting of anti-terrorism operations;
collaboration in anti-terrorism field with the foreign states, their law enforcement authorities and special services, and also with international organizations fighting against terrorism.

Chapter II. ORGANIZATIONAL BASES OF FIGHT AGAINST TERRORISM

Article 4. Subjects of Fight against Terrorism

Organization of fight against terrorism in Ukraine and its provision with necessary forces, facilities and resources is carried out by the Cabinet Ukraine within the limits of its jurisdiction.

The central agencies of executive power take part in a fight against terrorism within the limits of their jurisdiction, specified by the laws and regulations adopted on their base.
Subjects directly fighting against terrorism within the limits of their jurisdiction are:
Security of Ukraine which is a main agency in the national system of fight against terrorist activity;
Ministry of Interior of Ukraine;
Ministry of Defense of Ukraine;
Ministry of Emergency and Defense of Population from the Consequences of the Chernobyl catastrophe;
Especially authorized central agency of executive power on defense of state border;

State Department on Execution of Conviction of Ukraine;
State Security Department of Ukraine;

The following agencies, if necessary, are also involved to the measures related to prevention, detection and suppression of terrorist activities:
Specially authorized central agency of executive power on financial monitoring issues (FIU of Ukraine)
Foreign Intelligence Service of Ukraine;
Ministry of Foreign Affairs of Ukraine;
Ministry of Healthcare of Ukraine;
Ministry of Fuel and Energy of Ukraine;
Ministry of Industry Policy of Ukraine;
Ministry of Transport of Ukraine;
Ministry of Finance of Ukraine;
Ministry of Ecology and Natural Resources of Ukraine;
Ministry of Agricultural Policy of Ukraine;
State Custom Service of Ukraine;
State Tax Administration of Ukraine.

In the case of reorganization or renaming of central agencies of executive power, listed in this article, their functions in the field of fight against terrorism can pass to their legal successors, if it is foreseen by the proper Decree of the President of Ukraine.

The leadership of anti-terrorism operation can also involve to anti-terrorism operations, provided the requirements of this Law are observed, other central and local agencies of executive power, local self-government agencies, enterprises, arrangements, organizations regardless of subordination and form of ownership, their officials, and also citizens after their consent.

Co-ordination of activity of subjects engaged in a fight against terrorism is carried out by the Counterterrorist center at Security Service of Ukraine.

Article 5. Authorities of the Subjects Directly Engaged into Fight against Terrorism

Security Service of Ukraine carries out a fight against terrorism by conducting of operative and search measures, directed to prevention, detection and suppression of terrorist activity, including international measures; collects information about activity of foreign and international terrorist organizations; carries out within the limits of powers specified by the current legislation exceptionally with the purpose of obtaining of anticipating information in the case of threat of terrorist attack or during conducting of anti-terrorism operation operative and technical search measures in the telecommunication systems and channels which can be used by terrorists; provides through the Counterterrorist center at Security Service of Ukraine organization and conducting of counterterrorist measures, co-ordination of activity of subjects of fight against terrorism in accordance with the competence specified by the legislation Ukraine; carries out pre-trial investigation in matters about crimes, related to terrorist activity; initiates the issue on imposition of freezing for an indefinite term to the assets related to terrorist financing or financial transactions suspended under the decisions taken on the base of UN SC Resolutions, lifting freezing from such assets and authorizing access to such assets under the request of person that can confirm with documents the necessity to cover basic and extraordinary expenditures; provides in co-operation with intelligence agencies of Ukraine safety from terrorist encroachments of institutions of Ukraine outside its territory, their employees and their family members.

The Ministry of Interior of Ukraine carries out a fight against terrorism by prevention, detection and suppression of crimes, committed with a terrorist purpose, investigation of which belongs, pursuant to the

legislation of Ukraine, to jurisdiction of agencies of internal affairs; gives the Counterterrorist center at Security Service of Ukraine forces and facilities needed; provides their effective use during conducting of anti-terrorism operations.

The Ministry of Defence of Ukraine, military governing agencies, associations, unions, units of Armed Forces of Ukraine provide protection from terrorist encroachments of objects of Armed Forces of Ukraine, weapon of mass destruction, rocket and shooter weapon, live ammunitions, explosive and poisonous substances, located in military units or kept in certain places; organize preparation and application of forces and facilities of Infantry, Air Forces, Naval Forces of Armed Forces of Ukraine in the case of terrorist act commission in air space, in territorial waters of Ukraine; take part in conducting of anti-terrorism operations on military objects and in the case of terrorist threats to safety of the state from overseas.

The Ministry of Emergency and Defense of Population from the Consequences of the Chernobyl catastrophe; inferior to it governing agencies of civil defence and specialized formings, the troops of civil defence take measures aimed at defence of population and territories in the case of threat and occurrence of the extraordinary situations related to the technological terrorist displays and other types of terrorist activity; take part in measures on minimization and liquidation of consequences of such situations during conducting of counterterrorist operations, and also carry out training and practical-educational measures with the purpose of preparing population to the actions in the terrorist act conditions.

Special authorized central agency of executive power on defense of state border, territorial agencies of specially authorized central agency of executive power on defense of state border, Boundary Troops of Ukraine fight against terrorism by prevention, detection and suppression of attempts of crossing by the terrorists of state boundary of Ukraine, illegal transfer through the state boundary of Ukraine of weapon, explosive, poisonous, radio-active substances and other objects, which can be used as facilities for committing terrorist acts; provide safety of marine navigation within the limits of territorial waters and exceptional (marine) economic area of Ukraine during conducting of counterterrorist operations; give to the counterterrorist center at Security Service of Ukraine necessary forces and facilities during conducting of counterterrorist operations on territory of check points through the state boundary of Ukraine, other objects located on a state boundary or in a borderland.

The State Department of Conviction Execution takes the measures aimed at prevention and suppression of the crimes related to terrorist activity on the objects of state criminal-executive system of Ukraine.
State Security Department of Ukraine takes part in the operations aimed at suppression of terrorist acts targeted at officials and objects, security of which is ordered to the agencies subordinated to this Department.

Intelligence agencies of Ukraine collect, process, analyze, and give in accordance with established procedure of intelligence information about activity of foreign and international terrorist organizations outside Ukraine, and also take measures of direct counteraction to terrorist threats to life and health of citizens of Ukraine, public institutions and objects in the event of intelligence agencies of Ukraine engagement to the counterterrorism operations overseas.

Article 6. Authorities of Other Subjects Engaged Into the Fight against Terrorism

Subjects engaged into the fight against terrorism within the limits of their competence take measures aimed at prevention, detection and suppression of terrorist acts and crimes of terrorist orientation; develop and realize preventive, regime, organizational, educational and other measures; ensure the terms of conducting counterterrorist operations on objects, which belong to the sphere of their management; give to the proper units during conducting of such operations financial, material and technical means, transport

and communication facilities, medical equipment and medicines, other facilities, and also information necessary for implementation of tasks regarding the fight against terrorism.

Article 7. Counterterrorist Center at Security Service of Ukraine

Counterterrorist center at Security Service of Ukraine is responsible for:
development of conceptual bases and programs on fight against terrorism, recommendations, directed to efficiency of measures on detection and elimination of reasons and terms, favouring commission of terrorist acts and other crimes perpetrated with a terrorist purpose;
collection in accordance with established procedure, generalization, analysis and estimation of information on state and tendencies of terrorism dissemination in Ukraine and abroad;
organization and conducting of counterterrorist operations and co-ordination of activity of subjects that fight against terrorism or are engaged in concrete counterterrorist operations;
organization and conducting of command and headquarters studies and trainings;
participation in preparation of projects of international agreements of Ukraine, preparation and presentation in accordance with established procedure of suggestions in relation to development of legislation of Ukraine in the field of fight against terrorism, financing of conducting by subjects which conduct the fight against terrorism, counterterrorist operations, realization of measures on prevention, exposure and counteraction to terrorist activity;
cooperation with the special services, law enforcement authorities of foreign states and international organizations on the questions of fight against terrorism.
The counterterrorist center at the Security Service of Ukraine consists of the interagency co-ordinating committee and the headquarters, and also of co-ordinating groups and their headquarters which are set up at the regional bodies of the Security Service of Ukraine.
The Interagency co-ordinating committee of counterterrorist center at the Security Service of Ukraine is formed of a leader of counterterrorist center and his deputies; deputies state secretaries of the Ministry of Interior of Ukraine, Ministries of Ukraine on Emergency and on Protection of Population from the Consequences of the Chernobyl Catastrophe; deputy chief of the General Headquarters of the Military Forces of Ukraine; deputy leaders of State Border Guard Service, State Security Department of Ukraine, State Department of Ukraine on Conviction Execution; deputy state secretary of the Ministry of Interior of Ukraine – a chief of the Main Administration of the Ministry of Interior of Ukraine in the city of Kyiv; a commander of the Internal troops of the Ministry of Interior of Ukraine; a chief of Division of the Security Service of Ukraine in the city of Kyiv, vice-chairman of Kyiv the city state administration; deputies to leaders of other central agencies of executive power.
The provisions about a counterterrorist center at the Security Service of Ukraine, the personnel composition of the Interagency coordinating committee is approved by the President of Ukraine through submission to the Cabinet of Ministers of Ukraine. A leader of counterterrorist center at the Security Service of Ukraine is appointed by the President of Ukraine.
Current work for the implementation of the tasks, which a counterterrorist center at the Security Service of Ukraine has been charged with, is organized by its headquarters.
Leaders of regional agencies of the Security Service of Ukraine, the Main Administration of the Ministry of Interior of Ukraine in the Autonomous Republic of Crimea, main administrations (divisions) of the Ministry of Interior of Ukraine in the regions, the cities of Kyiv and Sevastopol, relevant agencies on the issues of extraordinary situations and civil protection of population of the Autonomous Republic of Crimea, the regional ones, state administrations of the city of Kyiv and the city of Sevastopol, in the regions, where subunits of the Border Guard troops of Ukraine are deployed, State Security Department and their commanders, leaders, as well as the representatives of other local bodies of executive power, enterprises, establishments, organizations are within the composition of the coordinating groups within the regional bodies of the Security Service of Ukraine.
Coordinating groups within the regional bodies of the Security Service of Ukraine are headed accordingly by a chief of the Main Division of the Security Service of Ukraine in the Autonomous Republic of

Crimea, a chief of division of the Security Service of Ukraine in a region/oblast', in the cities of Kyiv and Sevastopol, respectively.
The composition of coordinating groups at the regional bodies of the Security Service of Ukraine is approved by the Council of Ministers of the Autonomous Republic of Crimea, by a head of the regional state administration, a chairman of an executive branch of Kyiv or Sevastopol city council, respectively.
The organizational provision of the work of coordinating groups is carried out by regional bodies of the Security Service of Ukraine.
A counterterrorist center at the Security Service of Ukraine is maintained at the expense of resource envisaged by a separate budget line within the State budget of Ukraine.

Article 8. Cooperation of Subjects which are directly engaged in the Fight against Terrorism

Subjects, who pursuant to this Law, are directly engaged in the fight against terrorism are obliged:
1) to cooperate with the purpose of termination of criminal activity of persons, connected with terrorism, including international terrorism, financing, supporting or committing terrorist acts and crimes which have been committed with a terrorist purpose;
2) to carry out an exchange by information concerning:
seizure or a threat of seizure of weapon, explosives, other means of mass destruction by terrorist groups (terrorist organizations);
crossing of the state border of Ukraine by its citizens, foreigners and persons without citizenship with the purpose of conducting a terrorist act;
travel documents found with passengers, which give the right to travel by transport means of intercity and international connections, with the signs of counterfeit**;**
use or threats to use by terrorists, terrorist groups or terrorist organizations, communication means and communication technologies;
3) to be instrumental in providing effective border control, control over issuing documents, certifying a person, and travel documents, with the purpose of prevention to their falsification, imitation or illegal use;
4) to prevent actions or movement of terrorists, terrorist groups or terrorist organizations, and also persons which are suspected in commission of terrorist acts or their involvement with international terrorist groups or organizations;
5) to counteract to the attempts of foreigners, about whom there is data about their involvement to the international terrorist groups or organizations, to make transit travel through the territory of Ukraine.

Article 9. Assistance to the Bodies which carry out the Fight against Terrorism
The state bodies of Ukraine, bodies of the local self-governing, association of citizens, organizations, their compliance officers are under an obligation to be instrumental for the bodies which carry out the fight against terrorism, to report about data, which has become known to them, relevant to terrorist activity or any other circumstances, information which can be instrumental in prevention, exposure and stopping of terrorist activity, as well as the minimization of its consequences.

Section III. CONDUCTING OF COUNTERTERRORIST OPERATION

Article 10. Terms of Conducting of Counterterrorist Operation
Counterterrorist operation is conducted only at presence of a real threat to life and safety of citizens, to interests of a society or a state in case when the removal of this threat is not possible using other methods.
Article 11. Decision about conducting Counterterrorist Operation

Decision about conducting a counterterrorist operation is taken depending on a degree of public danger of a terrorist act. The decision is taken by a leader of counterterrorist center at the Security Service of Ukraine upon a written approval of the Chairman of the Security Service of Ukraine or a leader of coordinating group of a relevant regional body of the Security Service of Ukraine upon a written approval

of a leader of counterterrorist center at the Security Service of Ukraine, agreed upon with the Chairman of the Security Service of Ukraine. The President of Ukraine is immediately informed about the decision to conduct an antiterrorist operation.
A counterterrorist center at the Security Service of Ukraine is conducting an antiterrorist in case, when:
Terrorist act threatens by death of many people or by other serious consequences or if it is committed simultaneously on a territory of several regions, districts or cities;
situation related to commission of or a threat of commission of a terrorist act has not been determined regarding reasons and circumstances of its origin and its subsequent development;
terrorist act effect the international interests of Ukraine and its relationships with foreign states;
reaction as to the commitment of actions with characteristics of a terrorist act is within the competence of different law enforcement bodies and other authorities of executive power;
it is clear that it is impossible to distraction or to stop a terrorist act by the forces of law enforcement and local authorities of executive power of a separate region.
In other cases, a counterterrorist operation is conducted in accordance with a leader of a counterterrorist center at the Security Service of Ukraine independently by a coordinating group of relevant regional body of the Security Service of Ukraine or a body of executive power in accordance with their jurisdiction.

Article 11-1. 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

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".

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.

Imposing to and lifting the freeze from the assets related to terrorist financing or financial transactions suspended under the decisions taken on the base of UN SC Resolutions, shall be conducted under the court decision.

Article 11-2. Procedure for authorizing access to the assets related to terrorist financing or financial transactions suspended under the decisions taken on the base of UN SC Resolutions

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.

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.

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.

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.

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.

Article 12. Control over Counterterrorist Operation

For the direct control over a separate counterterrorist operation and operation of the forces and facilities which are used in the implementation of counterterrorist measures, the operative headquarters, headed by a leader of counterterrorist center at the Security Service of Ukraine (coordinating group of relevant regional body of the Security Service of Ukraine) or by a person who takes over him (substitutes him)
The order of activity of operative headquarters on supervising counterterrorist operation is determined on the basis of the Statute about it, which is approved by the Cabinet of Ministers of Ukraine.
A leader of operative headquaters determines boundaries of a district of a conduct of counterterrorist operation, takes decision about the use of forces and facilities, which are engaged in its conducting, and in case of necessity, upon availability if the grounds envisaged by the law, motions the propositions for the approval of the national security council and defence of Ukraine in relation to imposing the state of emergency in Ukraine or in its separate areas.
Interference into the operative control of counterterrorist operation by anybody regardless of the position is not allowed.
The legal requirements of participants of counterterrorist operation are obligatory for the citizens and the public servants.

Article 13. Forces and Facilities, which are used to execute Counterterrorist Operation

During conducting of counterterrorist operation forces and facilities (personnel, specialists, weapon, special means of transport and vehicles, communication means, other material and technical facilities) of subjects of fight against terrorism are used, and also enterprises, establishments, organizations which are engaged in participation in counterterrorist operation, in an order, certain pursuant to the Statute marked in part second of the article 12 of this Law. Coverage of charges and reimbursement of losses, which arose up in connection with conducting of counterterrorist operation, are carried out pursuant to the legislation.
Employees of law enforcement authorities, servicemen and other persons engaged in counterterrorist operation, at a time of its conduct are under subordination to a leader of operative headquarters.

Article 14. Regime in an area of Counterterrorist Operation

Within an area of a conduct of counterterrorist operation, at a time of its conducting, special order can be established, in particular, patrol protective service is introduced and law enforcement bodies are in line.
Staying in an area of a conduct of counterterrorist operation of the persons who are not involved in its conducting is allowed upon permission of a leader of operative headquarters.
In accordance with the management of enterprises, establishments and organizations, which are located in a district of conducting counterterrorist operation, their work during its conducting can be partially or fully stopped. Appropriate experts of these enterprises, establishments and organizations during the time

of conducting of counterterrorist operation can be engaged in implementation of separate commissions, by an established order and upon their consent.

Article 15. Rights of Persons in an area of Counterterrorist Operation

In an area of a conduct of counterterrorist operation, the public servants engaged in operation have a right to:
1) use weapon and special means in accordance with the legislation of Ukraine;
2) detain and deliver persons to the authorities of internal affairs, those (persons) who inflicted or inflict offence or apply other actions, which create obstacles for implementation of legal requirements of the persons involved in counterterrorist operation, or the actions connected with the unauthorized attempt of penetration into the district of conducting of counterterrorist operation and impeding its conducting;
3) check up documents of citizens and officials, the documents which certify a person, and in case of absence of documents - to detain them in order to identify a person;
4) carry out personal examination of citizens in an area of conducting of counterterrorist operation, inspecting things, that are with them, means of transport and things which are transported;
5) temporally limit or forbid road traffic**,** vehicles driving and pedestrians moving in streets and roads, not allow means of transport, including vehicles of diplomatic missions and consulate establishments, as well as an access of citizens to separate local areas and objects, or take citizens out of such separate areas and objects, as well as drive transport vehicles out of those places;
6) enter (penetrate) into apartments or other premises, to land plots, which belong to citizens, during the time of cease of a terrorist act and when pursuing persons suspected in committing of such act, onto territory and into enterprise, establishments and organizations premises, check up vehicles, if the delay can create a real threat to life or health of people;
7) use communication means and means of transport with an official purpose, including special ones, belonging to citizens (upon their consent), enterprises, establishments and organizations, except for the transport vehicles of diplomatic, consular and other representative offices of foreign states and international organizations, for prevention to a terrorist act, pursuit and detention of persons, which are suspected in committing of a terrorist act, or for delivery of persons, who need urgent medical assistance, to medical establishments, as well as reaching a place of crime.
In an area of conducting counterterrorist operation, contacts with representatives of mass media is carried out by a leader of operative headquarters or persons named by him. The actions envisaged by this article are carried out with the observance of current legislation and halted immediately after completion of counterterrorist operation.

Article 16. Terms of Conduct of Negotiations with Terrorists

During the process of conducting counterterrorist operation aiming of saving life and health of people, material values, persuading terrorists to give up unlawful actions, applying to them restricting influence, finding out possibility to cease a terrorist act, it is allowed to conduct negotiations with terrorists.
Conducting negotiations is vested in the persons, specially authorised by a leader of operative headquarters.
In case, when it is impossible to achieve a target of negotiations with terrorists because of their disagreement to terminate a terrorist act, and because a real threat to life and health of people does exist, a leader of counterterrorist operation has a right to take decision about the liquidation of a terrorist (terrorists).
In case of a clear threat of committing in relation to an object or a person of a terrorist act and impossibility of removing this threat by other legal methods, a terrorist (terrorists) can (can) be, upon instructions from a leader of operative headquarters, liquidated without warning.

During the time of conducting negotiations, the issue about transferring to terrorists any persons, objects and substances which directly can be used for committing acts of technological terrorism cannot be taken as a condition of ceasing of a terrorist act.

Article 17. Public Awareness about a Terrorist Act

To inform public about commitment of a terrorist act is carried out by a leader of operative headquarters or by a person, authorized by him to have contacts with public.
Dissemination of the following information through mass media or through other methods of information is prohibited:
which exposes special technical means and tactic of conducting counterterrorist operation;
which can hamper conducting counterterrorist operation and (or) create a threat to life and health of hostages and other people which are in the district of conducting of the noted operation or beyond its boundaries;
which aims at propaganda or at justification of terrorism, contains utterance of persons who offer resistance or call to resistance to conduct of counterterrorist operation;
which contains data about objects and matters which can be directly used for committing of acts of technological terrorism;
which reveals data about personnel composition of employees of special subunits and of members of operative staff, which take part in conducting of counterterrorist operation, and also about persons who facilitate conducting of the noted operation (without their consent).

Article 18. Completion of Counterterrorist Operation

Counterterrorist operation is considered completed, if a terrorist act is halted and a threat is liquidated as to life and health of hostages and other people who were in the district of its conducting.
Decision about ceasing counterterrorist operation is taken by a leader of operative headquarters on management of this operation.
During the time of conducting counterterrorist operation a leader of operative headquarters together with relevant authorities of executive power and bodies of local self-governing organizes providing aid to victims, determines actions on the removal and minimization of consequences of terrorist act, organizes their implementation.

Section IV. COMPENSATION FOR DAMAGE CAUSED BY TERRORIST ACT SOCIAL REHABILITATION OF PERSONS WHO WERE AFFECTED

Article 19. Compensation for Damage caused by Terrorist Act

Compensation for damage caused to the citizens by terrorist act is carried out at the expense of the State budget of Ukraine in accordance with a law and with a subsequent recovery of amount of this compensation from persons who had inflicted damage. This is done in an order set by a law.
Compensation of harm, caused to an organization, enterprise or establishment by a terrorist act, is carried out in an order established by a law.

Article 20. Social Rehabilitation of Persons who suffered from Terrorist Act

The social rehabilitation of persons who suffered from a terrorist act is carried out with the purpose of bringing them back to normal life. The noted persons are provided, in case of necessity, with psychological, medical, professional rehabilitation, legal aid and apartment to live in as well their employment is taken care of.

Social rehabilitation of persons, who suffered form a terrorist act, as well as persons listed in the article 21 of this Law, is carried out at the expense of the State budget of Ukraine.
The procedure of conducting social rehabilitation of persons who suffered from a terrorist act is determined by the Cabinet of Ministers of Ukraine.

Section V. LEGAL AND SOCIAL PROTECTION OF PERSONS WHO TAKE PART IN FIGHT AGAINST TERRORISM

Article 21. Persons who are Subject to Legal and Social Protection

Persons taking part in the fight against terrorism are under protection of the state. The following persons are subject to legal and social protection:
1) military men, employees and office workers of central and local executive bodies, who take (took) direct part in counterterrorist operations;
2) persons, who on a permanent or temporary basis assist agencies, which carry out fight against terrorism, in preventing, exposing, ceasing terrorist activity and minimizing its consequences;
3) members of families of the persons listed in points 1 and 2 of this part, if a necessity in providing protection to them has been caused by participation of the listed persons in the fight against terrorism.
Social protection of persons involved in the fight against terrorism is carried out in an order which is determined by a law.
If a person who took part in the fight against terrorism died during the time of conducting counterterrorist operation, his family members and persons, who were on his maintenance, compensation lump sum in the amount of ten minimum subsistence level living wages is paid at the expense of the State budget of Ukraine, expenses for burial of a person are recovered, pension in connection with the loss of bread-winner is assigned, as well as privileges which had been shared by the dead, as to receiving an apartment, paying for utilities, etc..
In case when a person which took part in the fight against terrorism became an invalid as a result of an injury inflicted at the time of conducting counterterrorist operation, this person at the expense of the State budget of Ukraine is paid compensation lump sum in the amount of ten minimum subsistence living wages, and pension is assigned in accordance with the legislation of Ukraine.
In case when a person which took part in the fight against terrorism during the time of counterterrorist operation was wounded which did not result in disability, this person is paid compensation lump sum of five minimum subsistence living wages.

Article 22. Discharge of Responsibility for Causing Damage

If during conducting counterterrorist operation, damage to life, health and property of terrorists is caused, military men and others which took part in counterterrorist operation are discharged responsibility for this damage in accordance with the laws of Ukraine.

Section VI. RESPONSIBILITY FOR PARTICIPATION IN TERRORIST ACTIVITY

Article 23. Responsibility of Persons guilty for Terrorist Activity

Persons guilty for terrorist activity shall be held criminally liable in an order established by the law.
Disobedience or resistance to legal requirements of military men, officials which take part in conducting counterterrorist operation, incorrect interference into their legal activity result in responsibility envisaged by the legislation.

Article 24. Responsibility of Organization for Terrorist Activity

Organization 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.

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.
An application about calling organization to responsibility for terrorist activity is submitted to court by the General Prosecutor of Ukraine, by the prosecutors of the Autonomous Republic of Crimea, of regions, of the cities of Kyiv and Sevastopol, respectively, in an order set by law.

Article 25. Responsibility for Assistance to Terrorist Activity

Leaders and officials of enterprises, establishments and organizations, and also citizens which were instrumental in terrorist activity, in particular:
1) financed terrorists, terrorist groups (terrorist organizations);
2) provided with or collected funds directly or indirectly with intention to use them for commission of the terrorist act or crimes of terrorist orientation;
3) conducted operations with funds and other financial assets of:
individuals who committed or tried to commit terrorist acts or crimes of terrorist orientation or took part in their committing or assisted in committing;
legal entities, which property directly or indirectly is owned by or is under control of terrorists or persons which assist terrorism;
individuals and legal entities, which act in the name of or upon instructions of terrorists or persons, which assist terrorism, including funds received or acquired using property objects, that directly or indirectly are owned by or are under control of persons, which assist terrorism, or legal and physical entities related to them;
4) provided financing, other financial assets or economic resources, relevant services directly or indirectly for the use in the interests of individuals which commit terrorist acts or assist in, or take part in their commission, either in the interests of legal entities, which property directly or indirectly is owned by or is under control of terrorists or persons, which assist terrorism, as well as legal and physical entities, operating in the name of or upon instructions of the noted persons;
5) provided assistance to the persons which took part in terrorist acts;
6) recruited individuals for involvement into terrorist activity, assisted in establishing channels of supply of weapon to terrorists and taking terrorists across the state boundary of Ukraine;
7) gave hiding to persons, who financed, planned, supported or committed terrorist acts or crimes of terrorist orientation;
8) used the territory of Ukraine with the purpose of preparing or committing terrorist acts or crimes of terrorist orientation against other states or foreigners, - bear responsibility in compliance with law.

Section VII. INTERNATIONAL COOPERATION OF UKRAINE IN THE SPHERE OF FIGHT AGAINST TERRORISM

Article 26. Bases of International Cooperation in the Sphere of Fight against Terrorism

Ukraine in accordance with international treaties concluded by it co-operates in the sphere of fight against terrorism with foreign states, their law enforcement authorities and special services, as well as with international organizations which conduct the fight against international terrorism.
In pursuance with interests of ensuring safety of a human being, a society and a state, Ukraine prosecutes on its territory the persons connected with terrorist activity, including cases, when terrorist acts or crimes have been planned or have been commited beyond the boundaries of Ukraine, but have inflict harm to Ukraine, and in other cases envisaged by international agreements of Ukraine, which had been approved to be compulsory by Verkhovna Rada of Ukraine.

Article 27. Submission of Information

The Information to foreign state on the issues related to the fight against international terrorism is provided by Ukraine on the grounds of inquiry, keeping up with the requirements of the Ukrainian legislation and its international and legal obligations. Such information can be provided without a previous inquiry from a foreign state, if it brings no harm to conduct pre-court investigations or judicial trial of a case and if it can help the competent organs of a foreign state to counteract a terrorist act.

Article 28. Participation in joint Actions with Foreign States on the Fight against Terrorism

Ukraine in accordance with international agreements, a consent on compulsory character of which is given by the Supreme Council of Ukraine, can take part in joint counterterrorist actions through assistance to foreign state or an interagency association in re-deployment of troops (forces), of special counterterrorist formations, transportation of weapon or by providing forces and facilities under the conditions of observing requirements of the laws of Ukraine "On the order of direction of subunits of Military Forces of Ukraine to other states" and "On the order of admittance and conditions of stay of subunits of military forces of other states within the territory of Ukraine".

Article 29. Extradition of Persons which took part in Terrorist Activity

Participation of foreigners or persons without citizenship, who are not permanent residents in Ukraine, in terrorist activity, can be grounds for their international extradition in order to call them for criminal account.
Extradition of persons who have been mentioned in the first part of this article, with the purpose of calling them to criminal account and of applying the compulsory documents of a foreign state, is carried out pursuant to the legislation and the obligations taken by Ukraine in connection with the ratification of European convention about the extradition of the offenders of the year of 1957, the European convention about the fight against terrorism of the year of 1977 and other international agreements, a consent on compulsory character of which is given by the Supreme Council of Ukraine, and also on the bases of reciprocity.

Section VIII. CONTROL AND SUPERVISION IN REGARD WITH OVSERVATION OF LAW OF CARRYING OUT FIGHT AGAINST TERRORISM

Article 30. Control over carrying out Fight against Terrorism

The control over the observance of legislation while conducting of the fight against terrorism is carried out by the Supreme Council of Ukraine in compliance with the order established by the Constitution of Ukraine.
The control over activity of subjects of fight against terrorism is carried out by the President of Ukraine and the Cabinet of Ministers of Ukraine in compliance with the order established by the Constitution and the laws of Ukraine.

Article 31. Supervision over Observation of Law Concerning Counterterrorist Measures

Supervision over observation of the requirements of the legislation by bodies participating in counterterrorist measures is carried out by the General Prosecutor of Ukraine and by public prosecutors authorized by him in compliance with the order established by the laws of Ukraine.

Section IX. PRE-FINAL CONCLUSIONS

1. This Law goes into effect as of the day of its official publication.
2. The Cabinet of Ministers of Ukraine in three months term from the day this Law enters the motion shall:
approve the normative-legal documents envisaged within this Law;
bring normative-legal documents into conformity with this Law;
provide the revision and the cancellation by ministries and other central agencies of executive power of their normative-legal documents contradicting this Law.
President of Ukraine
L. KUCHMA
Kyiv as of March, 20, 2003 No 638-IV

Unofficial translation

LAW OF UKRAINE
On Banks and Banking

(With amendments introduced by
Laws of Ukraine
N 2740-III as of September 20, 2001,

.....

N 5248-VI as of September 18, 2012)

Article 1. Subject and Purpose of the Law

This Law defines the structure of the banking system, economic, organizational and legal fundamentals for establishment, operation, reorganization and liquidation of banks.

The purpose of this Law is to provide legal support for stable development and operation of banks in Ukraine in order to create an appropriate competitive environment in the financial market, protect legitimate interests of bank depositors and clients, introduce favourable conditions for the development of the economy of Ukraine, and support the domestic commodity producers.

Article 24. Procedure for Establishment of Foreign Bank Branches and Representative Offices in the Territory of Ukraine

Foreign banks shall have the right to open branches and representative offices in the territory of Ukraine.

A foreign bank shall have the right to open a branch in Ukraine, provided:

1) relevant international organizations have no significant remarks to the country where the foreign bank has been registered concerning compliance thereby with AML/CFT standards;

2) banking supervision in the country where the foreign bank has been registered complies with the Core Principles of Banking Supervision of the Basel Committee on Banking Supervision;

3) the National Bank of Ukraine and the supervisory authority of the country where the foreign bank has been registered have signed an Agreement on Cooperation in Banking Supervision, Harmonization of its Principles and Terms;

4) minimum amount of the assigned capital of the branch for the time of its accrediting is not less than UAH 120 million;

5) the foreign bank has issued a written commitment to unconditional fulfilment of the obligations arising from its branch activities in the territory of Ukraine.

The National Bank of Ukraine shall carry out accreditation of foreign bank branches and representative offices in the territory of Ukraine pursuant to the procedure and to the terms stipulated by this Law and regulations of the National Bank of Ukraine.

Accreditation of the foreign bank branch shall be effected by means of an appropriate entry in the State Register of Banks and by granting a banking license.

Accreditation of a foreign bank branch shall be the base for its banking activity.

The following documents shall be submitted for accreditation of a foreign bank's branch:

1) application of the foreign bank for establishment of a branch specifying its whereabouts in Ukraine;

2) document confirming state registration of the foreign bank in its home country;

3) decision by an authorized body of the foreign bank on establishment of the branch;

4) regulation (standing orders) of the branch approved by the authorized body of the foreign bank;

5) information about professional suitability and business reputation of the manager and chief accountant of the foreign bank's branch;

6) a copy of Statute (by-laws) of the foreign bank;

7) financial statements of the foreign bank for the last three years approved by an independent auditor;

8) written permit for establishment of a foreign bank branch in Ukraine granted by a state or other authorised regulatory body of the country where the foreign bank has been registered or a written assurance of the foreign bank as to absence of any legal requirements to obtain such a permit;

9) notification from the supervisory authority of the foreign country on effecting the supervision of the foreign bank's activities;

10) written obligation of the foreign bank on unconditional fulfilment of the obligations arising from its branch activities in the territory of Ukraine.

11) documents confirming transfer of funds in the amount of the assigned capital of the branch;

12) a copy of the payment order for transferring the fee for accreditation of the foreign bank's branch as charged by the National Bank of Ukraine.

13) copies of internal documents (their list) regulating rendering banking and other financial services, stipulating the procedure for conducting internal control and risk management program.

14) data under the form specified by the National Bank of Ukraine that enable to make conclusion on availability of the organizational structure and relevant experts required to provide bank and other financial services, bank equipment, computers, software, and premises in compliance with the NBU requirements;

15) business plan for the next three years drawn-up in accordance with the requirements established by the National Bank of Ukraine;

16) the documents specified by the National Bank of Ukraine that enable to make conclusion on business reputation of the foreign bank;

17) data stipulated by the National Bank of Ukraine on the owners of qualifying holders in the foreign bank.

Activity of the foreign bank branch shall meet the requirements set by this Law and regulations of the National Bank of Ukraine. The National Bank of Ukraine shall regulate activity and set the economic ratios for foreign banks' branches according to the requirements of the Ukrainian laws.

The National Bank of Ukraine shall have the right to refuse accreditation of a foreign bank's branch on the following grounds:

1) the documents submitted are non-compliant with the requirements of this Law and regulations of the National Bank of Ukraine;

2) premises and equipment of the branch do not meet the requirements of the National Bank of Ukraine;

3) candidates for the posts of the manager and chief accountant of the branch do not meet the proficiency and business reputation requirements of this Law and regulations of the National Bank of Ukraine;

4) financial or legal problems have been detected in activity of the foreign bank, which might have negative consequences for clients or potential clients of the bank as a result of establishment of the branch.

The National Bank of Ukraine shall make a decision on the foreign bank's branch accreditation or refusal within three months from submittal of all required documents. The rejection shall be delivered in writing with indication of the corresponding reasons.

The foreign bank's branch shall undertake its activities according to the requirements set forth by the laws of Ukraine for banks.

The National Bank of Ukraine shall have the right to introduce provisional administration and initiate the liquidation procedure as to a foreign bank branch according to the procedure determined in the laws of Ukraine.

Accreditation of the representative office of a foreign bank shall be effected by means of an appropriate entry in the State Register of Banks.

The following documents shall be submitted for accreditation of a foreign bank's representative office:

1) application of the foreign bank on establishment of the representative office signed by an authorised person;

2) document confirming state registration of the foreign bank in its home country;

3) regulation (standing orders) of the representative office approved by the authorised body of the foreign bank;

4) Power of Attorney from the foreign bank to the representative office Head for exercising representative functions;

5) a copy of the payment document on transfer of the fee for accreditation of the foreign bank's representative office as charged by the National Bank of Ukraine.

The National Bank of Ukraine may refuse to provide a foreign bank's representative office with accreditation in case of violations of the registration procedure, non-conformity of the submitted documents with the laws of Ukraine or with regulations of the National Bank of Ukraine, untrue information submitted or exceeded authority in relation to the spheres of activities of the representative office.

The National Bank of Ukraine shall make a decision on the foreign bank's representative office accreditation or refusal thereof within one month from submittal of all required documents.

The rejection shall be delivered in writing with indication of the corresponding reasons.

The National Bank of Ukraine shall be entitled to revoke accreditation of the representative office of the foreign bank by means of exclusion of an appropriate record out of the State Register of Banks pursuant to the procedure stipulated by the National Bank of Ukraine.

The foreign bank shall inform the National Bank of Ukraine of any amendments to the documents or information mentioned in items 4 – 6, 14 – 17 of part 6 and items 3 and 4 of part 14 of this Article. The amendments shall be proved by appropriate documents.

The official documents to be submitted to the National Bank of Ukraine shall be duly legalized pursuant to the established procedure, unless otherwise is provided by the effective international agreements, ratified by the Verkhovna Rada of Ukraine, and shall be accompanied with a notarized translation into Ukrainian.

Article 25. Subsidiary Banks, Branches and Representative Offices of a Ukrainian Bank in the Territory of Other Countries

Ukrainian banks are entitled to establish (including through acquisition) subsidiary banks, branches and representative offices in the territory of other countries after being granted with 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, 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 is entitled to refuse the bank in granting the permit to establish a subsidiary bank, branch or representative office in the territory of the other state if the bank fails to meet the requirements of the regulations of the National Bank specified for establishment of subsidiary banks, branches or representative offices in the territory of Ukraine, and where the bank oversight in the respective country fails to meet the Core Principles of 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.

The Ukrainian banks are binding to ensure that the subsidiary bank, branch or representative office in the territory of other country submits the reports and information to the parent bank, the National Bank under the supervision requirements of the National Bank of Ukraine on the consolidated base.

The National Bank of Ukraine is entitled to require the Ukrainian bank to reduce its share in the capital of the subsidiary bank, to shut down the subsidiary bank, or the branch established in the territory of the other states where the National Bank of Ukraine receives no information necessary to exercise oversight on the consolidated base, or where the supervision over the subsidiary bank or branch of the Ukrainian bank established in the territory of the other states exercised by the supervisory authority of the other state, is inefficient, particularly fails to meet the Core Principles of Banking Supervision of the Basel Committee on Banking Supervision.

Article 47. Banking Operations

Banks shall have the right to provide bank and other financial services (except insurance services) as well as conduct the other activities specified in this Article:

The bank shall have the right to conduct bank activities on the base of banking license through providing of bank services.

Bank services covers the following:

1) involving into deposits funds and bank metals from unlimited range of legal and natural persons;

2) opening and maintaining current (correspondent) accounts of clients as well as in bank metals;

3) placing funds and bank metals involved in deposits including on their current accounts, on their own name, under their own terms and under their own risk.

The bank only has the right to provide bank services.

The bank has the right to provide financial services to its clients (except banks) including through concluding agency agreement with legal persons (commercial agents). The list of financial services that

the bank is entitled to provide to its clients (except banks) through concluding agency agreements is 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 maintains 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 requirements established by the National Bank of Ukraine.

The bank except providing financial services has also the right to conduct activity on:

1) investments

2) issuing of their own securities

3) issuing, disseminating and conducting of lotteries.

4) keeping of values or leasing an individual bank safe.

5) collection of funds and transportation of currency.

6) maintenance of registers of nominal securities holders (except own shares).

7) provision of consulting and information services with regard to bank and other services.

The bank conducts activity, provides bank and other services in national currency, and in case of available proper license of the National Bank of Ukraine – in foreign currency.

The bank shall have the right to perform any legal deeds needed for providing by it bank and other financial services as well as conducting of other activity.

The bank shall have the right to commence new type of activity or providing new type of financial services (except bank services) if requirements set forth by the National Bank of Ukraine regarding this type of activity or services are met.

The bank not later than one month before commence of new type of activity or providing new type of financial services (except bank services) shall report to the National Bank of Ukraine in accordance with requirements and in the manner established by the National Bank of Ukraine.

The National Bank of Ukraine in order to protect the rights of depositors and other creditors shall have the right to set forth additional requirements, including the requirements to raise the level of the regulatory capital of the bank or other economic ratios, related to a particular type of the activities and providing financial services that the bank shall have the right to provide.

The bank shall independently set the rate of interest and fees for these services.

Article 62. Procedure for Disclosing Banking Secrecy

Information on legal entities and individuals, which constitutes banking secrecy, shall be disclosed by banks:

1) in response to a letter of inquiry or by written permission of the owner of such information;

2) by the court decision;

3) to prosecuting bodies of Ukraine, the Security Service of Ukraine, the Ministry of Internal Affairs of Ukraine and the Antimonopoly Committee of Ukraine – in response to their written order concerning transactions on accounts of a particular legal entity or an individual entrepreneur for a specified period of time;

4) to bodies of the State Tax Service of Ukraine in response to their written order on availability of bank accounts;

5) to the central executive body having the special status related to financial monitoring at this body request regarding financial transactions connected with the financial transactions that have become an object of financial monitoring (analysis) in accordance with the laws related to prevention and counteraction of legalization (laundering) of proceeds of crime or terrorism financing as well as with participants in stated transactions;

6) to state executive bodies upon their written request concerning enforcement of court judgements and decisions subject to enforcement in accordance with the Law of Ukraine "On Executing Proceedings" with regard to the state of accounts of a specific legal entity or individual entrepreneur.

A request of a relevant state agency for obtaining the information that contains banking secrecy shall:

1) be presented on a letterhead of the established form of the state body;

2) be signed by the manager (or deputy manager) of the state body and sealed with the official stamp;

3) contain the reasons stipulated by this Law to obtain such information;

4) carry references to the provisions of the Law, in accordance with which the state body is entitled to obtain such information.

The bank shall issue statements of accounts (deposits) in the event of death of their owners to the persons specified by the owner of the account (deposit) in his/her bequest for the bank, to state notary offices or private notaries, and foreign consulate offices on inheritance issues under accounts (deposits) of deceased owners of accounts (deposits).

The bank is prohibited from providing information on clients of another bank, even if their names are mentioned in documents, agreements and operations of the client.

The bank shall have the right to provide the information, which constitutes the banking secrecy, to other banks and National Bank of Ukraine within the limits required to grant credits and bank guarantees.

The bank is entitled to disclose the information containing the banking secrecy to the person (including the person that is authorized to act on behalf of the state) in whose favour the bank assets and liabilities are to be alienated when taking the actions envisaged by the program of financial rehabilitation of the bank or during the liquidation procedure. The National Bank of Ukraine is entitled to provide the Ministry of Finance of Ukraine with the information containing the banking secrecy about the banks in whose capitalization the state is to participate.

Restrictions with regard to obtaining the information containing banking secrecy stipulated by this article, shall not apply to employees of the National Bank of Ukraine or persons authorized by them, who, within the powers provided by the Law of Ukraine "On the National Bank of Ukraine," exercise functions of banking supervision or foreign exchange control.

Restrictions with regard to obtaining the information containing banking secrecy stipulated by this article, do not apply to the officials of the Guarantee Fund of the individuals' deposits in the exercise of their functions and duties provided for by the Law of Ukraine On the Guarantee System of the Individuals' Deposits.

The National Bank of Ukraine is entitled to provide to the Guarantee Fund of the individuals' deposits the information on the banks or customers of the bank collected when exercising banking supervision and that constitutes banking secrecy in the cases provided for by the Law of Ukraine On the Guarantee System of the Individuals' Deposits.

During provisional administration or liquidation of the insolvent bank the Guarantee Fund of the individuals' deposits is entitled to disclose the information containing banking secrecy to the accepting bank, transit bank, investor that acquires the insolvent or transit bank, other persons involved into provisional administration or liquidation of the bank. These persons shall ensure keeping of the information obtained containing banking secrecy.

In accordance with an international treaty of Ukraine or under the principle of reciprocity, the National Bank of Ukraine shall have the right to provide information received from supervision activity to the banking supervision authority of another country and to receive such information from the banking supervision body of another country. The information provided (received) may be used exclusively for the purposes of banking supervision or prevention of legalization (laundering) of proceeds of crime or terrorism financing.

Provisions of the second and fourth parts of this Article shall not apply to the cases of furnishing the specially authorized executive body of financial monitoring with the information on financial operations (transactions) foreseen by laws as well as to furnishing the state tax administration units with the information on opening (closing) of tax payers' accounts in accordance with Article 69 of the Tax Code of Ukraine.

The persons found guilty of violating the procedure for disclosing and using banking secrets, shall bear responsibility in accordance with the laws of Ukraine.

Article 63. Prevention of Legalization (Laundering) of Proceeds from Crime

Banks shall be obliged to develop, introduce and regularly update the rules of internal financial monitoring and program of its implementation with taking into account requirements of the laws concerning prevention of legalization (laundering) of proceeds of crime.

When supervising bank activities, the National Bank of Ukraine shall perform inspection of banks' compliance with the laws governing relations in the area of prevention of legalization (laundering) of the proceeds of crime or terrorism financing as well as of sufficiency of the measures aimed at the prevention and counteraction of legalization (laundering) of the proceeds from crime or terrorism financing.

Article 64. Obligations Concerning Customer Identification

Banks shall be prohibited from establishing and maintaining any anonymous (numbered) accounts.

Banks shall be prohibited from establishment of correspondent relations with the non-resident banks and other financial institutions that have no permanent residence and do not carry out activities at their incorporation place and/or are not subject to the proper supervision in a country (on the territory) where they act as well as with the non-resident banks and other financial institutions that maintain such correspondent relations.

Banks are prohibited from entering into any contractual relations with legal entities or individual customers if doubts arise that such a person is acting not in his/her/its own name.

According to legislation of Ukraine, banks shall identify the following persons:

- customers establishing accounts with the bank;

- customers performing transactions subject to financial monitoring;

- 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;

- persons authorised to act on behalf of the above customers.

An account may be established and the above transactions may be performed only after identification of customers and taking the measures required by the laws regulating relations in the area of prevention of legalization (laundering) of proceeds from crime.

Any bank shall have the right to require and the client shall be obliged to submit the documents and statements required for identification of his/her/its person, types of activity, and financial standing. If a client fails to submit the documents or statements required or submits intentionally the untrue information, the bank shall refuse to service the client. If during the identification procedure the information submitted by the client can be reasonably suspected to be incorrect or intentionally misleading the bank shall submit information on the client's financial transactions to the special authorized government agency in charge of financial monitoring.

In order to identify a legal entity except the state-owned and municipal enterprises the bank shall clarify the data on the natural persons being holders of a substantial share in the legal entity as well as on the natural persons exerting direct or indirect influence thereon. The client shall submit the data specified in the applicable laws required by the bank in order to comply with the current laws regulating relations in the area of prevention of legalization (laundering) of proceeds from crime. In the event that the client fails to submit the statements, the bank shall not open any new accounts and/or shall discontinue any services provided for existing accounts. For identification and taking measures that in the bank’s opinion shall be appropriate for confirmation of identity of the client which is a legal entity and for bank’s compliance with rules of internal financial monitoring and the implementation of the program thereof, including detection of the doubtful financial operations subject to the financial monitoring, the bank shall be entitled to require the information concerning identification of this person and managers thereof, from the state bodies, banks and other legal entities, as well as to perform actions aimed at obtaining the information from other sources. The aforementioned state bodies, banks, other legal entities shall undertake to provide such information to the bank for free within 10 (ten) business days from the date the request is submitted.

For identification and taking measures that in the bank's opinion shall be appropriate for confirmation of identity of the client who is an individual, the bank shall be entitled to require the information concerning identification of this person from the state bodies, banks, and other legal entities, as well as to perform actions aimed at obtaining such information about this person needed for bank's compliance with rules of internal financial monitoring and implementation of the program thereof, including with detection of the doubtful financial operations subject to the financial monitoring. The aforementioned state bodies, banks, other legal entities shall undertake to provide such information to the bank for free within 10 (ten) business days from the date the request is submitted.

Identification of a client is not obligatory in every transaction performed if the client has been identified earlier according to requirements of the laws regulating relations in the area of prevention of legalization (laundering) of proceeds from crime.

Article 65. Record keeping

All documents on the financial transactions subject to financial monitoring and the results of identification of the persons that have performed such transactions shall be kept by the bank during five (5) years from the date of performing these transactions.

Results of the identification of the account owner and the person authorized to act in his/her name shall be kept by the bank during five (5) years from the date of closing the account.

Article 66. Forms of Banking Activity Regulation

State regulation of banking activity shall be performed by the National Bank of Ukraine in the following forms:

I. Administrative regulation.

1) Registration of banks and licensing of their activity.
2) Establishment of requirements and limitations for activity of the banks.
3) Enforcement of administrative or financial sanctions.
4) Supervision over activity of banks.
5) Recommendations in respect to activity of the banks.

II. Indicative regulation.

1) Setting the mandatory economic ratios.
2) Determination of mandatory reserve requirements to banks.
3) Defining deductions to the provisions against risks from banking operations with assets.
4) Defining the interest rate policy.
5) Refinancing of banks.
6) Correspondent relations.
7) Management of gold and foreign exchange reserves, including the currency interventions.
8) Operations with securities in the open market.
9) Import and export of capital.

Article 73. Enforcement Measures

In case a bank or other persons (entities) under the National Bank of Ukraine that may be subjected to supervision in compliance with this Law, violate the banking legislation of Ukraine, legal acts of the National Bank of Ukraine, its requirements, set under the Article 66 of this Law or perform risky operations, which threaten the interests of the bank's depositors or other creditors, the National Bank of Ukraine has the right to use the adequate enforcement measures correspondent to the offence committed or the level of the threat posed, including:

1) A written warning;

2) Convention of the general shareholders' meeting, a meeting of the Supervisory Council of the bank, a meeting of the Board (Board of Directors) of the bank;

3) A written agreement with the bank under which the bank or the person stipulated by the agreement assumes an obligation to redress violations, improve the financial condition of the bank, increase the efficiency of operation and/or adequacy of the risk management system etc;

4) Suspension of the payment of dividends or the distribution of the capital in any other form;

5) Imposition of increased individual economic ratios for the bank in question;

6) Increase of reserves to cover the potential losses under the loans or other assets;

7) Limitation, suspension or termination of some high risk operations performed by the bank;

8) Imposing a ban on the provision of unsecured loans;

9) Imposition of fines on:

bank managers (directors) in an amount up to one hundred untaxed minimum incomes of citizens;

banks under the Regulations approved by the National Bank of Ukraine Board but only in an amount not more than one percent of the registered authorized fund;

owners of qualifying holding in bank in case of violation of requirements of the Article 34 of this Law concerning procedure on acquiring or increase a qualifying holding in a bank to the amount of 10% from acquired (increased) share;

10) Temporary, until the elimination of violations, prohibition for the qualifying holding owner to use his/her/its voting rights of purchased securities (shares);

11) Temporary, until the elimination of violations, dismissal of a bank's official from his/her office;

12) Referring the bank to the category of problematic or insolvent banks;

13) Revoking of the banking license and liquidation of the bank.

The National Bank of Ukraine in cases mentioned in paragraph 10 of the part one of this Article shall appoint fiduciary which shall be passed the title concerning such securities (shares) and the right to participate in any way in bank management.

The National Bank of Ukraine has no right to appoint as a fiduciary individual that is an owner of the qualifying holding in this bank.

During the voting a fiduciary is obliged to act in the interests of the qualified and weighted governance of the bank. During the term of holding the status a fiduciary shall be obliged to comply with the requirements set by the Law and regulations of the National Bank of Ukraine concerning irreproachable business reputation.

The person discharged from office or temporarily banned to enjoy the voting rights in the bank pursuant to the National Bank decision may be acquitted or his voting rights renewed only on the base of prior permission of the National Bank of Ukraine.

The National Bank of Ukraine in case of violation by the banking group, responsible person of the banking group, other members of the banking group of this Law, regulations of the National Bank of Ukraine, undertaking risk activities that jeopardize the interests of depositors, if the structure of the banking group makes supervision impossible on a consolidated basis, shall be entitled to apply sanctions adequate to the offense specified in paragraph one of this article and / or any of the following:

1) setting for the banking group increased economic ratios, limits and restrictions on certain types of operations;

2) prohibition of transactions between the bank and other members of the banking group;

3) requirements for banks to alienate shares in the statutory capital of subsidiaries, associated companies, which are members of the banking group, termination agreements, under which, in the absence of formal ownership, a crucial influence is exerted to the management and /or activities of these persons.

The National Bank of Ukraine in case of violation of non-bank financial institutions that are part of the banking group, the requirements of this Act, and regulations of the National Bank of Ukraine has the right to appeal to the state authorities supervising such persons in order to take the adequate enforcement measures to these persons.

Article 74. Procedure for Enforcement Measures and Sanctions in Case of Violation of the Banking Legislation

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.

The effective laws of Ukraine and regulations of the National Bank of Ukraine determine procedures for application of the enforcement measures (sanctions) provided for by the law and the size of financial sanctions applied to the banks and other legal entities subject to supervisory activities of the National Bank of Ukraine.

Article 75. Referring the bank to the category of problem banks

The National Bank of Ukraine shall take a decision to refer the bank to the category of problem if it meets at least one of the following criteria:
1) bank allowed reducing regulatory capital and / or capital ratios established by the law and / or regulations of the National Bank of Ukraine, more than 10 percent during the month;

2) the bank failed to comply with the request of the depositor or other creditor, the term of which has expired five or more days ago;
3) systematic violation by the bank of the AML/CFT law;
4) bank violated laws on the order of presentation and / or publication of reports, including submitted to the National Bank of Ukraine and / or published false statements that led to a significant distortion of indicators of financial condition;
5) a systematic failure of the functioning and / or the adequacy of the risk management system, which poses a threat to the interests of depositors and other creditors.
The National Bank of Ukraine has the right to refer the bank to the category of problem for other reasons, specified by the regulations of the National Bank of Ukraine.
The decision of the National Bank of Ukraine on referring the bank to the category of problem banks shall be bank secrecy.
The National Bank of Ukraine has the right to ban the problem bank to use direct correspondent accounts for settlements and / or require the problem bank to conduct settlements only through the consolidated correspondent account.
Problem banks shall bring their activities into compliance with the law, including the regulations of the National Bank of Ukraine within 180 days.
Problem bank shall inform the National Bank of Ukraine within a period of seven days on the measures it will take to bring its activities into compliance with the law, and at the request of the National Bank of Ukraine shall inform it on the progress of the measures taken.
The National Bank of Ukraine has the right to decide that the bank's activities comply with the relevant legislation, or to refer the bank to the category of insolvent banks within 180 days from the date of referring the bank to the category of problem banks.
The National Bank of Ukraine shall decide that the bank's activities comply with the relevant legislation, or refer the bank to the category of insolvent banks not later than 180 days from the date of referring the bank to the category of problem banks.

Article 77. Revoke of Banking Licenses and Liquidation of the Bank

Bank may be liquidated in the following cases:

1) under the decision of the owners of the bank;

2) In case of revoking by the National Bank of Ukraine of the banking license on its own initiative or at the request of the Guarantee Fund of the Individuals' Deposits.

The National Bank of Ukraine has the right to revoke the banking license on its own initiative if:

1) it found that the documents submitted to obtain a banking license contain false information;

2) the bank failed to conduct any banking transaction within the year after obtaining a banking license.

The National Bank of Ukraine decides to revoke the banking license of the bank and to liquidate the bank at the suggestion of Guarantee Fund of the Individuals' Deposits within five days of receipt of the proposal of the Fund.

The order of revocation of the banking license of the bank being liquidated under the initiative of the owners is determined by the regulations of the National Bank of Ukraine.

The National Bank of Ukraine not later than the day following the day of the decision to revoke banking license and to liquidate the bank shall notify the bank and send the decision to the Guarantee Fund of the Individuals' Deposits.

The Guarantee Fund of the Individuals' Deposits on the day of obtaining the decision of the National Bank of Ukraine on bank liquidation acquires the rights of bank liquidator and starts the procedure of liquidation pursuant to the Law of Ukraine On the Guarantee System of the Individuals' Deposits.

Bank liquidation procedure is deemed to be completed and the bank liquidated from the day of entering the note into the Unified State Register of legal entities and natural persons - entrepreneurs.

The National Bank of Ukraine shall enter the note into the State Register of Banks on liquidation of the bank on the base of the decision received from Guarantee Fund of the Individuals' Deposits on approval of the liquidation balance and the liquidator report.

Unofficial translation

RESOLUTIONS OF THE PLENUM OF SUPREME COURT OF UKRAINE
Resolution as of 15.04.2005 No 5
On Practice of application of legislation on criminal responsibility for the legalization (laundering) of the proceeds of crime by courts

GENERALIZATION
Judicial practice of consideration of cases on disclosure of the information which constitutes bank secrecy, with regard to legal and natural persons

According to the Article 1076 of the Civil Code a bank shall guarantee the secrecy of the bank account, transactions under the account and data on the customer. The data on transactions and the accounts may be provided only to the customers or their representatives. Such data may be provided to other persons, including state authorities, their officials, exclusively in the instances and according to the procedure stipulated by the Law On Banks and Banking. In this Law the bank secrecy and the information confidentiality issues are covered by Section 10.

Disclosure of the bank secrecy may be performed in two forms: ***administrative*** shall be applied under the request of the competent authorities referred to in the Law directly by the bank and without address to the court; ***judicial*** shall be provided by the bank but under the court request or under the court decision. In its turn, under the request of the court the bank secrecy may be disclosed in two instances: a) by the judge independently in compliance with the secrecy regime; b) by the court in the course of consideration of the case in economic, administrative, criminal and civil justice (as for the latter, this rule is acute for civil cases where the contest is being solved concerning the following matters: on division of the property, on fulfillment of alimentary obligations, on heritage as they are related to study of evidence constituting bank secrecy required by the court under the petition of the legal process actors). This happens, as a rule, while the court is solving the issues on provision of evidence, on requirement to obtain evidence with regard to which the court takes procedural decisions.

It is worth paying attention to the fact that not any person may address to the court with the application on the bank secrecy disclosure. As the content of the Article 287 of the Civil Procedural Code of Ukraine covering the address to the court in the instances stipulated by the law and the Article 62 of the Law On banks and Banking and other laws regulating the bank secrecy disclosure procedure presumes that the court may consider the applications a) of the persons authorized to obtain such information but under the law they have not been vested with the right to address the bank directly with the request to disclose bank secrecy; b) of the persons that according to the law are authorized to address the bank with the application to disclose bank secrecy within an appropriate scope (restricted) but to whom the bank has refused to disclose such information. If such agency or the person is authorized to address the bank directly to disclose bank secrecy but requires disclosure of this secrecy in full scope and not in restrictive one pursuant to its competence provided for by the law, the court may not refuse to open proceedings in the case.

Especial attention shall be paid to the fact that the lawmaker provides for the possibility to consider the cases of this category notifying only the applicant in the instances when the case is considered with the purpose of protecting state interests and the national security.

The definition of the term “protection of state interests and national security” has been partially provided by the Constitution Court of Ukraine in the Decision dated April 8, 1999 N 3-рп/99 (the case on representation by the prosecutors of Ukraine of the interests of the state in arbitrary court) where it has

been mentioned that state interests are set forth by the norms of the Constitution of Ukraine as well as norms of other legal acts. The interests of the state differ from the interests of other participants of social relations. The first ones are based on the need to perform overall state actions, programs aimed at protection of the sovereignty, territorial integrity, state border of Ukraine, guarantee of its state, economic, informational and ecologic security, protection of land as the national wealth, protection of rights of all subjects of ownership and economic management.

According to the Article part 2 of the Article 289 of the Civil Procedural Code failure to appear to the court hearing without reasonable excuses of the applicant and (or) of the person with regard to whom the bank secrecy is required to be disclosed, their representatives or the representative of the bank shall not be a hindrance for the case to be considered unless the court stipulated their presence as compulsory.

The cases on disclosure by the banks of the information constituting bank secrecy with regard to the legal entity or natural person shall be considered by the court under the rules of separate proceedings, characterized with the absence of the contest about the right. If in the course of consideration of the case it is found out that the application is based on the contest that shall be considered in the action proceedings, the court shall leave the application without consideration and explain to the interested parties that they are authorized to file the lawsuit on general bases (part 3 of the Article 289 of the Civil Procedural Code).

The cases on disclosure by the banks of the information constituting bank secrecy, pursuant to part 1 of the Article 289 of the Civil Procedural Code shall be considered in close judicial proceedings that shall be mentioned in the minute-book as well as in the court ruling. According to part 7 of the Article 6 of the Civil Procedural Code the court shall adopt a reasonable procedural ruling on consideration of the case in close judicial hearing in advisory room to be announced immediately.

Unofficial translation

APPROVED

by Directive of
the Cabinet of Ministers of Ukraine

dated March 9, 2011 № 190-p

STRATEGY

for developing Anti-money laundering and counter terrorist financing system for the period up to 2015

General part

An impetuous development of global financial system, an on-going enhancement of existing and application of new information and communication technologies enables conducting financial transactions in the shortest time possible that creates additional opportunities for laundering of the proceeds of crime.

For every state, money laundering is a national security issue. Money laundering is not only a socially dangerous act but a system threat for financial markets and national economy in whole.

Because of activation of international terrorism new challenges in AML/CFT sphere occur that require undertaking rigid measures to take control over functioning of shadow financial flows. One of directions of counter-terrorist strategy of the state should be identification and effective freezing of terrorist organizations' financial assistance channels.

A necessary condition for effective solution of the above mentioned problems is joining efforts of state authorities and financial institutions aimed at effectuation of the Strategy.

Analysis of the situation

During 2005—2010 national AML/CFT system that included effective financial monitoring and interagency cooperation has been efficiently operating. Society has formed an accurate position as for necessity to take measures aimed at prevention and counteraction of money laundering and terrorist financing.

Adoption of the Law of Ukraine dated May 18, 2010 № 2258 On Amending the Law of Ukraine On Prevention and Counteraction to Legalization (Laundering) of the Proceeds of Crime resulted in implementation into the national legislation of FATF 40 Recommendations and 9 Special recommendations, UN Convention on Suppression of the Financing of Terrorism, and Directive 2005/60/EC of the European Parliament and of the Council as of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing.

At the same time a range of issues is still unsolved.

According to the provisions of Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism as of May 16, 2005 insider trading and market manipulation shall be considered offences pursuant to criminal legdsilation of the state and be predicate to money laundering offence.

This Convention also envisages appropriate management of frozen and seized property according the Articles 4 and 5 of the Convention.

The Law of Ukraine On Prevention and Counteraction to Legalization (Laundering) of the Proceeds of Crime or Terrorist Financing envisages that the procedure for authorizing access to the assets related to terrorist financing or the financial transactions suspended pursuant to the decision taken on the base of UN Security Council Resolutions shall be stipulated by the law. Such access is authorized to cover basic and extraordinary expenses. For the present moment it is necessary to stipulate the procedure for authorizing access to frozen funds or other assets that have been determined as necessary to cover the above mentioned expenses.

According to FATF Special Recommendation III competent authorities of the state shall have the powers for non-term freezing of assets of persons related to terrorist financing on the base of UN Security Council Resolutions.

Aim and key directions of the strategy implementation

The aim of this strategy is to set out measures of legislative, organizing and institutional nature aimed at ensuring of stable and effective functioning of national AML/CFT system.

To reach this aim it is necessary:

- to ensure confirming by Ukraine of its status as a reliable partner

of international community in AML/CFT sphere by means of:

- bringing national legislation in line with the requirements of international standards;
- decriminalization and legalization of economic relations;
- increasing of investment attractiveness of Ukrainian economy for foreign investors;
- forming of positive international image of Ukraine and overcoming hindrances on the way of recognizing Ukraine as a state with market economy;

- to take measures to prevent occurrence of the prerequisites for money laundering or terrorist financing be means of:

- effectuation of the provisions of the Law of Ukraine On Prevention and Counteraction to Legalization (Laundering) of the Proceeds of Crime or Terrorist Financing;
- elaboration of annual Action AML/CFT plans;
- enhancement of means for conducting monitoring of financial flows and counteraction to illegal outflow of funds abroad;
- increasing effectiveness of ML/TF financial schemes and methods analysis and elaboration of relevant typologies;
- taking measures aimed at identification and suspending of illicit activity of conversion centres and fictitious entities involved into ML or TF;
- analysis of foreign economic transactions conducted by business entities through offshore zones in order to identify and suspend their activity on money laundering and terrorist financing;

- stipulating the procedure of classification by non bank financial institutions of the customers and taking by such institutions of preventive measures with regard to high ML/TF risk customers;

- ensuring regulation of the activity on organizing and conducting lotteries and gambling in the territory of Ukraine;

to ensure enhancement of AML/CFT legislation by means of:

- criminalization of market manipulation and intensifying punishment for insider dealing and making them predicate to money laundering offence;

- amending Criminal Code of Ukraine in part of confiscation of funds or other property generated from illicit activity for all predicate offences;

- amending Criminal Procedural Code of Ukraine regarding seizure of property (funds) acquired by a suspect or accused person by means of money laundering or terrorist financing and converted into property of other persons;

- designating legal mechanism for authorizing access to the assets related to terrorist financing or financial transactions suspended according to the decisions taken on the base of UN Security Council Resolutions № 1452 dated December 20, 2002;

- amending the Law of Ukraine On Fight against Terrorism in part of freezing terrorist assets on the base of UN Security Council Resolutions;

- minimization of the risk of Ukrainian financial system being used for money laundering and terrorist financing;

- increasing of information transparency of financial system;

- development of partner relationships with private sector in AML/CFT sphere;

- increasing share of cashless payments and decreasing cash share;

- improvement and extension of unified information dimension of electronic interaction of state agencies – actors of national AML/CFT system;

- applying risk based approach by all participants of AML/CFT system;

- implementing the mechanism for collecting by the reporting entities of the information on the activities of foreign financial institutions with whom corresponding relations have been established;

- to enhance the activities of the law enforcement agencies and other state authorities in AML/CFT sphere by the means of:

- increasing effectiveness of investigation by the law enforcement agencies of criminal cases under the Articles 209 and 209^1 of the Criminal Code of Ukraine and taking operative and search measures, particularly in part of disclosure and suspension of illicit activities of organized groups and criminal organizations conducting ML/TF transactions;

- enhancement of the mechanism for interaction of the law enforcement agencies and the State Financial Monitoring Service, particularly in the course of analysis of case referrals on ML/TF financial transactions;

- elaboration and implementation of effective mechanisms for search of funds or other property generated from illicit activity for their further seizure and confiscation pursuant to a stipulated procedure;

- terrorist financing assets identification and further freezing procedure improvement;

- ensuring submission by state agencies to the State Financial Monitoring Service revealed in discharge of the duties information on ML/FT transactions or transactions related to internationally sanctioned persons;

- to enhance supervision and regulation mechanism over reporting entities by means of;

- analysis of the measures efficiency, functioning of financial monitoring system in the state;

- increasing effectiveness of regulation and supervision over reporting entities with taking into consideration AML/CFT policies, procedures, control systems, and risk assessment;

- stipulating the procedure for taking measures to prevent forming statutory funds of appropriate reporting entities at the expense of funds the origin of which cannot be confirmed;

- stipulating and applying an accurate mechanism for verifying irreproachable reputation of the persons managing or controlling reporting entities;

- organization of training for the representatives of specially designated reporting entities;

- preparation of methodical recommendations for the reporting entities, particularly regarding identification of suspicious transactions, peculiarities of the information submission to the State Financial Monitoring Service and identification of financial transactions originators;

- to provide professional development through:

- securing by the State Financial Monitoring Service of coordination of training and professional development for civil servants and employees of reporting entities responsible for the AML/CFT sphere;

- improving the efficiency of training and professional development of employees of special units of law enforcement agencies involved in detection, revealing and investigation of the facts of legalization (laundering) of proceeds of crime or terrorist financing;

- introducing a training mechanism under recent educational programs for reporting entities employees on the issues of application of the Law of Ukraine "On prevention to legalization (laundering) of proceeds of crime or terrorist financing, in particular regards ML/FT risk management;

- training for employees of newly established state reporting entities;

- organization of training involving employees of the State Financial Monitoring Service for law enforcement and judicial authorities staff on ATM/CFT issues;

- to organize effective international cooperation by means of:

- continuation of Ukraine's participation in international AML/CFT activities, undertaken in the framework of the Financial Action Task Force (FATF), the European Union, Council of Europe, World Bank, International Monetary Fund, the Egmont Group, Eurasian Group on combating money laundering or terrorist financing and other international organizations and institutions actions;

- continuation of work on preparation and concluding of international agreements (MOUs) on cooperation on combating legalization (laundering) of proceeds of crime or terrorist financing;

- ensuring effective interaction and information exchange with competent authorities of foreign countries and international organizations, whose activity is targeted on prevention of legalization (laundering) of proceeds of crime or terrorist financing;

- to provide public information on measures taken to prevent the legalization (laundering) of proceeds of crime or terrorist financing by means of:

- development of an effective mechanism of access for individuals, legal entities and the mass media to public information on the results of state authorities' AML/CFT activities;

- securing transparency of state authorities' activities in the AML/CFT area.

Expected Results

The fulfillment of this Strategy will secure:

systematic implementation of state policy in AML/CFT sphere;

harmonization of the national system of prevention and counteraction to legalization (laundering) of the proceeds of crime or terrorist financing with international legal standards;

effective cooperation and regular information exchange with executive authorities, other government agencies - entities of state financial monitoring, as well as with competent authorities of foreign countries and international organizations in this area;

compliance and strict fulfillment of requirements established by law concerning the activities of specially designated reporting entities;

training for state employees responsible for financial monitoring issues and reporting entities' employees;

stimulation of foreign investments in the national economy;

replenishment of the state budget.

At the same time the Strategy implementation will promote development of Ukraine as a democratic state governed by the rule of law, it will also secure national interests and improve social and economic relations and principles of civil society.

Unofficial translation

THE CABINET OF MINISTERS OF UKRAINE

RESOLUTION

as of August, 25 2010 No 765
Kyiv

On Procedure of Determining the Countries (Territories) that do not apply or improperly apply the Recommendations of AML/CFT International, Intergovernmental Organizations

Under the Article 15 part 1(3) of the Law of Ukraine "On prevention and counteraction to legalization (laundering) of the proceeds from crime or terrorist financing" The Cabinet of Ministers of Ukraine **decree**:

1. To establish:

the list of countries (territories) that do not address or improperly address recommendations of AML/CTF international, intergovernmental organizations (hereinafter - the list) shall be completed and after approval of the Ministry of Finance of Ukraine to be confirmed by the State Financial Monitoring Service of Ukraine;

shall be enlisted countries (territories) under conclusion of the Financial Actions Task Force (FATF), AML/CTF international, intergovernmental organizations;

2. Resolution of the Cabinet of Ministers of Ukraine as of April 26, 2003 № 645 "On procedure of determination of countries (territories) which do not provide international AML/CFT cooperation" (Official Visnyk of Ukraine, 2003, № 18-19 Art.857) cease to be in force.

Prime Minister of Ukraine **Mykola AZAROV**

Unofficial translation

THE CABINET OF MINISTERS OF UKRAINE
RESOLUTION

As of August 18, 2010 p. N 745

Kyiv

On adopting the Procedure of Composing the List of Persons Related to Terrorist Activities or regarding whom International Sanctions are Applied

According to Article 17 of the Law of Ukraine "On prevention and counteraction to legalization (laundering) of the proceeds from crime or terrorist financing" The Cabinet of Ministers of Ukraine resolves:

1. To adopt the Procedure of composing of the list of persons related to terrorist activities or with regard to whom international sanctions are applied that are enclosed.

2. The resolution of the Cabinet of Ministers of Ukraine of May 25, 2006 # 751 "On adopting the Procedure of composing of the list of persons related to terrorist activities" (Official Bulletin of Ukraine 2006, # 22, p. 1632) to determine as lost force .

Prime minister of Ukraine

M. Azarov

ADOPTED
by the resolution of the Cabinet of Minister of Ukraine
as of August 18, 2010 p. N 745

PROCEDURE
of Composing of the List of Persons Related to Terrorist Activities or with Regard to Whom International Sanctions are Applied

3. This Procedure defines the mechanism of composing of the list of persons related to terrorist activities or with regard to whom international sanctions are applied (hereinafter - the list).

4. The reasons of the SFMS for including the legal or natural person to the list 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, 258^1, 258^2, 258^3, 258^4 and 258^5 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 activities that are recognized by Ukraine according to international treaties of Ukraine.

5. The list is composed on the basis of information or documents specified in paragraph 2 of this Procedure, which should include the following:

1) regarding citizens of Ukraine - full name, date of birth, serial number of passport or other document of identity, date and name of the authority that issued it, location and / or residence, identification number in accordance with the State register of natural persons - payers of taxes and other mandatory payments or serial number of passport, which in the established manner was marked on the right to make payments without identification number, and regarding citizens of Ukraine registered as individual entrepreneurs – details of the extract from the Unified State register of legal entities and natural persons-entrepreneurs and name of the authority that issued it, if available details of the bank, where the account was opened, and bank account number;

2) regarding resident legal entities - full name, location, details of the extract from the Unified State register of legal entities and natural persons-entrepreneurs, name of the authority that issued it, the identification code according to the Unified State Register of enterprises and organizations of Ukraine, if available details of the bank, where the account was opened, and bank account number;

3) regarding foreigners and stateless natural persons - name, surname and patronymic, if available, the citizenship or nationality, date of birth, passport or other document of identity, date and name of the authority hat issued it, location and/or permanent or temporary residence;

4) regarding non-resident legal entities - full name, location, details of the bank, where the account was opened, the bank account number.

6. Information or documents pursuant to paragraph 3 of this Procedure are submitted to the SFMS by the Security Service of Ukraine under availability of grounds specified in subparagraph 1 paragraph 2 of this Procedure, and by the Ministry of Foreign Affairs - subparagraph 3 paragraph 2 of this

Procedure.

Information or documents are submitted to the SFMS under the structure of details, specified in paragraph 3 of this Procedure, personally or by mail complying with the rules excluding unauthorized access to information or documents.

Information or documents, specified in paragraphs 2 and 3 of this Procedure are submitted to the SFMS no later than during five working days from the date of receipt of information, necessary to include legal or natural person to the list.

Information or documents specified in subparagraph 2 paragraph 2 of this Procedure, the SFMS receives from the official website of the UN.

7. The SFMS composed the list and amendments to it within three working days from the date of receipt of information or documents mentioned in paragraph 4 of the Procedure.

8. If legal or natural person is included to the list, the SFMS immediately analyzes available information on financial transactions of such person, which became the object of financial monitoring, as well as data of the unified state information system in the area of prevention and counteraction to legalization (laundering) of the proceeds from crime or financing of terrorism with a view to setting information about assets of legal or natural person, included to the list.

In case of revealing of assets of legal or natural person, included to the list, the SFMS immediately submits case referrals to the Security Service of Ukraine for taking, under availability of adequate grounds of measures for seizure activities (deposits) of such person**.**

7. The reason to exclude the person from the list by the SFMS is the following:

1) quashing or cancellation of criminal record of the natural person, convicted of committing crimes stipulated in Articles 258, 258^1, 258^2, 258^3, 258^4 and 258^5 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 condemnation verdict or the court verdict, 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.

8. Under availability of information specified in subparagraphs 1, 3, 4, paragraph 7 of this Procedure, the Security Service of Ukraine and the Ministry of Foreign Affairs provide relevant information to the SFMS.

9. Under requests of the person included in the lists or under his/her official representative, the SFMS considers the possibility of excluding that person from the list.

Taking decision under requests is performed by the SFMS within ten working days from receipt request, if the information stated in request does not require additional review.

After receiving the request, the SFMS no later than the next working day from the date of receipt submits for consideration a copy of such request to the Security Service of Ukraine, the Ministry of Foreign Affairs or other state body, which may have information about the person included to the list.

The Security Service of Ukraine, the Ministry of Foreign Affairs or other state authority within five working days submits to the SFMS the relevant original documents or their certified copies, which

confirm or refute the information contained in the request regarding availability of grounds to exclude the person from the list. Under the necessity to conduct additional inspections, specified information is provided in the terms agreed with the SFMS.

10. When receiving, including from the official website of the UN, the information regarding persons, specified in paragraph 7, the SFMS takes the decision to exclude the person from the list and removes from it the relevant records.

11. On decision taken under the request, the SFMS informs the person, who applied with the request with an official letter no later than three working days from the date of adoption.

Unofficial translation

APPROVED
by the Resolution of the Cabinet of Ministers of Ukraine and
the National Bank of Ukraine

as of December 28, 2011 N 1379

ACTION PLAN

on prevention and counteraction to legalization (laundering) of the proceeds of crime or terrorist financing for 2012

(In the list of Action Plan executors the words "the State Commission on Securities and Stock Market" and "the State Commission on Financial Services Markets Regulation" shall be supplemented by the words "the National Commission on Securities and Stock Market (under agreement)" and "the National Commission on Financial Services Markets Regulation (under agreement)" according to the Cabinet of Ministers of Ukraine and the National Bank of Ukraine October 17, 2012 No 965)

Prevention of emergence of preconditions for legalization (laundering) of the proceeds of crime and terrorist financing

1. If necessary, provide amendments to legal acts concerning providing the supervision system over reporting entities under results of AML/CTF risk assessment.

	The State Financial Monitoring Service of Ukraine, the Ministry of Finance of Ukraine, the Ministry of Justice of Ukraine, the Ministry of Infrastructure, the Ministry of Economic Development and Trade of Ukraine, the National Commission on Securities and Stock Market (the NCSSM) (under agreement), the National Commission on Financial Services Markets Regulation (the NCFSMR) (under agreement).
	During the year.

2. Prepare proposals on introducing amendments to legislation concerning establishment of the unified state register on issue, turnover and payment of bills.

	the NCSSM, the State Tax Service of Ukraine, the State Financial Monitoring Service of Ukraine .
	III quarter.

Minimizing of ML/FT risks

3. Provide generalization of information concerning revealed schemes of legalization (laundering) of the proceeds from crime or terrorist financing considering experience of authorised authorities of foreign countries, financial, control and law-enforcement agencies of Ukraine earned in 2011 and during the I-III quarter of 2012 in order to be used for prevention of committing mentioned crimes. This information shall be provided to reporting entities by disposing on official web-site of the State Financial Monitoring Service of Ukraine.

	The State Financial Monitoring Service of Ukraine, the Ministry of Economic Development and Trade of Ukraine, the Ministry of Infrastructure, the Ministry of Justice of Ukraine, the Ministry of Finance of Ukraine, the Ministry of Foreign Affairs of Ukraine, the NCSSM (under agreement), the NCFSMR) (under agreement), the State Customs Service of Ukraine, the State Tax Service of Ukraine, the Ministry of Interior of Ukraine, the State Financial Inspection of Ukraine, the Security Service of Ukraine (under consent), the National bank of Ukraine.

	IV quarter.
4. Ensure after elaboration of the relevant methods conducting the national ML/TF risk assessment.	
	The State Financial Monitoring Service of Ukraine, the Ministry of Economic Development and Trade of Ukraine, the Ministry of Infrastructure of Ukraine, the Ministry of Justice of Ukraine, the Ministry of Finance of Ukraine, the Ministry of Interior of Ukraine, the NCSSM (under agreement), the NCFSMR (under agreement), the State Customs Service of Ukraine, the State Tax Service of Ukraine, the Security Service of Ukraine (under consent), the National bank of Ukraine.
	During the year.
Enhancing efficiency of law enforcement and other state agencies' activity	
5. Continue to take measures aimed at revealing the facts and suspension of illegal activities of fictitious "conversion" centers and enterprises involved in legalization (laundering) of the proceeds of crime, or terrorist financing.	
	The State Tax Service of Ukraine, the Ministry of Interior of Ukraine, the Security Service of Ukraine (under consent), the State Financial Monitoring Service of Ukraine, the NCSSM (under agreement), the NCFSMR (under agreement).
	During the year.
6. Ensure taking measures aimed at revealing the facts of movement goods, cash, circulating monetary and credit documents, precious metals, precious stones and its products as well as culture values being used in legalization (laundering) of the proceeds for crime, or terrorist financing.	
	The State Customs Service of Ukraine.
	During the year.

7. Prepare proposals on improvement the procedure of interaction of the State Customs Service of Ukraine and the State Financial Monitoring Service of Ukraine on revealing and further freezing of assets of persons involved in legalization (laundering) of the proceeds of crime, or terrorist financing.

The State Customs Service of Ukraine, the State Financial Monitoring Service of Ukraine.

During the year.

8. Ensure conducting within the competence of system measures on prevention and revealing among the Customs Service employees of corruption displays as one of important factor of obtaining proceeds of crime.

The State Customs Service of Ukraine.

During the year.

9. Carry out analysis of trends, methods and schemes of terrorist financing. Notify the entities of financial monitoring about the results of analysis and the relevant recommendations.

The State Financial Monitoring Service of Ukraine, the Ministry of Interior of Ukraine, the Security Service of Ukraine (under consent).

10. Elaborate the system of electronic turnover of currency which is transferred through custom board of Ukraine, form the data base and elaborate program information complex "Counteraction to legalization of the proceeds of crime".

During the year.

The State Customs Service of Ukraine.

III quarter.

11. Implement methodical recommendations on detection and investigation of ML/FT crimes and crimes related to use of funds of illegal turnover of narcotic drugs psychotropic substances, analogs and precursors as well as of illicit migration and traffic in human being.

The Ministry of Interior of Ukraine , the State Tax Service of Ukraine, the Security Service of Ukraine (under consent).

12. Continue 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 particularly, for conducting entrepreneurial, investment, other economical and charitable activities, carrying out of clearing and credit transactions), as well as search, seizure and confiscation of such proceeds by law enforcement agencies.

During the year.

The State Financial Monitoring Service of Ukraine, Ministry of Interior of Ukraine ,

	State Tax Service of Ukraine , Security Service of Ukraine (under consent)
13. Ensure for AML/CFT purposes in external economic activities, prevention to illicit transferring money abroad carried out by economic entities through offshore areas, including using of "shall companies", verification of registration and foreign counterparts' activity by information exchange with competent foreign authorities, using international data bases.	During the year.
	The State Financial Monitoring Service of Ukraine, the State Customs Service, the State Tax Service of Ukraine, the Ministry of Interior of Ukraine, the Security Service of Ukraine (under consent).
	During the year.
Ensuring transparency of state authorities' activity	
14. Assist in informing public concerning AML/CFT measures taken.	
	The State Committee for Television and Radio Broadcasting of Ukraine, the Ministry of Interior of Ukraine , the Security Service of Ukraine (under consent), the State Financial Monitoring Service of Ukraine, the NCFSMR) (under agreement).
	During the year.
15. Ensure establishing (if not available) and functioning on the official web-sites of entities of state financial monitoring of information blocks "Financial monitoring".	
	The Ministry of Justice of Ukraine, the Ministry of Finance of Ukraine, the Ministry of Economic Development and Trade of Ukraine, the Ministry of Infrastructure of Ukraine, the National Commission on Securities and Stock Market, the NCSSM (under agreement), the NCFSMR (under agreement), the National bank of Ukraine.
Officials' Training	
	During the year.
16. To carry out retraining and professional development of officials of the state agencies involved into anti-money	

laundering and counter-terrorist financing system.

	The State Financial Monitoring Service, the Ministry of Justice, the Ministry of Finance, the Ministry of Economy and Development, the Ministry of Infrastructure, the Ministry of Interior, the State Tax Service, the Security Service (under consent), the NCSSM (under agreement), the NCFSMR) (under agreement), the State Custom Service, the National Agency of Ukraine for Civil Service, the National Bank of Ukraine, the Training Centre of the State Financial Monitoring Service of Ukraine (under consent).
	During the year.

17. Ensure holding of the AML/CFT workshops by the state agencies, particularly the law enforcement agencies, involving judges (under consent) for the officials of regional units.

	The State Financial Monitoring Service, the Ministry of Finance, the Ministry of Justice, the Ministry of Economy and Development, the Ministry of Infrastructure, the Ministry of Interior, the NCSSM (under agreement), the NCFSMR (under agreement), the State Tax Service, the National Agency of Ukraine for Civil Service, the Security Service (under consent), the National Bank of Ukraine, High Specialized Court on Civil and Criminal Matters (under consent).
	During the year.

18. Ensure organization and coordination of the work aimed at retraining and professional development of the officials of the state agencies and reporting entities in AML/CFT area on the base of the Training Centre of the State Financial Monitoring Service of Ukraine.

	The State Financial Monitoring Service, the Training Centre of the State Financial

	Monitoring Service of Ukraine.
	During the year.
19. Conduct examination of organization of professional training of staff and head of divisions of reporting entities responsible for conducting AML/CTF financial monitoring.	
	The State Financial Monitoring Service of Ukraine, the Ministry of Finance of Ukraine, the Ministry of Justice of Ukraine, the Ministry of Economic Development and Trade of Ukraine, the Ministry of Infrastructure of Ukraine, the NCSSM (under agreement), the NCFSMR) (under agreement), the National bank of Ukraine, Training Center of the State Financial Monitoring Service of Ukraine (under consent).
	During the year.
20. Provide involvement of reporting entities and self-regulating organizations into consideration of issues of functioning AML/CTF system by holding joint meetings, seminars, tour de tables, conferences etc.	
	The State Financial Monitoring Service of Ukraine, the Ministry of Finance of Ukraine, the Ministry of Justice of Ukraine, the Ministry of Finance of Ukraine, the Ministry of Economic Development and Trade of Ukraine, the NCSSM (under agreement), the NCFSMR (under agreement), the National bank of Ukraine.
	During the year.
21. Provide constant participation of representatives of central authorities of executive power in the AML/CTF Trends and Methods Council founded under the Resolution of the Cabinet of Ministers of Ukraine as of 01.06.2010 No 25 (Official Visnyk of Ukraine, 2012, No 2, page 61).	
	The State Financial Monitoring Service of Ukraine, the Ministry of Finance of Ukraine, the Ministry of Justice of Ukraine, the

		Ministry of Economic Development and Trade of Ukraine, the Ministry of Interior, the State Tax Service, the Ministry of Foreign Affairs, the NCSS (under agreement), the NCFSMR (under agreement), the Security Service of Ukraine (under consent), the State Customs Service of Ukraine, the State Treasury Service of Ukraine, the State Financial Inspection of Ukraine, the Antimonopoly Committee of Ukraine, Foreign Intelligence Service of Ukraine, Administration of the State Border Guard Service of Ukraine, the National Bank of Ukraine.
Participation in international cooperation		Quarterly.

22. Conduct activity on preparing and concluding international agreements (MOUs) on AML/CTF cooperation.

		The State Financial Monitoring Service of Ukraine, the Ministry of Foreign Affairs, the Ministry of Justice of Ukraine, the Ministry of Finance of Ukraine, the Ministry of Infrastructure of Ukraine, the Ministry of Economic Development and Trade of Ukraine, the Security Service of Ukraine (under consent), the NCSSM (under agreement), the NCFSMR (under agreement), the National Bank of Ukraine. During the year.

23. Provide participation of Ukraine in international AML/CTF events under the aegis of the Financial Action Task Force (FATF), European Union, Counsel of Europe, World Bank, International Monetary Fund in the framework of international multipurpose organizations, in particular UN and its appropriate departments, subdivisions, committees, as well as in working committees of the Egmont Group of FIUs, The Eurasian group on combating money laundering and financing of terrorism.

		The State Financial Monitoring Service of Ukraine, the Ministry of Foreign Affairs, the Ministry of Justice of Ukraine, the NCSSM (under agreement), the NCFSMR (under agreement), the State Customs Service of Ukraine, the State Tax Service, the Ministry

		of Interior, the Security Service of Ukraine (under consent), the Ministry of Economic development and Trade of Ukraine, the Ministry of Infrastructure of Ukraine, the Ministry of Finance of Ukraine, the National Bank of Ukraine.
		During the year.

Unofficial translation

CABINET OF MINISTERS OF UKRAINE

RESOLUTION

as of August, 25 2010 № 746

On approval of Procedure of Submitting Information Concerning Client Identification by State Authorities on Request of Reporting Entity

Under the Article 9 of the Law of Ukraine "On Prevention and Counteraction to Legalization (Laundering) of the Proceeds from Crime or Terrorist Financing" Cabinet of Ministers of Ukraine **decree**:

Approve Procedure of submitting information concerning client identification by state authorities on request of reporting entity (attached).

Prime Minister of Ukraine **Mykola AZAROV**

APPROVED
by the Resolution of
the Cabinet of Ministers of Ukraine
as of August 25, 2010 No 746

PROCEDURE
of Submitting Information Concerning Client Identification by State Authorities on Request of Reporting Entity

1. This Procedure defines the procedure of providing by the state authorities on request of reporting entity the information concerning client identification.
2. In this Procedure terms shall be used in the meaning stated in the Law of Ukraine "On Prevention and Counteraction to Legalization (Laundering) of the Proceeds from Crime or Terrorist Financing".
3. In case of any doubts concerning reliability or completeness of provided information on client identification reporting entity shall take measures on data verification and clarification of such information. At that, it has the right to apply state authorities with request for receiving essential information.
4. State authorities providing the information on client identification on request of reporting entity shall be:

   the State Registration Service,

   the State Tax Administration,

   and the agencies of internal affairs (hereinafter – state authorities).
5. Request shall be send by reporting entity under location of appropriate state authorities in written form, shall be signed by the Head of reporting entity or his Deputy and sealed by reporting entity. As well request may be sent in electronic form. The form of electronic interaction and the form of submitting information shall be stipulated by the State Registration Service, the State Tax Service and the Ministry of Interior under the legislation on protection of restricted information.
6. Request shall contain grounds for providing by state authorities the information on client identification, its list and purpose of using such information. Request shall be attached with the copy of notification on assigning of record identifier of reporting entity (combination of Latin letters and numbers assigned by SCFN if reporting entity was placed in the register).

   In request concerning identification of natural person – resident obligatory shall state identification number, surname, first name and patronymic name, date of birth and point of residence.
7. Under the legislation within ten working days state authorities shall provide reporting entity with information on identification of the client, provided by the Article 9 part 11 and 12 of the Law of Ukraine "On Prevention and Counteraction to Legalization (Laundering) of the Proceeds from Crime or Terrorist Financing" legislation. The mentioned information shall be submitted free of charge.
8. Letter of the state authority providing the information which is submitted on request of reporting entity shall contain the following information:

   number and date of reporting entity's request to which the answer is provided;

   information requested by reporting entity if the information is under the competence of the state authority.

9. Information provided to reporting entity from the state authorities concerning client identification is restricted information and shall be used to fulfill AML/CFT legislation requirements.

10. Reporting entity shall carry out the register of requests to state authorities, which shall contain outcoming elements of the request, surname, first name and patronymic name of the natural person or full name of the legal entity, on which the information is requested, grounds for sending request and essential elements of the letter of the state authority with information received on request of reporting entity. State authorities shall carry out the register of requests of reporting entities concerning client identification in the separate register which contains record identifier of reporting entity, incoming elements of request, information on client, outcoming elements of the answer-letter.

11. Request of reporting entity concerning client identification and information which is forwarded by the state authorities under provisions of this Procedure is a restricted information and shall not be forwarded to third persons, except SCFM, appropriate state reporting entities and other state authorities in cases provided by the law.

12. Reporting entities shall provide keeping and usage of stated information according to provisions of legislation, as well as prevent unauthorized access and circulation of information.

13. For violation of requirements concerning keeping of information on client identification provided by the state authorities and revealing of information reporting entity shall bear responsibility according to the Law.

Unofficial translation

CABINET OF MINISTERS OF UKRAINE
RESOLUTION

as of August 25, 2010 № 747
Kyiv

On Some Issues of Financial Monitoring Organization

According to the Article 12 Part 3 and Article 13 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" the Cabinet of Ministers of Ukraine **DECREES:**

1. To approve the following which are enclosed:
Procedure of registration of reporting entities, registering by them financial transactions subject to financial monitoring and Submission by Reporting Entities to the State Financial Monitoring Service the Information about noted and other financial transactions that could be related to the legalization (laundering) of the proceeds from crime or financing of terrorism;
Procedure of registration by SFMS information on financial transaction subject to financial monitoring.

2. Establish that reporting entities, except specially determinate and those who submitted in prescribed procedure properly filled registration form of reporting entity before this Resolution set in force, shall be obliged to register in SFMS during two months form the day of this Resolution set in force.

3. Consider such as lost force the Resolutions of the Cabinet of Ministers of Ukraine according to the list (enclosed).

APPROVED
by the Resolution of Cabinet of Ministers of Ukraine as of August, 25 2010 № 747

PROCEDURE
Of Registration of reporting entities, registering by them financial transactions subject to financial monitoring and Submission by Reporting Entities to the State Financial Monitoring Service the Information about mentioned and other financial transactions that could be related to the legalization (laundering) of the proceeds of crime or financing of terrorism

General Part

1. This Procedure shall determine the mechanism for submission by the reporting entities information necessary for record keeping by SFMS, for registration of financial transactions, which in accordance with the Law of Ukraine "On prevention and counteraction to the legalization (laundering) of the proceeds from crime or terrorist financing" are subject to financial monitoring, and submission of information by these entities to the SFMS.
2. This Procedure shall apply to entities (except banks), established in the Article 5 of the Law, in particular their separate subdivisions.
3. Definitions used in this Procedure are in the means as they defined in the Law.
4. Any information which entity submits to the SFMS on paper shall be sent by post with reference about receiving or in person, electronically – by secured communication channels.

In case if entity submits information to the SFMS on paper, the approval of complying with terms for submitting of information foreseen by the Law, shall be the document of postal operator that approves the fact of submitting relevant information.

The entity shall submit information to the addresses designed by the SFMS.

The documents approving the fact of submitting information to the SFMS shall be kept for five years.

Registration of the entities

5. Entities except specially determinate shall be obliged to submit information for registration in SFMS during three business days from the day of compliance officer appointment but no later than first transaction is performed.

6. Specially designed entities shall be obliged to submit information for registration in the SFMS in the following order:

business entities which provide intermediary services in transactions with the real estate, — no later than three business days from the date of establishing business relations with customers who intends to provide legal act concerning purchase (sale) the real estate on the amount that is equal or exceeds UAH 400 000 or equal amount in currency;

business entities which sale precious metals and stones for cash, — no later than three business days from the date of providing financial transactions with high value object (in particular, precious metals, precious stones, antique, works of art etc) or organize trade of such objects, including auctions, if the amount of transaction is equal or exceeds UAH 150 000 or equal amount in currency;

business entities which provide lotteries and gambling, including casinos, internet casinos — no later than three business days from the date of providing financial transaction related to receiving and paying the bets or winnings;

advocates, auditors, audit firms, notaries, persons who provide legal services, natural persons – entrepreneurs who provide accounting services — no later than three business days from the date of establishing business relations with customer who attends to perform one of the legal acts foreseen by the Article 8 Part 1 of the Law;

natural persons – entrepreneurs and legal persons which provide financial transactions with goods (execute works, provide services) for cash, — no later than three business days from the date of providing financial transaction on the amount that is equal or exceeds UAH 150 000 or equal amount in currency.

7. Information for registering by the SFMS shall be submitted in paper under the form established by SFMS. Information shall obligatory contain data on entity registration data; its location; compliance officer or person temporary executing his functions. Information about separate subdivisions shall be submitted if separate subdivisions are available.

8. In case if entity submits incomplete information or information with mistakes for registering the SFMS shall inform entity about this. In such case, the entity shall be obliged to submit full and/or corrected information in three business days from the day of receiving information from the SFMS.

9. On the grounds of submitted information necessary for registration the SFMS shall form the record identifier which certifies the fact of registration during five business days from the day of information receiving.

Record identifier – combination of letters of Latin alphabet and numbers which are used in registering entity by SFMS, and are used by entity in performing its obligation according to the Law, including registration and submitting information, providing requests to state authorities on customer identification and in other cases prescribed by the legislation.

The procedure of forming and assigning of record identifier as well as form for informing on results of information proceeding received from reporting entity for its registration shall be established by the SFMS.

10. In case of changing information submitted for the registration, during three business days from the day of such changes the entity shall be obliged to submit relevant information to the SFMS. Such information can be submitted in paper or electronic form.

11. In case of suspending activity the entity shall be obliged to inform the SFMS about this fact and the reasons of suspending activity.

Registration of financial transactions subject to financial monitoring

12. Registration of financial transactions subject to financial monitoring, other financial transactions that could be related to the legalization (laundering) of the proceeds from crime or financing of terrorism shall be provided by entity through entering relevant information to the register.

Register – form of registration by entity the information about financial transactions subject to financial monitoring, other financial transactions that could be related to the legalization (laundering) of the proceeds from crime or financing for terrorism, and their participants, which shall be established by SFMS.

13. The following information on performing or attempt to perform financial transaction shall be introduced to the register:

Subject to obligatory financial monitoring according to the Article 15 of the current Law;

Subject to internal financial monitoring according to the Article 16 of the current Law;

Refused in performing by entity due to it contains indicia of transactions subject to financial monitoring according to the Law;

Refused by the entity due to non-submitting by customer with which business relations are established necessary information for identification and studying of customer's financial activity;

Concerning which there are sufficient grounds to consider that they are related to, linked or intended for financing of terrorist activity, acts or organizations, and organization or persons to whom international sanctions are applied;

Suspended by the entity due to transactions contain indicia foreseen by the Articles 15 and 16 of the Law;

Suspended by entity due to it participants or beneficiaries are persons enlisted to the list of persons related to terrorist activity or to whom international sanctions are applied;

Suspended by the SFMS in case of taking decision on suspending expenditure transactions;

Suspended by the SFMS on performing the request of competent authority of foreign country;

Concerning which entity received from SFMS the request on monitoring financial transactions of customer.

14.The following 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, 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 the SFMS;

surname, name, patronymic and position of employee who entered information to the register.

15.The entity shall provide revealing of financial transactions established by the Clause 13 of this Procedure before beginning, in process, no later next day after performing, or in the day of appearing suspicious, or during attempt to perform or refusal to perform them by customer.

In case of reveling transactions participants or beneficiary of which are persons enlisted to the list of person related to terrorist activity or to whom international sanctions are applied, the entity shall submit information on such transaction to the register in the same day.

In case of suspending financial transactions under the request of the SFMS, the entity shall submit information on such transaction to the register in the same day.

In case of revealing other financial transactions then established in paragraphs 1 and 2 of this Clause, the entity shall submit information about them to the register no later than next business day from the day of their revealing.

16.Registration of financial transactions shall be provided by the entity.

Under the decision of the entity, its separate subdivision can independently provide registration of financial transactions and submit information on them to the SFMS.

17. Information about transaction shall be entered into the register, which shall be maintained electronically and/or in paper.

If the register is maintained electronically, then in the end of each month all new records shall be printed. The printed pages shall be certified by the signature of a manager or compliance officer. By the fifth day of every month the pages printed during the prior month shall be filed into brochures in the date order, tied together, and certified by the signatures of a manager or compliance officer along with the seal. Total amount of the pages in a brochure, the first and the last date of records introduced shall be indicated on the front page. Such pages shall be kept for 5 years.

18. In case of impossibility to enter in prescribed terms information on financial transaction to the register, which is maintained electronically, register shall be filled in paper.

19. Every record in the register shall be given a serial number.

Correcting of data entered to the registered shall not be allowed. In case of mistake in the register, the inaccurate record shall be cancelled and correct record shall be entered under new number and registration date.

20. Instruction on register keeping shall be established by the SFMS.

Submission of information to the SFMS

21. In prescribed by the Law cases the entity shall submit reference on financial transaction entered to the register (here and after reference on financial transaction) according to the form and procedure for filling established by the SFMS.

22. Reference on financial transaction shall consist of information on entity (separate subdivision) submitted it and information on financial transaction entered to the register.

Reference on financial transaction can contain information on several financial transactions.

23. The requisites of subdivision shall be noted in the reference on financial transaction submitting by the entity – legal person on the ground of information received from separate subdivision. The list of obligatory requisites shall be established by the SFMS.

24. The entity shall submit the reference on financial transaction to the SFMS electronically, and in case of non-systematic submission (no more than four registered transactions during one calendar year) – on paper.

In case if the entity has to submit reference on fifth and following transaction during one calendar year, the entity shall provide submission electronically.

Special designed entities shall have the right to submit to the SFMS the references on financial transactions on paper independently of their quantity.

25. If due to any reasons the entity (separate subdivision) had not received from the SFMS reference on registration (refusal of registration) of information submitted to the SFMS in ten business days from the moment of receiving reference on receiving mail or in two business days from the moment of submitting reference on financial transaction electronically, such entity (separate subdivision) shall apply to the SFMS about the reasons of non-receiving the relevant reference.

26. In case of impossibility to submit to the SFMS reference on financial transaction electronically in terms prescribed by the Law, such reference shall be submitted on paper.

27. In case of receiving from the SFMS reference on refusal of registering the entity shall be obliged to submit to the SFMS proper reference on financial transaction in three business days from the moment of receiving.

In case of submitting to the SFMS three non-proper composed references on the same financial transaction, the information on such financial transaction shall be considered as non–submitted.

28. If entity took decision on refusal of establishing business relations with customer due to impossibility his/her identification according to the requirements of legislation, the entity shall be obliged to inform the SFMS about the persons attempted to perform financial transaction in one business day from the moment of refusal but no later than next business day.

Reference on refusal of establishing business relations with customer shall be composed in free form with mentioning circumstances of customer's attempt, and all available information about customer.

29. Information under the request of the SFMS entity shall submit on paper together with cover letter in which the list of attached documents (copies of documents) is noted. Copies of documents shall be certified by signature of head of entity along with seal.

APPROVED
by the Resolution of Cabinet of Ministers of Ukraine
as of August, 25 2010 № 747

PROCEDURE
For Register by the SFMS Information on Financial Transaction subject to Financial Monitoring

1. This Procedure defines the mechanism of registration of the information on financial transaction subject to financial monitoring by the State Financial Monitoring Service submitted by the reporting entity (here and after – information on financial transactions).

2. Definitions used in this Procedure are in the means as they defined in the Law of Ukraine "On Prevention to the Legalization (Laundering) of the Proceeds from Crime or Terrorist Financing".

3. Information on financial transaction shall be registered by the SFMS in the Unified State Informational System on prevention and counteraction to legalization (laundering) proceeds from crime and terrorism financing (here and after – Informational System) in the electronic form.

4. Information on financial transaction shall be registered after verification that report on such financial transaction is properly composed and submitted but no later the next business day after receiving such information electronically, or in the day of entering information to the Unified Information System – if information was received on paper.

SFMS provides entering information on financial transaction received from entity on paper to Unified Informational System no later than in three business days after receiving such information.

5. Each information on financial transaction registered by the SFMS shall be assigned record number within current year. In case if the entity submits information on introducing changes to registered by the SFMS information, new record number shall not be assigned to such information.

6. In case when information is not in proper form the SFMS refuses in registration of such information and informs corresponding reporting entity within three business days.

7. After receiving the proper information and registration the SFMS informs corresponding reporting entity within three business days.

8. Registration form for information on financial transaction on paper, structure of files for electronic informational exchange and procedure of informing the reporting entity shall be defined by the SFMS.

APPROVED
by the Resolution of Cabinet of Ministers of Ukraine
as of August, 25 2010 № 747

LIST
Of the Resolutions of the Cabinet of Ministers of Ukraine which lost force

7. The Resolution of the Cabinet of Ministers of Ukraine as of April 26, 2003 № 644 "On Approving the Procedure of registering financial transactions by reporting entities".

8. The Resolution of the Cabinet of Ministers of Ukraine as of April 26, 2003 № 646 "On Approving the Procedure of registering the financial transactions subject to financial monitoring by State Financial Monitoring Service".

9. The Resolution of the Cabinet of Ministers of Ukraine as of November 20, 2003 № 1800 "On Approving the Procedure of providing internal financial monitoring by business entities which organize and hold casinos, other ambling institutions and pawnshops".

10.The Resolution of the Cabinet of Ministers of Ukraine as of August 10, 2004 № 1010 "On Introducing amendments to the Clause 4 of the Procedure of registering financial transactions by reporting entities".

11.The Resolution of the Cabinet of Ministers of Ukraine as of November 17, 2004 № 1548 «On Introducing amendments to the Procedure of providing internal financial monitoring by business entities which organize and hold casinos, other ambling institutions and pawnshops".

12.The Resolution of the Cabinet of Ministers of Ukraine as of July 12, 2005 № 572 "On Introducing amendments to the some Resolutions of the Cabinet of Ministers of Ukraine".

13.The Resolution of the Cabinet of Ministers of Ukraine as of April 5, 2006 № 458 "On Introducing amendments to the some Resolutions of the Cabinet of Ministers of Ukraine on financial monitoring issues".

Unofficial translation

THE CABINET OF MINISTERS OF UKRAINE

RESOLUTION N 759

As of August 28, 2010 N 759

On adopting the Procedure for Providing Information on Financial Transactions by State Authorities to the State Financial Monitoring Service of Ukraine

According to Article 12 part of the Law of Ukraine "On prevention and counteraction to legalization (laundering) of the proceeds from crime or terrorist financing" the Cabinet of Ministers of Ukraine resolves:

To adopt the Procedure for Providing Information on Financial Transactions by State Authorities to the State Financial Monitoring Service of Ukraine, annexed.

Prime Minister of Ukraine **A Mykola AZAROV**

APPROVED
by the Resolution of
the Cabinet of Ministers of
Ukraine as of August, 28 No 759

PROCEDURE
for Providing Information by State Authorities on Financial Transactions to the State Financial Monitoring Service of Ukraine

General provisions

1. This Procedure defines the procedure of providing to the SFMS of Ukraine:

by state authorities which carry out AML/CFT activities the information on financial transactions, which are suspected to be related to legalization (laundering) of proceeds of crime and financing of terrorism, or related to persons to whom international sanctions are applied, revealed during the implementation of its powers (hereinafter - information on financial transaction);

by state authorities the information (copies of documents) required to perform assigned duties of the SFMS (hereinafter - information (copies of documents).

2. The action of this Procedure applies to the state authorities, including authorities carrying out AML/CFT activity (hereinafter - the state authorities).
3. Information provided by the state authorities under this Procedure is restricted access information. Sharing, disclosure and protection of this information shall be provided according to the law.
4. Peculiarity of forms and procedures for providing information under this Procedure shall be set by mutual act of the SFMS and appropriate state authority.

Requirements for providing information on financial transactions

5. Information on financial transaction shall be provided by state authority within thirty calendar days from the day when suspicions arise that transaction is linked or related to legalization (laundering) of proceeds of crime or financing of terrorism or it is related to persons to whom international sanctions are applied.
6. Information on financial transaction is provided in writing form signed by an authorized official of state authority.
7. Information on financial transaction shall contain the following information:

   date of conducting financial transaction (denial of its holding, its suspension);

   amount of financial transaction;

   content of financial transaction;

   data on financial transaction participants;

   reasonable suspicions that financial transaction is related to legalization (laundering) of proceeds of crime or financing of terrorism or is related to persons concerning whom international sanctions were applied;
   other data on financial transaction (if available).

8. If relevant documents concerning conducting financial transaction are available, then state authority shall also submit copies of such documents certified according to legislation.

Providing information on request of the SFMS

9. State authorities provide information (copies of documents) on request of the SFMS.

10. Request concerning providing information (copies of documents) to SFMS shall be sent in written form signed by an authorized official of the SFMS.

11. State authorities, their officials shall provide requested information (copies of documents) according to legislation and within thirty calendar days after receiving the request from the SFMS.

12. State authority shall provide the SFMS with the requested information in written form signed by an authorized official of state authority and contain the following:

    details of the SFMS request on which a response is send;

    complete and reliable required information;

    copies of documents to confirm relevant information certified according to legislation (if available).

13. Illegitimate refusal to provide information (copies of documents), untimely or incomplete assignment result to liability of state authorities' officials according to the law.

Unofficial translation

On Approval of the Regulation on Financial Monitoring Execution by Banks

Resolution of the National Bank of Ukraine Board
N 189 of May 14, 2003

Registered at the Ministry of Justice of Ukraine
on May 20, 2003, file No. 381/7702

With the amendments introduced by
Resolutions of the National Bank of Ukraine Board
N 446 of October 14, 2003,
N 341 of September 20, 2005,
N 104 of March 23, 2006,
N 418 of November 20, 2007,
N 22 of January 31, 2011

(The alterations provided by Sub-Item 5.4, Item 5.3, of the Amendments approved by Resolution of the National Bank of Ukraine Board N 341 of September 20, 2005, to Items 5.9, 5.10 and 5.12 of this Resolution shall be made simultaneously with coming into force of respective amendments to Composition of Requisites and Structure of the Files for Information Exchange between Specially Authorized Executive Body of Financial Monitoring and Banks (Branches) approved by Resolution of the National Bank of Ukraine Board N 233 of June 4, 2003, in accordance with Resolution of the National Bank of Ukraine Board N 341 of September 20, 2005)

In order to ensure implementation of the canons of Laws of Ukraine "On Prevention and Counteraction of Legalization (Laundering) of Proceeds from Crime", "On Amendments to Some Laws of Ukraine on Prevention of Using Banks and Other Financial Institutions with the Purpose of Legalization (Laundering) of Proceeds from Crime" the Board of the National Bank of Ukraine **HAS RESOLVED:**

1. To approve the Regulation on Financial Monitoring Execution by Banks (enclosed).

2. The Resolution shall come into force simultaneously with the Laws of Ukraine "On Prevention and Counteraction of Legalization (Laundering) of Proceeds from Crime", "On Amendments to Some Laws of Ukraine on Prevention of Using Banks and Other Financial Institutions with the Purpose of Legalization (Laundering) of Proceeds from Crime".

3. Banks shall bring into line with the requirements of the laws of Ukraine in force identification of the customers whose transactions look highly risky in view of possibility of legalization of proceeds from crime before September 1, 2003, and the identification of other customers - before January 1, 2004. Bringing into line with the requirements of the laws in force the identification of the customers that have no business relations with the bank and the risk of conducting by them transactions connected with the

legalization of proceeds from crime is assessed by the bank as low may be carried out after the deadlines above when such a customer addresses the bank or conducts a transaction.

(Item 3 as amended according to Resolution of the Board of the National Bank of Ukraine N 446 of October 14, 2003)

4. The Office for Methodological, Normative and Organizational Support of Financial Monitoring (Berezhnyi O.M.) shall, after the state registration of the present Resolution at the Ministry of Justice of Ukraine, inform the territorial branches of the National Bank of Ukraine and banks of the country of the substance of this Resolution with the purpose of using it when working.

5. The Deputy Governor of the National Bank of Ukraine Shlapak O.V. and the Office for Methodological, Normative and Organizational Support of Financial Monitoring (Berezhnyi O.M.) are entrusted with control over implementation of the present Resolution.

Governor **S. L. Tihipko**

APPROVED
Resolution of the National Bank of Ukraine Board
N 189 of May 14, 2003
(in wording of Resolution of the Board of the National Bank of Ukraine N 22 of January 31, 2011)

Registered
at the Ministry of Justice of Ukraine
on May 20, 2003, file N 381/7702

Regulation on Financial Monitoring Execution by Banks

I. General

1.1. The Regulation has been worked out to implement the Laws of Ukraine “On the National Bank of Ukraine”, “On Banks and Banking” (hereinafter - Banking Law), “On Prevention and Counteraction of Legalization (Laundering) of Proceeds from Crime or Terrorism Financing (hereinafter - the Law) with the purpose of preventing the use of banking system to legalize (launder) proceeds from crime or to finance terrorism.

The requirements hereof shall apply to banks, separate units of the banks, payment organizations and members thereof being banks, foreign banks branches (hereinafter - the Banks).

1.2. The terms and notions of this Regulation shall be used in the following meanings:

analysis of risk of using services of the bank to legalize proceeds from crime/finance terrorism - the measures that stipulate drawing of a conclusion with regard to results of assessing the risk of making use of services of the bank for legalization (laundering) of proceeds from crime and/or terrorism financing (hereinafter - criminal proceeds legalization/terrorism financing);

analysis of financial operations - a set of measures specified by internal documents of the bank regarding financial monitoring execution, taking whereof enables making conclusion with regard to compliance/inconsistence of the financial operations with customer's financial state and business essence as well as determining customer's risk level;

investigation of customer's financial activities - a component of customer's identification and study including comparative analysis of the information obtained in the course of the analysis of financial operations with that received when estabishing the business relations (including in the process of specifying the information related to the identification, in particular with regard to the business essence and financial state) and with the information obtained in the course of servicing in the previous period (quarter, half a year, year);

high level of customer's risk - is a risk level, received as a result of customer's risk assessment determined by the bank in accordance with the elaborated by the bank criteria of risk of conducting by the customer financial transactions related to criminal proceeds legalization/terrorism financing, which bears testimony to high probability of making use by the customer of the bank's services with the purpose of criminal proceeds legalization/ terrorism financing;

data on controllers of the artificial/natural person (natural persons with qualifying holdings within the legal entity) - identification data on natural person(s) controlling the artificial/natural person (holder(s) of the qualifying share within the artificial person);

internal documents of the bank on financial monitoring execution - rules, programs, methods, other documents on financial monitoring approved by the bank according to the requirements of legislative acts of Ukraine including this Regulation;

information protection means - software and hardware means ensuring protection of electronic documents against the unauthorized access aimed at disclosure of their contents, modification or distortion thereof in the process of transferring them by the electronic mail of the National Bank of Ukraine (hereinafter - National Bank);

preventive measures/ due measures - determined by the internal documents of the bank regarding the financial monitoring execution measures (taking into account both the Law and this Regulation) aimed at limiting and/or reducing to an acceptable level the risk of criminal proceeds legalization/terrorism financing;

consolidated register of financial transactions - the electronic document formed and maintained by the bank as a legal entity in accordance with the procedure established by the Internal Financial Monitoring Rules of the bank if separated units thereof maintain separate registers;

considerable amount - is the amount of the financial transaction which equals or exceeds UAH 150,000 (for the economic entities whose business is a game of luck - UAH 13,000) or equals/exceeds the sum in foreign currency equivalent to UAH 150,000;

identification data - data on natural persons;

a) of residents - surname, first name, patronymic; date of birth; series and number of passport (or other identification document), date of its issue and issuing agency; place of residence or sojourn; identification number (the registration number of the taxpayer's card) from the State Register of Natural Persons – Payers of Taxes [hereinafter - identification (registration) number] or the series and number of the passport bearing the note of the state tax administration body about the refusal to receive the identification (registration) number;

b) of non-residents - surname, first name, patronymic (if any); date of birth; passport series and number (or other identification document), date of its issue and issuing agency; citizenship; place of residence or temporary stay of the natural person in Ukraine;

counteragent - the person being the other party of the financial transaction (a counteragent can be a bank) with transfer of assets between the customer and the counteragent;

customer's risk monitoring - observation of customer's risk levels by means of the measures aimed at study of customer's person, his/her/its financial activities with taking into account the established by the bank criteria of risk of criminal proceeds legalization/terrorism financing and signs of financial transaction schemes that can be connected with the criminal proceeds legalization/terrorism financing as defined in typologies of the international organizations dealing with counteraction against criminal proceeds legalization/terrorism financing;

rendering banking services with making use of the state-of-the-art technologies - use of the up-to-date technologies of communication for work with the customer under conditions of the remote servicing without direct contact with the customer when servicing him/her/it;

low level of customer's risk - is a risk level, received as a result of customer's risk assessment determined by the bank in accordance with the elaborated by the bank criteria of risk of conducting by the customer financial transactions related to criminal proceeds legalization/terrorism financing, which bears testimony to low probability of making use by the customer of the bank's services with the purpose of criminal proceeds legalization/ terrorism financing;

public-figure-related persons - members of the family and other near relations, the legal entities the public figures or their near relations (wife/husband, children, parents, brothers and sisters, grandfather, grandmother, grandchildren, adoptive parents, adopted children) are holders of qualifying share or controllers whereof;

certain period - is a timespan defined by the bank in its internal documents on financial monitoring execution with the purpose of executing more intense monitoring of financial transactions;

primary document - the document containing the obligatory requisites [name of the person (artificial or natural person) that has executed the document, its name, date and place of execution thereof, essence and amount of the transaction, its unit of measure, personal or electronic signature or other data enabling identification of the person initiating the transaction; name of the recipient of funds, number(s) of account(s)] and giving grounds to reflect the financial transaction in the system of bank automation;

in-depth (enhanced) identification - the identification of the customers determined in the Program of Customers' Identification and Study of the bank containing an extended list of data for identification and study of the customer with taking into account the National Bank recommendations;

enhanced monitoring of financial transactions - the analysis of all financial transactions conducted by the customer during a certain period in case of grounded suspicion that the customer's financial activities and/or the financial transaction(s) can be connected with the criminal proceeds legalization/terrorism financing as well as with the purpose of mitigating the risk level of making use of the bank's services for the criminal proceeds legalization/terrorism financing;

acceptable level of the risk of criminal proceeds legalization/terrorism financing - the risk being manageable, controllable for the bank, which cannot cause the legal and reputational risks and deterioration of financial performance of the bank or damage its shareholders, creditors and customers;

software of the bank for financial monitoring (hereinafter - the software) - the software module(s) or interconnected aggregate thereof introduced and used by the bank to exercise functions of the primary monitoring subject;

register of financial transactions - the electronic document whose structure shall be determined by the bank employee responsible for financial monitoring execution (hereinafter - the Compliance officer of the bank) formed and maintained by the bank in accordance with the requirements of this Regulation and the procedure established by the Internal Financial Monitoring Rules of the bank;

results of assessment of the risk of using services of the bank for criminal proceeds legalization/terrorism financing - the conclusion of the Compliance officer of the bank with regard to the level of the risk of making use of services of the bank for the criminal proceeds legalization/terrorism financing;

the risk of making use of services of the bank for the criminal proceeds legalization/terrorism financing - the available or potential threat of increase of the legal and/or reputational risk(s) for the bank due to conducting the financial transactions connected with the criminal proceeds legalization/terrorism financing;

risk by the customer's type - the available or potential threat of conducting by the customer the financial transactions connected with the criminal proceeds legalization/terrorism financing;

risk by geography of the customer's or establishment's home country (hereinafter - the geographic risk) - the risk related to financial transactions should the customer or establishment by means whereof the customer carries out transfer (receipt) of assets have the place of residence (stay, incorporation) in a country that is classified as the offshore zone or as a country that does not implement or implements improperly the recommendations of the international, intergovernmental organizations dealing with fighting the criminal proceeds legalization/terrorism financing and/or a country against which the international sanctions have been applied;

customer's risk - the available or potential threat as a result of emergence of the risk by the customer's type, service risk and geographic risk separately or in aggregate;

risk of the criminal proceeds legalization/terrorism financing - the totality of the customer's risks for the bank and the risk of making use of services of the bank for the criminal proceeds legalization/terrorism financing;

risk of service - the risk that emerges in the consequence of a change of economic essence of the financial transaction (service) owing to possible making use thereof for the criminal proceeds legalization/terrorism financing, in particular when as a result of certain actions the directions and/or nature of the flow of funds change;

reputational risk - is the available or potential risk for the earnings or capital, which emerges due to unfavourable perception of the bank's image by the customers, counteragents and shareholders (participants) or by supervision bodies, which influences the bank's capabilities to establish new relations with counteragents, render new services or maintain the existing relations, and can cause the financial losses or reduction of the base of customers, or call to the administrative, civil or criminal account the bank (or its managers);

middle level of customer's risk - is a risk level, received as a result of customer's risk assessment determined by the bank in accordance with the elaborated by the bank criteria of risk of conducting by the customer financial transactions related to criminal proceeds legalization/terrorism financing, which bears testimony to a higher probability of making use by the customer of the bank's services with the purpose of criminal proceeds legalization/ terrorism financing;

simplified identification - the identification of the customers classified as those having a low level of risk as determined in the Program of Customers' Identification and Study of the bank, which foresees a shorter list of data for the identification with respective confirmative documents;

financial condition - is a set of indicators reflecting availability, distribution and/or use of assets of the bank's customer as well as the real and potential financial capacities of the bank;

Other terms and notions used in this Regulation have the meanings specified by the Law, Banking Law of Ukraine, Laws of Ukraine "On Financial Services and State Regulation of the Market of Financial Services", "On Payment Systems and Money Transfer in Ukraine" and subordinate legislation acts of the National Bank and the central executive body having the special status with regard to the financial monitoring (hereinafter - the Specially Authorized Body).

1.3. This Regulation establishes the general requirements of the National Bank regarding:

registering of the bank as a subject of the primary financial monitoring by the Specially Authorized Body;

detection and registration of the financial transactions subject to the financial monitoring by banks provided there are sufficient grounds to suspect that the transactions are connected with, related to or intended for the terrorism financing;

identification, study and classification of customers with taking into account the risk criteria defined by the bank;

submittal of information by banks to the Specially Authorized Body according to the requirements of the laws of Ukraine on criminal proceeds legalization/terrorism financing;

securement of management of the criminal proceeds legalization/terrorism financing risks;

suspension of financial transactions by the bank's decision if such transactions are characterized by the signs stipulated by Articles 15 and 16 of the Law or if a participant in or beneficiary of the financial transaction is a person included in the list of the persons connected with the terrorism activities or being under international sanctions;

securement of suspension and/or tracking (monitoring) of financial transactions of customers by a decision (commission) of the Specially Authorized Body in the cases stipulated by the Law;

coordination of appointment and dismissal of the Compliance officer of the bank.

1.4. The person responsible for organization of observance of the requirements of the laws of Ukraine on prevention of the criminal proceeds legalization/terrorism financing and for organization of the intra-bank system of prevention of the criminal proceeds legalization/terrorism financing shall be the chief executive officer of the bank/manager of the foreign bank branch.

The organization of meeting the requirements of the laws of Ukraine on prevention of the criminal proceeds legalization/terrorism financing shall comprise a set of measures aimed at securement of appointment of the Compliance officer of the bank in accordance with the requirements of the laws of Ukraine on prevention of the criminal proceeds legalization/terrorism financing, creation and operation of the intra-bank system of prevention of the criminal proceeds legalization/terrorism financing, approval and continuous update of the internal documents of the bank on the financial monitoring execution and control of meeting the requirements of the laws on prevention of the criminal proceeds legalization/terrorism financing.

1.5. The person responsible for organization of observance of the requirements of the laws of Ukraine on prevention of the criminal proceeds legalization/terrorism financing and for organization of the intra-bank system of prevention of the criminal proceeds legalization/terrorism financing in case of the temporary administration appointment shall be the temporary administrator of the bank/foreign bank branch.

1.6. The person responsible for organization of observance of the requirements of the laws of Ukraine on prevention of the criminal proceeds legalization/terrorism financing in the case of implementation of the liquidation procedure of the bank/foreign bank branch shall be the liquidator.

1.7. The successor banks and the banks that have reorganized their separate subdivisions shall ensure observance of the requirements of the laws of Ukraine with regard to safekeeping of the information on the financial transactions subject to the financial monitoring and the persons that have participated in their conduct, obtained before the reorganization, as well as furnish with the information the Specially Authorized Body in the cases stipulated by the Law.

1.8. The internal audit service unit of the bank shall periodically but not less than once a year carry out audit with regard to observance of the requirements of the laws on prevention of the criminal proceeds legalization/terrorism financing by the bank. On the basis of such audit results the unit shall prepare conclusions and proposals to be considered by the Superintending (Supervisory) Council of the bank/by the manager of the foreign bank branch in accordance with the procedure established by the constituent instruments of the bank/Standing Orders of the foreign bank branch.

1.9. The bank may create the intra-bank system of prevention of the criminal proceeds legalization/terrorism financing according whereto some powers with regard to keeping the register of financial transactions, taking decisions on notification of the Specially Authorized Body on the financial transactions in a certain region may be delegated to separate subdivisions of the bank designated thereby (to specially appointed Compliance officers of the separate subdivisions of the bank).

1.10. The bank shall appoint the Compliance officer of the separate subdivision or impose the Compliance officer’s duties on some other person working in the separate subdivision of the bank in accordance with the requirements of this Regulation, if keeping of the register of financial transactions and notification of the Specially Authorized Body are carried out by such a separate subdivision of the bank.

1.11. For automation of financial monitoring processes the bank may use software that shall ensure:

detection and blocking of the financial transaction conducted in favour or on behalf of a customer of the bank, if a participant in the transaction or the beneficiary thereof is a person included in the list of the persons connected with the terrorism activities or being under international sanctions;

keeping questionnaires of the bank customers as electronic documents;

keeping the register (including the consolidated one) of financial transactions;

disabling from excluding data from the register of financial transactions;

exchange of information with the Specially Authorized Body;

keeping the protocol of work of users protected against modification; The protocol shall reflect the time of beginning and finish of each user's work to an accuracy of seconds;

fulfilment of the requirements of laws of Ukraine, in particular of the subordinate legislation acts of the National Bank, Specially Authorized Body;

fulfilment of the requirements of internal documents of the bank on financial monitoring execution;

availability of the information protection system meeting the requirements of the laws of Ukraine regarding the information security;

availability of the data backup and storage system.

1.12. The electronic documents shall be formed with the help of bank's software and hardware or of those of the Specially Authorized Body and be sent to the addressee using the electronic mail and information security means of the National Bank.

The structure and requisite components of the electronic documents created by the bank are determined by the National Bank and Specially Authorized Body and the information thereof shall be sent to banks according to an established procedure.

1.13. The electronic documents formed with the help of bank's software and hardware or of those of the Specially Authorized Body shall be kept within the electronic archives during the following periods:

the register/consolidated register of financial transactions - during five years minimum from the end of the calendar year during which the registers have been recorded;

customers' questionnaires - during five years minimum from the date of termination of the business relations;

the files sent to and received from the Specially Authorized Body with making use of the electronic mail and information security means of the National Bank - during five years minimum from the date of dispatch/receipt thereof.

II. Requirements to the internal documents of the bank on financial monitoring execution

2.1. The internal documents of the bank on the financial monitoring execution shall be elaborated by the bank being a legal entity/foreign bank branch with taking into account the requirements of laws of Ukraine regulating the issues of prevention and counteraction of criminal proceeds legalization/terrorism financing, this Regulation, subordinate legislation acts of the National Bank, Specially Authorized Body adopted with the purpose of implementing of these laws and in accordance therewith, FATF recommendations, those of the Basel Committee on Banking Supervision, and the documents shall be executed in order to ensure functioning of the intra-bank system of prevention of the criminal proceeds legalization/terrorism financing.

2.2. The basic principles of elaboration and execution of the internal documents of the bank on financial monitoring execution shall be the following:

management of the criminal proceeds legalization/terrorism financing risks with the purpose of minimizing the risks to a certain acceptable level;

securement of carrying out by the bank employees (within their cognizance) customers' identification and study as well as detection of the financial transactions subject to the financial monitoring provided there are sufficient grounds to suspect that the transactions are connected with, related to or intended for the terrorism financing.

2.3. The bank shall elaborate and approve the following 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 the criminal proceeds legalization/terrorism financing risks:

Rules of the internal financial monitoring of the bank;

Program of identification and study of the bank customers;

Program of financial monitoring execution for a certain field of the bank activities in the process of servicing the customers (settlement and cash transactions, deposit transactions, foreign exchange transactions, transactions with making use of special payment facilities, transactions with securities, lending transactions, etc.). For each field of the bank activities a separate program shall be elaborated;

Program of assessment and management of the criminal proceeds legalization/terrorism financing risks;

Program of training and development of the bank staff.

2.4. The bank is entitled to elaborate and execute (fulfill) other internal documents of the bank on financial monitoring execution.

2.5. The internal documents of the bank on financial monitoring execution shall be the documents of restricted access.

The internal documents of the bank on financial monitoring execution shall establish the procedure of examination of these documents by the bank employees (subject to their official duties) with affixing their signatures in the following cases:

approval of or making alterations to the internal documents of the bank on financial monitoring execution;

appointment to a position at the bank - before beginning of exercise of the official duties.

2.6. The internal documents of the bank on financial monitoring execution shall be approved by the management bodies or chief executive officer of the bank/by the manager of the foreign bank branch in accordance with the procedure established by the constituent instruments of the bank/Standing Orders of the foreign bank branch after submission thereof by the Compliance officer of the bank.

The bank shall, not later than on the tenth working day from the date of approval of the internal documents of the bank on financial monitoring execution or making alterations thereto, submit their copies duly executed (stitched, paginated, signed by the bank manager, with impression of the bank seal) to:

the National Bank - by the banks of the 1st and 2nd groups, as well as by the banks of the 3rd and 4th groups of the Kyiv region/by the foreign bank branch;

the National Bank territorial branch - by the banks of the 3rd and 4th groups with the exception of the banks from the Kyiv region.

Submission of the copies of internal documents of the bank on financial monitoring execution shall be ensured with regard to guaranteed delivery and confidentiality preservation thereof.

2.7. The internal documents of the bank on financial monitoring execution shall be aimed at:

securement of data confidentiality when transferring the information on customer’s financial transaction to the Specially Authorized Body;

securement of data confidentiality with regard to the internal documents of the bank on financial monitoring execution;

securement of data confidentiality with regard to accounts and deposits of the bank customers, customers themselves and their financial transactions, as well as other data constituting the banking secrecy;

prevention of the bank employees’ involvement in the criminal proceeds legalization/terrorism financing.

2.8. Rules of the internal financial monitoring of the bank shall contain:

description of organizational structure of the intra-bank system of prevention of the criminal proceeds legalization/terrorism financing;

requirements to staffing of the intra-bank system of prevention of the criminal proceeds legalization/terrorism financing;

fundamentals of operation (principles, tasks, rights) of the separate structural subdivision of the bank dealing with prevention of the criminal proceeds legalization/terrorism financing (if created);

procedure of treatment and confidentiality securement with regard to the information on financial transactions;

procedure of furnishing with information the law enforcement authorities specified by laws of Ukraine;

description of format and structure of the register of financial transactions (consolidated register of financial transactions);

procedure of keeping the register (including the consolidated one) of financial transactions and of the access thereto;

procedure of taking a decision on entry of the financial transaction into the register of financial transactions;

procedure of taking a decision on furnishing with information and of submission thereof to the Specially Authorized Body;

procedure of information submittal at the request of the Specially Authorized Body in the cases stipulated by the Law;

procedure of suspension of the financial transactions by the bank decision in the cases stipulated by the Law;

procedure of execution of decisions/commissions of the Specially Authorized Body in the cases stipulated by the Law;

procedure for storage of the documents and information connected with the financial monitoring.

2.9. Program of identification and study of the bank customers shall contain:

a) distribution of duties and determination of the bank subdivision(s) and/or bank employees responsible for identification, assessment of financial standing of the customer as well as for specification of information on the customer and/or the persons acting on his/her/its behalf;

b) procedure of clarification of the purpose and nature of the future business relations with the customers and of documentary confirmation of the results obtained;

c) procedure of identification of the customer (persons acting on his/her/its behalf), in case of establishment of business relations with the customer or conduct of the financial transaction with cash by the customer without opening an account;

d) particularities of carrying out with regard to some types of customers:

simplified identification;

in-depth (enhanced) identification and study of their financial activities;

e) procedure of obtainment of data and information regarding identification of the customers using the services rendered with making use of the up-to-date technologies;

f) procedure of assessment of the customers' financial standing on the basis of indicators characterizing the standing;

g) measures regarding specification of the information about the customer including his/her/its business and financial standing, as well as the procedure of adoption of such measures;

h) procedure of classification of the customers in accordance with the Program of assessment and management of the risks of criminal proceeds legalization/terrorism financing (hereinafter - Risk Assessment Program) as well as the procedure of taking measures with regard to the customers whose activities bear the marks of a high risk of conducting such financial transactions by them;

i) procedure and deadlines of taking measures on checking information of the customer (person acting on his.her/its behalf), if:

doubts have emerged with regard to trustworthiness of the information furnished by the customer (the person);

the risk of conducting by the customer the financial transactions on criminal proceeds legalization/terrorism financing is evaluated as high;

j) procedure of study of the customer's financial activities, including the procedure of quarterly analysis of the customer's financial transactions;

k) procedure of electronic questionnaire filling in that shall ensure timeliness, completeness and reliability of the information entered into the questionnaire;

l) procedure of refusal, in the cases stipulated by the Law and the Banking Law, to establish business relations or conduct a financial transaction.

2.10. The Risk Assessment Program shall take into account amounts of the financial transactions conducted by the bank, list of the services rendered to the customers, orientation towards certain types of servicing as well as the bank development strategy.

The Risk Assessment Program shall contain:

a) procedure of organization of the system for management of the criminal proceeds legalization/terrorism financing risks (with determination of the structure and official duties of the employees in all fields of bank activities in the process of rendering services to the customers) with taking into account particularities of customer's risk assessment (at all stages of servicing) and the risk of using the bank services for the criminal proceeds legalization/terrorism assessment (in general) and with regard to the bank separate subdivisions or regions;

b) methods for assessment of the criminal proceeds legalization/terrorism financing risks (separately for the customer's risk assessment and for the risk of using the bank services), which shall contain:

criteria and indicators for determination of the risk levels;

input data and information sources for the risk assessment;

algorithm (model) for the risk assessment;

the scale for determination of the risk levels;

procedure for verification of reliability of the risk assessment results, which, inter alia, shall envisage comparison of the results obtained with the results of audits by the bank internal audit function and/or by the separate organizational unit for prevention of the criminal proceeds legalization/terrorism financing and by the National Bank;

c) procedure of customers' risk monitoring and analysis of the risk of using the bank services for the criminal proceeds legalization/terrorism financing, which stipulates:

periodicity thereof (at least once a quarter);

reporting (procedure and deadlines of submission of the results specified in the reporting to the Compliance officer of the bank and to the chief executive officer of the bank/manager of the foreign bank branch);

d) list of the preventive measures/due measures, procedure and periodicity of taking them, control over the results of the measures taken;

e) procedure of training of the employees for practical implementation of the Risk Assessment Program.

2.11. The program of financial monitoring execution for a certain field of the bank activities in the process of servicing the customers shall contain:

a) distribution of duties and determination of the bank subdivision(s) and/or employees responsible for the timely detection of the financial transactions subject to the financial monitoring and furnishing with the information thereof or about the financial transactions with regard whereto there are sufficient grounds to suspect that they are connected with, related to or intended for the terrorism financing, the Compliance officer of the bank;

b) features of the financial transactions according to a certain field of activities which:

are subject to compulsory financial monitoring;

are subject to internal financial monitoring;

can be connected with, related to or intended for the terrorism financing;

c) procedure of detection of the financial transactions that:

are subject to compulsory financial monitoring;

are subject to internal financial monitoring;

can be connected with, related to or intended for the terrorism financing, and also if the participants therein or beneficiaries thereof are the persons included in the list of persons connected with terrorism activities or are under the international sanctions.

In the procedure mentioned above the bank shall stipulate:

obligatory analysis of the financial transaction with the purpose of detecting the transactions subject to the financial monitoring in accordance with the requirements of Item 6.1, Section VI, of this Regulation;

procedure of software application in the process of detection of the financial transactions envisaged by the Law including such transactions the participants wherein or beneficiaries whereof are the persons connected with terrorism activities or are under the international sanctions;

d) particularities of detection of the financial transactions subject to the financial monitoring conducted with making use of the up-to-date technologies that, inter alia, ensure conduct of the financial transactions without direct contact with the customer;

e) procedure of taking measures aimed at clarification of the essence and purpose of the customer's financial transaction subject to the financial monitoring;

f) procedure of the enhanced monitoring of financial transactions of the customers characterized by a high risk level; The procedure shall stipulate the actions regarding analysis of all financial transactions conducted by the customer;

g) procedure of preparing and submitting to the Compliance officer of the bank or to an employee empowered by the Compliance officer of the bank the information about the financial transactions or other information necessary for taking a decision on entry of the data on a financial transactions into the register of financial transactions and for taking a decision by the Compliance officer of the bank on informing thereof the Specially Authorized Body as well as for fixation of receipt of the information in question by the Compliance officer of the bank or by an employee empowered by the latter together with the decision on registration of the financial transaction by the Compliance officer of the bank or by an employee empowered by the latter.

2.12. The bank being a payment organization of a payment system or a member of a payment system shall develop and approve the Program of financial monitoring of financial transactions regarding transfer of funds by means of the payment system (including those using special payment means) with taking into account the requirements set forth in Item 2.11 of this section.

The bank being a payment organization of a payment system or a member of a payment system shall introduce the Rules of national and international payment system, whose payment organization the bank is, which, inter alia, shall contain:

the requirements established by laws of Ukraine in the field of prevention of the criminal proceeds legalization/terrorism financing, which will apply to the bank being a legal entity and participating in a payment system, as well as the procedure of meeting them by the bank conforming to the international standards in the field;

the procedure of ensuring by the payment system the implementation of Special FATF Recommendation 7, with regard to fighting the terrorism financing.

2.13. 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).

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 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 booking of results with regard to the knowledge acquired by the bank employees.

The Training Program shall, inter alia, include the following:

a) measures aimed at organization of training the employees depending on their official duties in the following areas:

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;

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:

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;

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 State Commission on Securities and Stock Market.

III. Design and securement of efficient functioning of the system for management of the criminal proceeds legalization/terrorism financing risks

3.1. The bank being a legal entity/foreign bank branch shall create and ensure functioning of the system for management of the criminal proceeds legalization/terrorism financing risks.

The system for management of the criminal proceeds legalization/terrorism financing 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 the criminal proceeds legalization/terrorism financing;

control over the criminal proceeds legalization/terrorism financing risks;

training of the employees for implementation of the Risk Assessment Program.

3.2. The system for management of the criminal proceeds legalization/terrorism financing risks shall correspond to the organizational structure of the bank, specificity, size and composition of the bank customers' constituency.

3.3. The bank shall carry out the management of the criminal proceeds legalization/terrorism financing risks.

Securement of efficient functioning of the system for management of the criminal proceeds legalization/terrorism financing risks shall be obtained by the bank owing to:

documentation of the facts that can influence formation of (a) certain level(s) of the criminal proceeds legalization/terrorism financing risks;

taking into account the results of assessment of the criminal proceeds legalization/terrorism financing risks when taking decisions in the course of exercising by the bank its duties.

3.4. In order to ensure creation and efficient functioning of the system for management of the criminal proceeds legalization/terrorism financing risks the bank shall determine, distribute (by means of indication in the job description) and familiarize, according to the requirements of Item 2.5, Section II, of this Regulation, the bank employees with their responsibility chart.

3.5. 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.

For the first time the bank shall make assessment and record the customer's risk level when establishing the business relations with the customer.

The bank shall independently determine the customer's risk criteria with taking into consideration the risk criteria determined by the Specially Authorized Body in accordance with the procedure established by the Law. The customer's risk level shall be revised (changed or confirmed as the previously determined one) on the basis of results of the customer's risk monitoring executed by the bank but not less than once a year. All levels of the customer's risk shall be reflected in the customer's questionnaire (file) with indication of the determination (modification) date starting from the date of business relations establishment.

When determining the customer's risk level, into account taken shall be the fact that the low risk level may not be given to the customer in question when at least one risk criterion does exist.

The bank shall give the high risk level:

to the customer included in the list of persons connected with the terrorism or being under the international sanctions;

to the customer that is a public figure as well as to the person related to the customer;

to the customer whose place of residence (stay, incorporation) is a state (country) where the recommendations of FATF and other international organizations dealing with prevention of criminal proceeds legalization/terrorism financing are not used or are used insufficiently;

to the non-resident bank (with the exception of the banks incorporated in the European Union member countries and those participating in FATF) with which the correspondent relations are established.

The bank shall award the high risk level to other customers if available are the proper risk criteria determined by the Risk Assessment Program according to this Regulation with taking into account results of the quarterly analysis of the customer's financial transactions regarding their compliance with the customer's financial standing;

b) determination of level of the risk of using the bank services for the criminal proceeds legalization/terrorism financing.

The determination of this risk level shall embrace all areas of the bank activities and be made with regard to both the bank (as a single whole) and its separate subdivisions or regions.

The scale for classification of levels of the risk of using the bank services for the criminal proceeds legalization/terrorism financing may have two, three or four degrees but shall contain without fail the "high" level.

3.6. The assessment of criminal proceeds legalization/terrorism financing risks shall be done according to the methods for assessment of the customer's risk and the risk of using the bank services elucidated in the Risk Assessment Program.

3.7. Not less than once a year the bank shall carry out verification of reliability of the assessment results of the criminal proceeds legalization/terrorism financing risks. The verification results shall be executed in accordance with the procedure and at the dates determined by the Risk Assessment Program as a position paper and be submitted to the chief executive officer of the bank/manager of the foreign bank branch under hand of the Compliance officer of the bank.

3.8. Monitoring of the customers' risks shall be executed by the bank according to the Risk Assessment Program.

3.9. At least once a quarter the bank shall carry out assessment and analysis of the risk of using the bank services for the criminal proceeds legalization/terrorism financing both at a level of the bank (as a whole) and its separate subdivisions (both on the territory of Ukraine and abroad) or regions in accordance with the Risk Assessment Program.

Analysis of the risk of using the bank services for the criminal proceeds legalization/terrorism financing shall take into account the bank activities by the respective areas (types of the banking facilities).

3.10. Control over the criminal proceeds legalization/terrorism financing risks shall provide:

a) giving notice to the chief executive officer of the bank/manager of the foreign bank branch of the results of customers' risk monitoring and analysis of the risk of using the bank services for the criminal proceeds legalization/terrorism financing executed in the form of a report (hereinafter - the Report).

The Report, inter alia, shall contain:

conclusions on the basis of monitoring results of the customers' risks;

conclusions regarding the risk level of using the bank services for the criminal proceeds legalization/terrorism financing both at a level of the bank (as a whole) and its separate subdivisions (both on the territory of Ukraine and abroad) or regions;

proposals regarding the preventive measures/due measures;

timing of the measures proposed.

The Report shall be executed as a position paper and be submitted to the chief executive officer of the bank/manager of the foreign bank branch under hand of the Compliance officer of the bank not less than once a quarter and not later than the last working day of the month following the quarter under reporting;

b) securement of taking the preventive measures/due measures as determined by the Risk Assessment Program by the chief executive officer of the bank/manager of the foreign bank branch as a result of the Report examination.

3.11. All reports submitted by the Compliance officer of the bank in accordance with the requirements of the Law and this Regulation with the instructions appended by the chief executive officer of the bank/manager of the foreign bank branch shall be stored in a separate file during five years minimum.

3.12. The bank is required to take the preventive measures/due measures.

3.13. The Compliance officer of the bank shall hold training of the bank employees involved in implementation of the Risk Assessment Program with the purpose of practical accomplishment thereof not less than once every three years and not later than two months after amending the Program.

IV. Procedure of dispatch of the message about entry to/exclusion from the register of subjects of the primary financial monitoring

4.1. The bank shall be registered at the Specially Authorized Body as a subject of the primary financial monitoring during three working days from appointment of the Compliance officer of the bank, but not later than the day of conduct of the first financial transaction, by means of dispatch of the message file about the bank registration.

The bank shall send the message about registration of a separate bank subdivision as a unit being a subject of the primary financial monitoring, if such a separate subdivision keeps the register of financial transactions and furnishes with information the Specially Authorized Body independently or via the bank being an artificial person.

4.2. The bank shall send the message file about registration of the bank in the following cases:

appointment of the Compliance officer of the bank;

dismissal of the Compliance officer of the bank;

appointment of a person acting temporarily as the Compliance officer of the bank in case of absence of such an employee;

changes of data on the bank and/or the Compliance officer of the bank or the person temporarily exercising the duties of the Compliance officer;

termination of the bank operation.

4.3. The Specially Authorized Body shall during five working days from the day of receipt of the message file about the bank registration process the message, give the bank a registration identifier and send the message about the processing results [the message file about registration of (refusal to register) the bank at the Specially Authorized Body].

4.4. Copies of the message files with application for registration sent to the Specially Authorized Body and of the message files about the registration (refusal to register) shall be stored by the bank in the form of electronic documents till termination (through liquidation) of the bank operation.

4.5. The requisites and structure of the message file with application for registration and the message file about registration (refusal to register) shall be determined by the National Bank on approval of the Specially Authorized Body.

V. Procedure of customers' identification and study of their financial activities

5.1. According to legislation of Ukraine the bank shall identify and study the financial activities 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.

In accordance with the laws of Ukraine the bank shall identify as well the persons acting on behalf of the persons listed in this item above (hereinafter - the Trustee) and the persons on behalf or the instructions or for the benefit whereof the financial transaction is performed.

5.2. 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.).

5.3. The relations with public figures and persons related thereto shall be established with permission of the chief executive officer of the bank/manager of the foreign bank branch.

5.4. 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.

5.5. Copies of the documents duly attested, submitted by the customer/trustee, copies of the originals presented thereby and other documents showing cause for the identification, specification and/or study of the artificial or natural person (including entrepreneurs) shall be in the customer's file and stored during the periods prescribed by the laws of Ukraine.

5.6. 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:

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.

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 transfer of funds.

5.7. 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.

5.8. When carrying out the simplified identification the bank shall determine:

a) for the state authorities of Ukraine - the full name, place of performance, requisites of the implementing regulation on the basis whereof the legal entity has been established (name, date of adoption/signature, implementing regulation number), identification code as per the Single State Register of Enterprises and organizations of Ukraine (hereinafter - YeDRPOU code);

b) for the state-owned and municipal enterprises - the full name, place of performance, requisites of the implementing regulation on the basis whereof the enterprise has been established (name, date of adoption/signature, implementing regulation number), YeDRPOU code;

c) for the international institutions and organizations in which Ukraine participates according to the international agreements ratified by the Verkhovna Rada of Ukraine - the full name, place of

performance, data on the international agreement according whereto such institutions and organizations are established (date of conclusion, number, date of ratification by Ukraine, etc.).

5.9. With regard to the high risk customers in order to mitigate the risks detected the bank shall:

carry out the in-depth (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 ascertainment 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.

5.10. 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 operations 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.

5.11. The bank shall ascertain the information concerning the identification and study of the customer:

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;

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.

For the other customers the information ascertainment period shall not be longer than three years.

5.12. The bank shall carry out obligatory ascertainment of the information concerning the identification and study of the customer in the cases of:

a) change of the qualifying share holder;

b) changes of the place of performance (residence or/and stay) of the account owner;

c) amendments to the constituent instruments;

d) expiry (suspension) of validity, loss of effect or invalidation of the documents submitted.

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.

5.13. 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:

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 a natural person, if they exist);

determine the customer's risk level.

5.14. The bank shall evaluate the customers' financial conditions:

when establishing the business relations with the customers;

each year for the high risk level customers;

at least once every two years for the middle risk level customers;

at least once every three years for the customers of other risk levels;

before performance of a financial transaction of the customer conducting the transaction for a substantial amount without opening an account.

The bank shall additionally carry out the assessment of customer's financial standing in accordance with Sub-Items 4.3.1-4.3.3, 4.3.5, Item 4.3, indents 4-7, 9-11, 14 of Item 4.6, Chapter IV, of the Regulation on Procedure of Formation and Use of Loan Loss Provisions of Banks approved by Resolution N 279 of the National Bank of Ukraine Board dated July 7, 2000, registered at the Ministry of Justice of Ukraine on August 3, 2000, under N 474/4695, if, as a result of the quarterly analysis of customer's financial transactions prescribed by Item 5.21 of this section, detected is an inconsistency between the customer's financial transactions and his/her/its financial conditions and business essence - not later the quarter following the reporting one when the inconsistency has been detected.

5.15. In order to carry out assessment of the customer's financial conditions the bank shall make use of:

annual reporting of the customer being an artificial person and of the natural person being an entrepreneur (if available) compiled in accordance with the requirements of laws of Ukraine and received by the bank directly from the customer (the balance sheet, excerpts containing the data on profit and loss in the customer's business, tax statement with supplements);

data on cash movements on the customer's account(s) opened by the bank;

financial reporting of the customer being a legal entity published in the mass media according to the requirements of laws of Ukraine;

financial reporting of the customer and information on the financial conditions obtained from the specialized web-sites of Internet;

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).

5.16. When implementing the Program of identification and study of the bank customers the bank shall form and maintain the electronic questionnaires (files) of customers according to the forms given in Appendices 1-6 to this Regulation.

5.17. If necessary, the bank may take a decision on supplementing the questionnaire(s) with additional data.

5.18. The questionnaire is an internal electronic document of the bank and shall contain all information obtained thereby as a result of identification and study of the business activities, assessment of the financial conditions of the customer, quarterly analysis of his/her/its financial transactions, clarification of the data on the identification, the bank's conclusions with regard to the customer's reputation and risk assessment.

5.19. The questionnaire shall be executed on the basis of identification of the customer at the stage of establishing relations therewith. In the process of study of the customer's financial activities the information available in the questionnaire shall be supplemented with the new and ascertained data according to the procedure prescribed by the Program of identification and study of the bank customers.

5.20. The bank shall ensure reflection (if necessary on the hard copy of the questionnaire) of all data of the electronic questionnaire with obligatory indication of the information connected with identification and study of the financial activities of the customer as well as with modification of the customer's risk level or conclusions on his/her/its reputation, dates of amendments to the questionnaire regarding the identification and study.

5.21. The bank shall carry out quarterly analysis of the customer's financial transactions with regard to the compliance thereof with the customer's financial conditions and business essence including all the customer's financial transactions performed on all accounts opened by the bank with the purpose of registering the customer's financial transactions not later than the last working day of the quarter following the reporting one.

VI. Procedure of analysis, detection and registration of financial transactions

6.1. The analysis of financial transactions with the purpose of detecting such transactions that are subject to the financial monitoring shall be carried out by the bank employees according to the procedure prescribed by the Program of financial monitoring execution in the process of rendering services to the customers:

before the beginning (in the process, in the case of an attempt to conduct);

on the day of the customer's refusal to perform a financial transaction;

not later than on the following working day after receipt of the necessary documents and/or data regarding the financial transactions in the case of absence of the information necessary for taking a decision on the day of conducting them.

6.2. If necessary, the bank shall exercise further control over the financial transactions in accordance with the procedure prescribed by the Program of financial monitoring execution in the certain field of the bank activities when rendering services to the customers with the purpose of detecting such transactions that are subject to the financial monitoring.

The bank is not entitled to exercise the further control over the financial transactions during the whole period of the National Bank inspection at the bank on the issues of prevention and counteraction of legalization (laundering) of proceeds from crime or terrorism financing, including the day of such inspection start (shall not apply to the financial transactions conducted during the inspection).

6.3. If 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 execution; the measures shall be aimed at clarification of the essence 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;

entry of the information of the financial transaction into the register of financial transactions;

suspension, resumption of conduct, tracking (monitoring) of the financial transactions in the cases prescribed by the Law.

6.4. Should the bank performing a financial transaction have sufficient grounds to suspect that such a financial transaction is connected with or intended for financing the terrorist activities, acts of terrorism or terrorist organizations or the persons being under the international sanctions, the bank shall urgently, on the day of emergence of the suspicions with regard to the transaction:

enter into the register of financial transactions and submit to the Specially Authorized Body the information about this financial transaction and the persons that have participated (participate) in the performance thereof;

submit the information about such a financial transaction to the law enforcement authorities determined by the laws of Ukraine, at the place of performance of the bank, according to the procedure agreed by the bank with the authority in question. The procedure of submittal of such information shall ensure guaranteed delivery and confidentiality thereof.

6.5. Should an employee of the bank detect a customer's financial transaction that is subject to the financial monitoring or can be connected with or intended for financing the terrorist activities, he/she shall promptly, not later than at 12:00 of the next working day, furnish with information thereof the Compliance officer of the bank or the employee authorized by the Compliance officer.

The software installed at the bank shall ensure prompt communication of information on the financial transaction that is subject to the financial monitoring or can be connected with or intended for financing terrorist activities to the Compliance officer of the bank or the employee authorized by the Compliance officer.

6.6. The bank shall ensure registration of the receipt of messages about financial transactions by the Compliance officer of the bank or the employee authorized by the Compliance officer.

6.7. The bank shall ensure entry of the information on the following financial transactions into the register of financial transactions:

a) subject to the financial monitoring pursuant to Articles 15 and 16 of the Law - not later than on the following working day from the date of detection thereof;

b) whose performance has been refused because such transactions have signs of the transactions that pursuant to the Law are subject to the financial monitoring - during one working day but not later than on the following working day from the day of refusal;

c) whose performance has been refused because the customer with whom the business relations have been established has not submitted the information necessary for identification and study of his/her/its financial activities - during one working day but not later than on the following working day from the day of refusal;

d) with regard to which there are sufficient grounds to suspect that such financial transactions are connected with or intended for financing the terrorist activities, acts of terrorism or terrorist organizations or the persons being under the international sanctions - urgently, on the day of detection of such a financial transaction or an attempt to perform it;

e) whose performance has been suspended due to the fact that they contain the signs stipulated by Articles 15 and 16 of the Law - without delay the very same day of such transaction suspension;

f) whose performance has been suspended due to the fact that the participants therein or beneficiaries thereof are the persons included in the list of persons connected with terrorism activities or are under the international sanctions - without delay the very same day of such transaction suspension;

g) whose performance has been suspended by a decision of the Specially Authorized Body taken with the purpose of suspending the payment transactions - on the day of receipt of the primary documents on performance of such financial transactions;

h) performance of receipt transactions on the account with regard whereto the Specially Authorized Body has taken a decision on suspension of the receipt transactions - urgently but not later than at 12:00 of the working day following the day of performance of the receipt transaction;

i) whose performance has been suspended on the instructions of the Specially Authorized Body adopted with the purpose of implementing the request of the authorized body of other country - without delay the very same day of the financial transaction suspension;

j) with regard whereto the instructions of the Specially Authorized Body have been received adopted with the purpose of implementing the request of the authorized body of other country about securement of the monitoring - urgently but not later than at 12:00 of the following working day;

k) with regard whereto the request of the Specially Authorized Body on submission of the information on tracking (monitoring) of financial transactions has been received:

during one working day but not later than on the day following the day of financial transaction conduct;

not later than on the tenth working day from the date of receipt of the request on the financial transactions performed before receipt of the Specially Authorized Body request.

6.8. The bank being a legal entity shall additionally ensure keeping the consolidated register of financial transactions with double numbering the count whereof shall start from the calendar year beginning with taking into account the financial transactions detected and entered into the registers of financial transactions of other (with the exception of the branches) separate units of the bank.

The bank being a legal entity is entitled to include in the consolidated register of financial transactions, according to the requirements of the first indent of this item, also the information of the financial transactions detected and entered into the register of financial transactions of the bank branch(es).

The consolidated register of financial transactions shall be kept as the electronic document.

6.9. Both the register of financial transactions and consolidated register of financial transactions shall be documents of the restricted access.

The access to the consolidated register of financial transactions shall be open for the Compliance officer of the bank forming an artificial person and the bank employees empowered by the Compliance officer.

The access mode for the bank employees to the register of financial transactions shall be established by the Compliance officer of the bank.

The Compliance officer of the bank shall be accountable for protection of the register of financial transactions against destruction, unauthorized access, modification or data distortion.

The Compliance officer of the bank forming an artificial person shall be accountable for protection of the consolidated register of financial transactions against destruction, unauthorized access, modification or data distortion.

6.10. The decision on classification of a financial transaction as such that is subject to the financial monitoring and entry of information thereof into the register of financial transactions in the cases

provided by Item 6.7 of this section shall be taken by the Compliance officer of the bank or the bank employee authorized by the Compliance officer.

The powers of the employee authorized by the Compliance officer of the bank to take such a decision shall be indicated in the job description of the employee in question.

6.11. Deletion of the data entered into the register of financial transactions shall be inadmissible.

6.12. In case of need to correct the erroneous data entered into the register of financial transaction regarding a certain financial transaction, the information whereof has not been yet submitted to the Specially Authorized Body, the bank shall, in the data line of the register of financial transactions where the data about this transaction are contained, indicate the annulment thereof and explain in the field "Comments" of the register of financial transactions the reasons of the annulment and:

supplement the register of financial transactions with the new recording about this financial transaction, if the information thereof is subject to submission to the Specially Authorized Body, or

make no supplement to the register of financial transactions with the new recording, if the information of such a financial transaction is not subject to submission to the Specially Authorized Body.

In case of need to correct the erroneous data entered into the register of financial transaction regarding a certain financial transaction, the information whereof has been already submitted to the Specially Authorized Body, the bank shall, in the data line of the register of financial transactions where the data about this transaction are contained, indicate the annulment thereof and explain in the field "Comments" of the register of financial transactions the reasons of the annulment and:

supplement the register of financial transactions with the new recording about this financial transaction, if the information thereof is subject to submission to the Specially Authorized Body, or

make no supplement to the register of financial transactions with the new recording, if the information of such a financial transaction is not subject to submission to the Specially Authorized Body. In such a case to the Specially Authorized Body sent shall be the letter (on paper) concerning the annulment of the respective entry into the register of financial transactions with explanation of the reasons thereof.

6.13. Into the register of financial transactions in the cases envisaged by Item 6.7 of this section entered shall be the following data:

a) the registration running number in the register of financial transactions from the calendar year beginning and registration date;

b) the unique financial transaction number within the bank automation system (if available);

c) oblast codes as per the reference books of the National Bank "Dovidnyk regioniv Ukrainy" (Reference Book of Regions of Ukraine) and of the Specially Authorized Body "Kody oblastei Ukrainy" (Codes of Oblasts of Ukraine) (in separate fields) by the place of financial transaction performance by the customer (attempt to conduct a financial transaction);

d) date of delivery of the primary document:

e) name, number and date of the primary document (in the case of transaction with use of special payment facility - number of the special payment facility);

f) date of performance of (if performed)/refusal to perform/suspension of the financial transaction;

g) sign code of financial transaction performance as per the reference books of sign codes of financial transaction performance determined in Appendix 10 to the Instruction of Filling In the Forms of Registration and Submission of the Information related to Financial Monitoring Execution approved by Order N 148 of the State Committee of Financial Monitoring of Ukraine of August 26, 2010, registered at the Ministry of Justice of Ukraine on October 10, 2010, under N 891/18186 (hereinafter - Instruction N 148).

h) amount of the financial transaction in the currency of the performance thereof and its equivalent in the national currency as per the official exchange rate of hryvnia versus the foreign currency established by the National Bank on the day of financial transaction performance;

i) surname, name, patronymic (if any) of the natural person/name of the customer forming an artificial person and the identification (registration) number/YeDRPOU code of the person (if the identification (registration) number/the code has not been given to the natural/ artificial person, nine zeroes shall be put in);

j) surname, name, patronymic (if any) of the natural person acting on behalf of the customer and identification (registration) number of this person (if the identification (registration) number has not been given to the natural person, nine zeroes shall be put in), when performing a cash transaction with the exception of collection of funds performed pursuant to the procedure established by the subordinate legislation acts of the National Bank;

k) surname, name, patronymic (if any) of the natural person/name of the artificial person being a counteragent and the identification (registration) number/YeDRPOU code of the person. If the identification (registration) number/the code has not been given to the natural/ artificial person, nine zeroes shall be put in. If the identification (registration) number of the natural person is unknown to the bank, five nines shall be put in. The bank customer, if he/she/it is the actual transmitter/recipient of the assets, shall be indicated in the register of financial transactions both as the customer and counteragent with regard to the financial transaction;

l) code of the financial transaction type;

m) sign code(s) of the financial transaction, depending whereon the financial transaction is subject to the financial monitoring, as per the reference books of sign codes of financial transactions as defined in Appendices 2 and 3 to Instruction N 148, except the cases foreseen by Sub-Items c), d) and f), Item 6.7, of this section;

n) comments (if any);

o) surname and initials of the employee who has informed of the financial transaction (should the financial transaction have been detected by means of the software, the abbreviation “ПЗ” (i.e. SoftWare) shall be put in;

p) surname and initials of the employee who has made the entry of information of the financial transaction into the register of financial transactions.

6.14. If a financial transaction subject to the financial monitoring is detected as a result of inspection by the internal audit of the bank or by the National Bank, the information of such a financial transaction shall be entered into the register of financial transactions not later than on the next working day from the date of auditor's conclusion compilation by the internal audit service of the bank or the date of receiving by the bank the notice of inspection from the National Bank.

6.15. If the bank denies the customer's request to perform a financial transaction in the cases stipulated by the Law, the data related to such a financial transaction available at the moment of taking the appropriate decision shall be entered into the register of financial transactions with obligatory indication of the refusal reasons in the field "Comments".

6.16. The decision on furnishing with information of the financial transaction subject to the internal financial monitoring the Specially Authorized Body or on omittance thereof may be taken by the Compliance officer of the bank in pursuance of the Program of financial monitoring execution for a certain field of the bank activities in the process of servicing the customers.

6.17. After furnishing the Specially Authorized Body with the information of a financial transaction, attempt to perform or refusal to perform a transaction the line of the register of financial transactions containing the data about the financial transaction, once received from the Specially Authorized Body the message file about registration (refusal to register) of the financial transaction(s) with zero error codes with regard to this financial transaction, shall be supplemented with the data on the date, file name and number of the line in the message file in which the information of this financial transaction has been sent to the Specially Authorized Body. Compilation of the reference book of error codes and amendments thereto shall be carried out by the Specially Authorized Body pursuant to the procedure established by the Law.

6.18. In case of furnishing the Specially Authorized Body with additional information of a financial transaction or the transactions linked therewith the line of the register of financial transactions containing the data on this financial transaction shall be supplemented with the data on the name and receipt date of the request file, name and dispatch date of the response file and/or supplement file.

6.19. The Compliance officer of the bank, should he/she have taken a decision on inexpediency of furnishing the Specially Authorized Body with the information of a financial transaction subject to the internal financial monitoring entered into the register of financial transactions, shall compile the report and substantiate therein the decision (hereinafter - the Report).

The Report compiled as a hard copy shall contain the running number of the financial transaction in the register of financial transactions, date of the compilation, list of the measures taken to clarify the essence of transaction and purpose of conducting it by the customer, information confirming receipt of the respective documents, results of the measures taken, conclusion with regard to the taken decision and signature of the Compliance officer of the bank. In the line of the register of financial transactions containing the information of the financial transaction subject to the internal financial monitoring (hereinafter - the register line), in the field "Comments", indicated shall be the fact of the report compilation and the date thereof.

As regards the Report compiled as an electronic document, if the Program of financial monitoring execution for a certain field of the bank activities in the process of servicing the customers provides such document compilation, the register line field "Comments" shall contain the data on compilation of the Report, the date thereof, as well as the list of the measures taken to clarify the essence of transaction and

purpose of conducting it by the customer, information confirming receipt of the respective documents, results of the measures taken, conclusion with regard to the taken decision.

The Compliance officer of the bank shall compile a separate report for each financial transaction subject to the internal financial monitoring with regard whereto he/she has taken the decision on inexpediency of furnishing the Especially Authorized Body with the information thereof.

6.20. Before the 15th of every month a part of the register of financial transactions containing the information of the financial transactions registered in the previous month shall be printed out and together with the reports shall be arranged as a file that shall be paginated, stitched and sealed up. On the last numbered page a note shall be done indicating the number of pages in the file, attested by the signature of the Compliance officer of the bank and the bank seal.

All files consisting of the printed parts of the register of financial transactions and the reports shall be stored during five years from the end of the calendar year in which the register of financial transactions has been formed.

VII. Procedure of information submittal to the Specially Authorized Body

7.1. In the cases stipulated by the Law the bank shall submit to the Specially Authorized Body information of the financial transactions subject to the financial monitoring as well as the identification data of the persons that have performed (perform, have tried to perform) the transactions together with other information related to the prevention of criminal proceeds legalization/terrorism financing pursuant to the laws of Ukraine. The information above may be submitted to the Specially Authorized Body by separate subdivisions of the bank both directly and via the bank forming the artificial person.

The information submitted to the Specially Authorized Body by a separate subdivision of the bank via the bank forming the artificial person shall contain the registration identifier of this separate subdivision.

The procedure of submittal of this information to the Specially Authorized Body shall ensure guaranteed delivery and confidentiality thereof.

7.2. In the cases stipulated by the Law the bank shall submit to the Specially Authorized Body the information of the financial transaction or refusal to perform it/establish the business relations according to the deadlines specified by the Law.

In the case of suspension of the financial transaction the bank shall submit the information thereof with the filled in field “Comments” according to the procedure and against the deadlines stipulated by Section VIII of this Regulation.

At the same time the bank is entitled to furnish the Specially Authorized Body with additional information of this financial transaction.

7.3. Furnishing by the bank the Specially Authorized Body with information of the financial transactions subject to the financial monitoring or of the transactions whose performance has been refused as well as the data on the persons that have participated in the performance thereof or received the refusal to be serviced, and also about a financial transaction with regard to which the bank has sufficient reasons to suspect that the transaction can be connected with, related to or intended for financing the terrorist activities, shall be carried out in the form of message files.

Furnishing by the bank the Specially Authorized Body with the information on refusal to establish the business relations, when the customer's identification according to the law requirements is impossible, shall be carried out by means of dispatching the letter/letter file containing the refusal reasons and available information of the customer.

7.4. The information of each financial transaction submitted to the Specially Authorized Body within a message file shall be signed by the Compliance officer of the bank with the electronic digital signature produced by the facilities of affixing/checking the electronic digital signature provided by the National Bank and built-in within the bank automation system.

7.5. The message file generated by the bank automation system shall be encrypted with the help of the software built-in within the informational ARM-NBU (hereinafter - ARM-NBU, i.e. NBU workstation) and sent via the National Bank electronic mail to the address of Specially Authorized Body.

7.6. The Specially Authorized Body having received the message file from the bank shall decrypt the file by means of ARM-NBU, verify the digital signatures and check the correctness of filling-in all requisites of the message file and completeness of the data therein. As a result of such control of the message file the Specially Authorized Body shall, to the end of the working day following the day of the file receipt, generate and send to the bank in question the message file about registration of (refusal to register) the financial transaction(s).

7.7. The Compliance officer of the bank, if he/she has received the message file about registration of (refusal to register) the financial transaction with non-zero error codes given to some financial transactions or to the message file as a whole, shall analyze the causes of emergence of the errors, ensure rectification thereof and submit during three working days from the receipt of the message file about registration of (refusal to register) the financial transaction with non-zero error codes the duly executed notice within the new message file to the address of Specially Authorized Body.

7.8. The Compliance officer of the bank before the repeated generation of the message file shall verify validity of the respective encryption key(s) of ARM-NBU, should the received message file about registration of (refusal to register) the financial transaction(s) contain non-zero error codes. In case of need he/she shall address the information protection service of the respective territorial branch of the National Bank to receive the proper key certificate. The message file about registration of (refusal to register) the financial transaction(s) with zero error codes with regard to a financial transaction, the information whereof has been sent to the Specially Authorized Body in the corresponding message file, constitutes confirmation of the fact that this financial transaction has been registered by the Specially Authorized Body.

7.9. The Compliance officer of the bank, should an emergency situation have appeared disabling dispatch of the appropriate data exchange files via the electronic mail of the National Bank to the Specially Authorized Body pursuant to the procedure established, shall promptly address the respective territorial branch of the National Bank depending on the bank place of performance with duly generated and encrypted by ARM-NBU files on magnetic or digital media together with the covering letter requesting to send the files via the National Bank electronic mail to the address of Specially Authorized Body. The procedure of submittal of such information shall ensure guaranteed delivery and confidentiality thereof.

The Compliance officer of the bank shall address the Specially Authorized Body to agree therewith a way of receiving the corresponding data exchange files therefrom. If the data exchange files in question have been received from the Specially Authorized Body by the territorial branch of the National Bank, the

branch shall send them via electronic mail or on a magnetic or digital medium to the Compliance officer of the bank.

7.10. The Compliance officer of the bank shall address the Specially Authorized Body to clarify reasons of non-receipt of the respective data exchange files by the bank, if for some reason the bank has not received them from the Specially Authorized Body during two working days from dispatch of the respective files.

7.11. Requests of information from the bank by the Specially Authorized Body foreseen by the Law shall be done either via the electronic mail of the National Bank or as hard copies by advice-of-receipt post, or else by means of mail and messenger service or communication by courier.

7.12. Furnishing by the bank the Specially Authorized Body at its request with additional information of the financial transactions that have become an object of the financial monitoring, copies of the documents on the basis whereof such financial transactions and the transactions linked with them have been performed, data on the participants therein, as well as other information, in particular such that constitutes the banking secrecy or trade secret, copies of the documents necessary for execution of the tasks allotted to the Specially Authorized Body, shall be carried out by means of generation and dispatch of the response file and, if necessary, the supplement file, during five working days from the date of receipt of the request file from the Specially Authorized Body or during other period agreed with the Specially Authorized Body.

Should the bank have received a request of the Specially Authorized Body to submit information as a hard copy, the bank shall, before the deadline specified by the first indent of this item, submit to the Specially Authorized Body the answer as a hard copy or by means of generation and dispatch of the response file and, in the case of need, the supplement file.

Furnishing by the bank on its own initiative the Specially Authorized Body with the information, indicated in the first indent of this item, and copies of the documents that cannot be transferred within the message or response file, shall be carried out by means of generation and dispatch of the supplement file to the Specially Authorized Body.

The supplement file generated by the bank automation system shall be encrypted with the help of the software built-in within ARM-NBU and sent via the National Bank electronic mail to the address of Specially Authorized Body together with the message file or response file, or the supplement file may be delivered to the Specially Authorized Body on a magnetic or digital medium.

The procedure of submittal of the supplement file on a magnetic or digital medium, or of the answer as a hard copy to the Specially Authorized Body shall ensure guaranteed delivery and confidentiality thereof.

7.13. Should the bank have received a request file /a request as a hard copy from the Specially Authorized Body with regard to complying with a request of a respective authority of other country, the bank shall submit the information necessary for satisfaction of the request (including the data constituting the banking secrecy or trade secret) together with copies of the documents. The Specially Authorized Body request regarding submittal of the information necessary for complying with the request of a respective authority of other country shall contain the reference to the number and registration date of the request in the appropriate register of the Specially Authorized Body.

7.14. The bank shall comply with the Specially Authorized Body request on furnishing it with the information on tracking (monitoring) of financial transactions of the customer whose financial

transactions have become the object of financial monitoring by means of carrying out the primary financial monitoring of these financial transactions and sending the relevant message files to the Specially Authorized Body.

VIII. Procedure of suspension/resumption of financial transactions and satisfaction of the decisions (instructions, requests) of the Specially Authorized Body

8.1. Pursuant to the first part of Article 17 of the Law the bank:

is entitled to suspend performance of a financial transaction, if such a financial transaction bears the signs specified in Articles 15 and 16 of the Law;

shall suspend conduct of a financial transaction, if a person included in the list of persons connected with the terrorist activities or being under the international sanctions is a participant in or beneficiary of the transaction.

Such suspension may be done during a period of up to two working days.

8.2. The bank shall make use of the software ensuring the detection and suspension before conduct of a financial transaction performed in favour or by order of a customer of the bank, if a person included in the list of persons connected with the terrorist activities or being under the international sanctions is a participant in or beneficiary of the transaction.

8.3. The lists of organizations, artificial or natural persons connected with the terrorist activities or being under the international sanctions shall be distributed among the banks according to the procedure established by law.

8.4. The Compliance officer of the bank shall issue an internal direction in case of taking the decision on:

suspension of a financial transaction in the cases prescribed by the first part of Article 17 of the Law;

further suspension of the financial transaction in pursuance of the decision of the Specially Authorized Body in accordance with the second and fifth parts of Article 17 of the Law;

suspension of the payment financial transactions on the accounts of customers (persons), if such financial transactions bear the signs specified by Articles 15 and 16 of the Law according to the decision of the Specially Authorized Body pursuant to the third and fifth parts of Article 17 of the Law;

suspension of performance of a financial transaction of the relevant person in pursuance of the instruction of the Specially Authorized Body on satisfaction of a request of an authorized body of other country in accordance with the fifth part of Article 22 of the Law;

resumption of conduct of the financial transactions in the cases foreseen by the Law and this section;

In case of receipt of the Specially Authorized Body decision/instruction on suspension of the financial transaction (payment financial transactions), the direction shall be issued on the day of the receipt thereof with obligatory notifying the chief executive officer of the bank/manager of the foreign bank branch/head of the separate subdivision of the bank.

8.5. The internal directions of the Compliance officer of the bank on suspension of a financial transaction, issued according to Item 8.4 of this section, shall contain the following information:

the customer's name and account number;

the name, number and date of the primary document;

the amount of the financial transaction;

the reasons of suspension of the financial transaction prescribed by the Law;

the deadline of suspension of the financial transaction;

the Compliance officer's of the bank signature and direction issue date;

The directions as per Item 8.4 hereof shall be stored in a separate file during five years minimum according to the procedure provided for the documents of restricted access.

8.6. The bank shall inform the Specially Authorized Body of the financial transaction suspension in the cases prescribed by Item 17 of the second part of Article 6 and the first part of Article 17 of the Law by means of urgent generation and dispatch of the respective message file on the very same working day of the financial transaction suspension. In the field "Comments" of this message the date of financial transaction suspension end shall be indicated. At the same time the bank is entitled to furnish the Specially Authorized Body with additional information of this financial transaction.

8.7. The requirements set forth by Section VII of this Regulation regarding the procedure of arrangement, dispatch, control over correctness of filling in all requisites and receipt by the Specially Authorized Body shall apply to the message files containing the information of financial transaction suspension prescribed by Item 8.6 hereof.

8.8. The decision and/or instruction of the Specially Authorized Body as a hard copy shall be sent to the bank with securement of guaranteed delivery thereof.

8.9. Notification of the bank by the Specially Authorized Body regarding the decisions taken and the instructions and requests given shall be done either via the electronic mail of the National Bank or as hard copies by advice-of-receipt post, or else by means of mail and messenger service or communication by courier.

The time and date of notifying the bank of the decision and/or instruction shall be the time and date of receipt of the file by the bank at the node of National Bank electronic mail or the time and date indicated in the receipt advice.

8.10. Having received the relevant decision file/decision or instruction of the Specially Authorized Body as a hard copy the bank shall promptly, but not later than at 11:00 of the working day following the day of the receipt thereof, confirm by a letter/letter file the receipt of the decision file/decision or instruction as a hard copy with indication of the data on securement of the implementation thereof.

Such a letter/letter file shall contain the information of the time and date of receiving the decision or instruction, fulfilment of the decision or instruction as regards the suspension or resumption, or

securement of the monitoring of financial transactions, as well as the balance of funds at the time of suspension of financial transactions on the account.

Should the bank have received a decision and/or instruction of the Specially Authorized Body as a hard copy, the bank shall, before the deadline specified by the first indent of this item, send to the Specially Authorized Body the confirmation in the letter (as a hard copy or electronic document) or by means of generation and dispatch of the letter file.

The procedure of transfer of the letter as a hard copy or electronic document to the Specially Authorized Body shall ensure guaranteed delivery and confidentiality thereof.

8.11. Should the Specially Authorized Body have taken a decision on suspension of the payment financial transactions on the accounts of customers (persons) for a period of up to five working days and the bank have received the relevant decision file/decision as a hard copy, the bank shall suspend such financial transactions.

The information of the payment transactions on the accounts of customers shall be submitted to the Specially Authorized Body on the day of the suspension thereof by means of dispatch of the message file in case such financial transactions have been suspended in pursuance of the appropriate decision of the Specially Authorized Body.

The receipt transactions on such accounts shall not be suspended.

The bank shall inform the Specially Authorized Body of performance of the receipt transactions by means of sending on the very same day the informational electronic message about each receipt transaction. Such a message shall contain:

the code of financial transaction sign as per Appendix 3 to Instruction N 148;

the registration number and date of the Specially Authorized Body decision;

date of the receipt transaction performance;

the amount of the financial transaction in question.

The information of such a financial transaction shall be promptly, but not later than at 12:00 of the following working day, entered into the register of financial transactions and on the very same day be sent to the Specially Authorized Body within the message file.

8.12. The total period of financial transaction suspension, in the cases prescribed by Article 17 of the Law, may not exceed 14 working days.

8.13. The deadline for the suspension end or monitoring execution regarding a financial transaction requested by the authorized body of other country may be specified by the Specially Authorized Body depending on the deadline indicated in the request of the other country authorized body.

8.14. Should at the moment of receipt of the decision file/decision (instruction) of the Specially Authorized Body as a hard copy the financial transaction in question have been performed, the bank shall urgently, but not later than on the following working day, ensure entering into the register of financial

transactions and dispatching to the Specially Authorized Body the information of such a financial transaction within the message file.

8.15. The bank shall account the funds of the suspended financial transaction according to the procedure established by the requirements of this section on the customer's current account. Accounting of the settlement document of such a financial transaction together with the direction of the suspension thereof shall be carried out on off-balance account 9809 A "Other documents of customers' settlement transactions".

8.16. If the bank has not received the decision of the Specially Authorized Body on further suspension of the financial transaction, it shall resume the performance thereof after expiry of the time specified by the bank or the Specially Authorized Body.

The bank shall resume conduct of the payment transactions/financial transaction in case of receipt of the decision file/decision (instruction) of the Specially Authorized Body as a hard copy according to the fourth indent of the fifth part of Article 17 and the fifth part of Article 22 of the Law, respectively, about cancellation of the Specially Authorized Body decision on suspension of the payment transactions or resumption of the financial transactions suspended in order to satisfy the corresponding request of the authorized body of other country.

8.17. In case of resumption of the financial transactions the bank shall promptly, but not later than at 11:00 of the following working day, inform thereof the Specially Authorized Body within the letter file about such resumption (with indication of the reasons, time and date of the resumption of performance of the financial transactions).

8.18. In case of the resumption of financial transaction performance the bank shall carry out transfer of the funds from the customer's current account according to the payment order for which the financial transaction has been suspended.

IX. Coordination procedure of appointment and dismissal of the Compliance officer of the bank

9.1. Approval of candidature of the Compliance officer of the bank (except the separate subdivision of the bank) is carried out by the National Bank with the purpose of determining the level of his/her professional skills, personal identity and ability necessary for securement of efficient meeting of the requirements of the laws in the field of prevention of the criminal proceeds legalization/terrorism financing by the bank.

9.2. Appointment of the Compliance officer of the bank (except the separate subdivision of the bank) to the position shall be carried out in accordance with the procedure established by the constituent instruments of the bank/standing orders of the foreign bank branch after approval of his/her candidature by the National Bank.

9.3. The intra-bank system of prevention of the criminal proceeds legalization/terrorism financing shall be headed by the Compliance officer of the bank.

9.4. The bank may, with taking into account peculiarities of its organization, main areas of activity, panel of customers and risk levels associated with the customers and their financial transactions, arrange and determine a separate organizational unit for prevention of the criminal proceeds legalization/terrorism financing. The unit may be either headed by the Compliance officer of the bank or be directly subordinated to the Compliance officer of the bank.

Such a unit shall exercise its duties pursuant to the standing orders of this organizational unit approved in accordance with the internal procedures of the bank.

9.5. The Compliance officer of the separate unit of the bank shall be appointed to the position and dismissed therefrom according to the procedure established by the constituent instruments of the bank on approval of the Compliance officer of the bank.

In case of inexpediency of introduction of the separate position of the Compliance officer of the separate unit, the exercise of duties of the Compliance officer of the separate unit of the bank may be done by the head or other official of the separate unit of the bank.

The Compliance officer of the separate unit of the bank may not be junior in office than the head of an independent organizational subdivision within the separate unit of the bank.

Vesting with the duties of the Compliance officer of the separate unit of the bank an official of the separate unit of the bank and dismissal of such an official from the exercise of such duties shall be agreed with the Compliance officer of the bank forming an artificial person.

9.6. The Compliance officer of the bank shall meet the following qualifying requirements:

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);

he/she shall have formal higher education in economics or science of law, or specialized education in management;

his/her length of service 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;

he/she shall have irreproachable business reputation.

9.7. The following circumstances can testify to absence of the irreproachable business reputation of the nominee for the position of Compliance officer of the bank:

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.

9.8. 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 set forth in Item 9.6 hereof.

The bank shall do such a check 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).

9.9. Before taking a decision on meeting by the candidate for the position of the Compliance officer of the bank the qualifying requirements as per Item 9.6 hereof the bank shall ascertain, verify and take into consideration the information on the facts of violation of the laws of Ukraine on banking and/or prevention of criminal proceeds legalization/terrorism financing by the bank (if they have taken place during the last three years) resulting from the acts or inactivity of the candidate for the position of the Compliance officer of the bank, namely:

number of the infringement facts;

number of the administrative liability incidents and reasons thereof;

number of the coercive measures (sanctions) applied to the bank by the National Bank.

9.10. Decision on approval of the candidature for the position of the Compliance officer of the bank for banks of the 1st and 2nd groups and the 3rd and 4th groups of the Kyiv region, for a foreign bank branch, is taken by the National Bank of Ukraine Commission for banking supervision and regulation (hereinafter - the National Bank Commission).

Decision on approval of the candidature for the position of the Compliance officer of the bank for banks of the 3rd and 4th groups (with the exception of Kyiv region banks), is taken by the Commission for banking supervision and regulation of the territorial branch of the National Bank (hereinafter - the National Bank territorial branch commission).

9.11. Having taken the decision on meeting by the candidate the qualifying requirements of Item 9.6 hereof the bank shall arrange the package of documents which shall contain:

copies of the passport pages bearing the photograph, surname, first name, patronymic (if exists), date of birth, passport series and number (or of other identification document), date of its issue and issuing

agency, data on the place of residence or temporary stay, citizenship (if the person in question is a non-resident) duly attested by the bank;

a copy of the work record card duly attested by the bank;

a copy of the diploma (certificate of degree) notarially attested;

certificates from banks and/or other credit institutions, where any credits have been obtained, about meeting the obligations of repayment thereof, on the letterhead of the bank/financial institution signed by the manager of the bank/financial institution and bearing an impress of the seal of the bank/financial institution;

a copy of the decision of the board (authorized official) of the bank on temporary entrusting the candidate with duties of the Compliance officer of the bank;

information from the territorial branches of the National Bank supervising the banks, where the candidate has worked, confirming absence of abuses and violations of the laws of Ukraine on banking and/or prevention of criminal proceeds legalization/terrorism financing in his/her work (if the candidate has worked in other regions of Ukraine);

the questionnaire (Appendix 7);

the bank conclusion on the candidate's compliance with the qualifying requirements set forth by this Regulation, which shall be on the bank letterhead, signed by the bank manager, and bear the bank seal impress.

In case of assigning to the position of the Compliance officer of the bank a foreign individual the decision on approval of such a candidature the National Bank Commission/National Bank territorial branch commission shall make with taking into account the submitted documents (their copies attested according to the established procedure) that confirm:

the education as per Item 9.6 hereof;

not less than three years of work experience with the relevant occupation on the managerial positions within the banking system;

information from the central bank or other authority of the country in question supervising the banks on absence of transgressions of the law in his/her work;

documents confirming legality of the foreigner's sojourn on the territory of Ukraine;

the work permit issued by the State Centre for Employment of the Ministry of Social Policy of Ukraine or on the instructions thereof by the centre for employment of the Autonomous Republic of the Crimea, an oblast centre for employment or by the Kyiv and Sevastopol city centres for employment in the cases prescribed by laws of Ukraine, unless the international agreements ratified by the Verkhovna Rada of Ukraine prescribe otherwise.

The documents (or the copies thereof) related to the foreign individual or issued by authorities of other country shall be submitted in the language of the original with the translation into Ukrainian attested notarially.

9.12. The bank shall submit to the National Bank the trustworthy information and documents regarding the person whose candidature is proposed for approval, the documents shall be in force at the moment of submission thereof.

In case of submittal of an incomplete package of documents or of the non-conformity thereof with the requirements as per Item 9.11 hereof, or should the documents submitted contain inadequate information and/or have lost effect at the moment of submittal, the National Bank/its territorial branch shall return the documents regarding the candidature for the position of the Compliance officer of the bank together with the appropriate substantiation.

9.13. The package of documents for approval of the candidature for the position of the Compliance officer of the bank shall be submitted:

by the banks of the 1st and 2nd groups, those of the 3rd and 4th groups of the Kyiv region, foreign bank branches to the organizational unit of the National Bank central office dealing with prevention of the criminal proceeds terrorism financing (hereinafter - the Department);

by the banks of the 3rd and 4th groups, except for the Kyiv region banks, to the territorial branch of the National Bank on the place of performance of the bank forming an artificial person.

9.14. The procedure of approval of the candidature for the position of the Compliance officer of the bank shall consist of:

a) examination of the submitted by the bank documents with regard to meeting by the candidate the qualifying requirements of Item 9.6 hereof;

b) submitting the candidate for the position to testing in accordance with the procedure established by the National Bank and interviewing him/her by members of the National Bank Commission/National Bank territorial branch commission with the purpose of making a cold evaluation of the professional skills of the candidate for the position of the Compliance officer of the bank;

c) taking the decision by the National Bank Commission/National Bank territorial branch commission on approval/disapproval of the candidature for the Compliance officer’s of the bank position.

If a candidate, already submitted to the testing whose appointment to the position of the Compliance officer of the bank has been approved by the National Bank, changes the place of work, and since the date of testing less than one year has elapsed, the National Bank Commission/National Bank territorial branch commission may take a decision on approval of such a candidature for the position of the Compliance officer of the bank without repeated testing.

9.15. The candidature for the position of the Compliance officer of the bank shall be approved by the National Bank after examination of the candidature by the National Bank Commission/National Bank territorial branch commission with taking into account the results of testing for the knowledge of Ukrainian legislation requirements, including of the subordinate legislation acts on prevention of the criminal proceeds legalization/terrorism financing.

Approval of the candidature for the position of the Compliance officer of the bank (except for the separate subdivision of the bank) shall be carried out after approval of the candidate as a member of the bank board.

9.16. The National Bank/its territorial branch shall, during five working days after taking the decision on approval/disapproval of the candidature for the position of the Compliance officer of the bank, send a copy of the decision to the bank.

9.17. The person, whose candidature has been proposed for approval, in case of unfavourable testing results, may be submitted to the repeated testing (by the decision of the National Bank Commission/National Bank territorial branch commission).

The National Bank Commission/National Bank territorial branch commission shall refuse to approve the candidature for the position of the Compliance officer of the bank in case of unfavourable results of the repeated testing.

In such a case the bank shall, during one month from the day of taking the decision by the National Bank Commission/National Bank territorial branch commission on the refusal, in accordance with this Regulation, submit to the Department/territorial branch of the National Bank the package of documents necessary for approval of some other candidature.

9.18. The provisional administrator of the bank/foreign bank branch/separate subdivision located on the territory of other country is entitled to take a decision on temporary entrusting with duties of the Compliance officer of the bank a person appointed by the administrator and address a petition to the National Bank for approval of the candidature of such a person according to the procedure established by this section.

9.19. In case of temporary absence (owing to temporary incapacity to work, leave, business trip, removal from office in pursuance of the National Bank decision) of the Compliance officer of the bank for more than four months, the chief executive officer of the bank/manager of the foreign bank branch shall appoint an employee according to the procedure established by the constituent instruments of the bank/standing orders of the foreign bank branch to exercise the duties of the temporary absent (suspended from office) Compliance officer of the bank.

The person acting as the temporary Compliance officer of the bank is entrusted with all the duties and all the rights of the Compliance officer of the bank provided by the Law, this Regulation and internal documents of the bank on financial monitoring execution.

In case of temporary absence of the Compliance officer of the bank for more than four months the approval of candidature for the position of the Compliance officer of the bank by the National Bank shall be carried out pursuant to the requirements of this section. The package of documents as per Item 9.11 hereof shall be submitted by the bank not later than in two weeks after the expiry of the time mentioned above.

9.20. Approval of dismissal from the position of the Compliance officer of the bank (except for the separate subdivision of the bank) by the National Bank shall be carried out in case of termination of the labour contract on the bank's own initiative.

In the case of consideration of the dismissal from the position of the Compliance officer of the bank on its initiative the bank shall submit a written petition in accordance with the procedure prescribed by Item 9.13 hereof on approval of the dismissal with elucidation and substantiation of the reasons thereof.

9.21. Approval of the dismissal from the position of the Compliance officer of the bank shall be carried out by the National Bank Commission/National Bank territorial branch commission.

9.22. The National Bank/territorial branch of the National Bank after interviewing by the National Bank Commission/National Bank territorial branch commission the person whose dismissal has been initiated by the bank and taking the appropriate decision shall send to the bank a copy of the decision.

9.23. After the dismissal of the Compliance officer of the bank the latter shall on the following working day take a decision on temporary entrusting of the person appointed by the bank with the duties of the Compliance officer of the bank and during one month from the day of dismissal of the Compliance officer of the bank submit to the Department/territorial branch of the National Bank the data stipulated by Item 9.11 hereof for approval of the candidature for the position of the Compliance officer of the bank by the National Bank.

Director of the Financial Monitoring Department **O.M.Berezhnyi**

Appendix 1
to Regulation on Financial Monitoring Execution by Banks

Questionnaire of the customer being a resident legal entity

1. First part (in the form of table):

1) long name and abbreviation;

2) organizational and legal form;

3) pattern of ownership;

4) place of location;

5) number of employees;

6) YeDRPOU code;

7) date of state registration;

8) state registration authority;

9) registration series and number of the certificate of state registration;

10) numbers of the phones and faxes for contacts;

11) separate subdivisions (branches, representative offices, etc.);

12) email address;

13) identification data of the persons authorized to act on behalf of the customer;

14) date of opening of the first account;

15) the customer's reputation estimate;

16) level of the risk of conducting by the customer the financial transactions on criminal proceeds legalization/terrorism financing;

17) date of the primary filling in of the questionnaire;

18) date of the last amendments to the questionnaire;

Position, surname, initials and number of the office phone of the employee responsible for identification and study of the customer.

2. Second part (in the form of table)

1) identification data of the persons entitled to command the accounts and dispose of the property;

2) information on the governance bodies and their panels;

3) information on the qualifying share owners within the legal entity (with indication of the share);

4) information on controllers of the legal entity;

5) data on the persons empowered to protect interests of shareholders of (participants in) the customer which hold the qualifying share;

6) information whether the persons indicated by Items 1-5 hereof are public figures or persons related to them;

7) information about the parent company, corporation, holding group, industrial and financial group or other association whose member is the customer, subsidiaries;

8) authorized capital size;

9) financial standing characteristics;

10) type(s) of the business (economic activities);

11) business essence;

12) licenses (permits) to perform certain transactions (to carry out certain activities) (names, series, numbers, issuing agencies, run of validity);

13) the banking facilities (products) used by the customer;

14) accounts opened at the bank;

15) accounts opened with other banks (bank's name, code, account number).

3. Third part (textual):

1) history of the activities (information on reorganization, changes of activities, financial problems in the past, reputation in the domestic and foreign markets, market shares);

2) history of servicing the customer (information of the services that are (were) used by the customer, favourable and /or unfavourable facts of cooperation therewith, etc.).

4. Fourth part (in the form of table):

1) description of the sources of income of funds and other valuables to the customer's accounts (the new customer expects to have);

2) main counteragents [with indication of YeDRPOU codes, identification (registration) number or the series and number of the passport bearing the note of state tax administration about refusal to receive the identification (registration) number (if it has taken place)];

3) assessment of accordance of the customer's financial transactions with the essence and fields of the business thereof (in case of detection of the financial transactions inadequate for the essence of the customer's business, indicated shall be the measures taken to clarify the essence and purpose of conducting them by the customer);

4) assessment of accordance of the customer's financial transactions with the available information about his/her financial conditions (in case of detection of the financial transactions inadequate for the customer's financial conditions, indicated shall be the measures taken to clarify the origin of the suspicious funds).

Appendix 2
to Regulation on Financial Monitoring Execution by Banks

Questionnaire of the customer being a non-resident legal entity

1. First part (in the form of table):

1) long name and abbreviation;

2) pattern of ownership;

3) country of incorporation;

4) incorporation date;

5) incorporation authority;

6) requisites of the certificate of incorporation or excerpt from the register of banks, trade or court register;

7) place of location;

8) separate subdivisions (branches, representative offices, etc.);

9) number of employees;

10) numbers of the phones and faxes for contacts;

11) email address;

12) identification data of the persons authorized to act on behalf of the customer;

13) date of opening of the first account;

14) the customer's reputation estimate;

15) level of the risk of conducting by the customer the financial transactions on criminal proceeds legalization/terrorism financing;

16) date of the primary filling in of the questionnaire;

17) date of the last amendments to the questionnaire.

Position, surname, initials and number of the office phone of the employee responsible for identification and study of the customer.

2. Second part (in the form of table)

1) identification data of the persons entitled to command the accounts and dispose of the property;

2) information about the governance bodies and their panels;

3) information on the qualifying share owners within the legal entity (with indication of the share);

4) information on controllers of the legal entity;

5) data on the persons empowered to protect interests of shareholders of (participants in) the customer which hold the qualifying share;

6) information whether the persons indicated by Items 1-5 hereof are public figures or persons related to them;

7) information on the parent company, corporation, holding group, industrial and financial group or other association whose member is the customer;

8) authorized capital size;

9) financial standing characteristics;

10) type(s) of the business (economic activities);

11) business essence;

12) licenses (permits) to perform certain transactions (to carry out certain activities) (names, series, numbers, issuing agencies, run of validity);

13) the banking facilities (products) used by the customer;

14) accounts opened at the bank;

15) accounts opened with other banks (bank's name, code, account number).

3. Third part (textual):

1) history of the activities (information on reorganization, changes of activities, financial problems in the past, reputation in the domestic and foreign markets, market shares);

2) history of servicing the customer (information of the services that are (were) used by the customer, favourable and /or unfavourable facts of cooperation therewith, etc.).

4. Fourth part (in the form of table):

1) description of the sources of income of funds and other valuables to the customer's accounts (the new customer expects to have);

2) main counteragents;

3) assessment of accordance of the customer's financial transactions with the essence and fields of the business thereof (in case of detection of the financial transactions inadequate for the essence of the customer's business, indicated shall be the measures taken to clarify the essence and purpose of conducting them by the customer);

4) assessment of accordance of the customer's financial transactions with the available information about his/her financial conditions (in case of detection of the financial transactions inadequate for the customer's financial conditions, indicated shall be the measures taken to clarify the origin of the suspicious funds).

Appendix 3
to Regulation on Financial Monitoring Execution by Banks

Questionnaire of the customer forming a representative office of a non-resident legal entity

1. First part (in the form of table):

1) long name and abbreviation;

2) place of location;

3) data on registration as an income tax payer (registration number, registration date, registration authority) (if available);

4) type(s) of the business (economic activities);

5) business essence;

6) licenses (permits) to perform certain transactions (to carry out certain activities) (names, series, numbers, issuing agencies, run of validity);

7) the banking facilities (products) used by the customer;

8) identification data of the persons entitled to command the accounts and dispose of the property;

9) numbers of the phones and faxes for contacts;

10) email address;

11) date of opening of the first account;

12) accounts opened at the bank;

13) accounts opened with other banks (bank's name, code, account number);

14) the customer's reputation estimate;

15) level of the risk of conducting by the customer the financial transactions on criminal proceeds legalization/terrorism financing;

16) date of the primary filling in of the questionnaire;

17) date of the last amendments to the questionnaire.

Position, surname, initials and number of the office phone of the employee responsible for identification and study of the customer.

2. Second part Information of identification of the non-resident legal entity (in the form of table):

1) long name and abbreviation;

2) organizational and legal form;

3) pattern of ownership;

4) country of incorporation;

5) incorporation date;

6) incorporation authority;

7) requisites of the certificate of incorporation or excerpt from the register of banks, trade or court register;

8) place of location;

9) separate subdivisions (branches, representative offices, etc.);

10) identification data of the persons entitled to command the accounts and dispose of the property;

11) numbers of the phones and faxes for contacts;

12) email address;

13) information on the governance bodies and their panels;

14) information on the qualifying share owners within the legal entity (with indication of the share);

15) information on controllers of the legal entity;

16) information whether the persons indicated by Items 10, 13 - 15 hereof are public figures or persons related to them;

17) information on the parent company, corporation, holding group, industrial and financial group or other association whose member is the customer;

18) authorized capital size;

19) type(s) of the business (economic activities);

20) business essence;

21) financial standing characteristics.

3. Third part (textual):

1) history of the activities of the non-resident legal entity (information on reorganization, changes of activities, financial problems in the past, reputation in the domestic and foreign markets, market shares);

2) history of servicing the customer (information of the services that are (were) used by the customer, favourable and /or unfavourable facts of cooperation therewith, etc.).

4. Fourth part (in the form of table):

1) description of the sources of income of funds and other valuables to the customer’s accounts (the new customer expects to have);

2) main counteragents;

3) assessment of accordance of the financial transactions conducted by the customer being a non-resident legal entity with the essence and fields of the business thereof as a non-resident legal entity (in case of detection of the financial transactions inadequate for the essence of the non-resident customer's business and/or activities as a non-resident legal entity, indicated shall be the measures taken to clarify the essence and purpose of conducting them by the customer);

4) assessment of accordance of the customer's financial transactions with the available information about its financial conditions (in case of detection of the financial transactions inadequate for the customer's financial conditions, indicated shall be the measures taken to clarify the origin of the suspicious funds).

Appendix 4
to Regulation on Financial Monitoring
Execution by Banks

Questionnaire of the customer being a natural person

1. First part (in the form of table):

1) surname, name, patronymic (if exists);

2) date of birth;

3) place of birth;

4) citizenship;

5) place of residence or stay;

6) data of the document of personal identification;

7) place of temporary sojourn on the territory of Ukraine (for non-residents);

8) identification (registration) number (if available) or the series and number of the passport bearing the note of state tax administration about refusal to receive the identification (registration) number;

9) place of employment, position;

10) numbers of the phone and fax for contacts;

11) email address;

12) date of opening of the first account;

13) the customer's reputation estimate;

14) level of the risk of conducting by the customer the financial transactions on criminal proceeds legalization/terrorism financing;

15) date of the primary filling in of the questionnaire;

16) date of the last amendments to the questionnaire.

Position, surname, initials and number of the office phone of the employee responsible for identification and study of the customer.

2. Second part (in the form of table)

1) identification data of the person opening an account in the name of the customer;

2) identification data of the natural person(s) authorized to act on behalf of the customer;

3) data on natural person registration as an entrepreneur;

4) type of self-employment;

5) types of the services used by the customer;

6) the customer's accounts opened at the bank;

7) the customer's accounts opened with other banks (bank's name, code, account number);

8) information whether the person in question is a public figure or a public-figure-related person;

9) controller of the natural person (if any) for the cases prescribed by this Regulation.

3. Third part (textual):

1) description of the customer's financial conditions (including the real estate and valuable personal estate);

2) history of servicing the customer (information of the services that are (were) used by the customer, favourable and /or unfavourable facts of cooperation therewith, etc.).

4. Fourth part (in the form of table):

1) description of the sources of income of funds and other valuables to the customer's accounts (the new customer expects to have);

2) assessment of accordance of the customer's financial transactions with the available information about his/her financial conditions (in case of detection of the financial transactions inadequate for the customer's financial conditions, indicated shall be the measures taken to clarify the origin of the suspicious funds).

Appendix 5
to Regulation on Financial Monitoring
Execution by Banks

Questionnaire of the customer being a natural person and an entrepreneur

1. First part (in the form of table):

1) surname, name, patronymic (if exists);

2) date of birth;

3) place of birth;

4) citizenship;

5) place of residence or stay;

6) data of the document of personal identification;

7) place of temporary sojourn on the territory of Ukraine (for non-residents);

8) identification (registration) number (if available) or the series and number of the passport bearing the note of state tax administration about refusal to receive the identification (registration) number;

9) information of the state registration of the natural person being the entrepreneur (state registration date, running series and number of the certificate of state registration, issuing agency);

10) numbers of the phone and fax for contacts;

11) email address;

12) date of opening of the first account;

13) the customer's reputation estimate;

14) level of the risk of conducting by the customer the financial transactions on criminal proceeds legalization/terrorism financing;

15) date of the primary filling in of the questionnaire;

16) date of the last amendments to the questionnaire.

Position, surname, initials and number of the office phone of the employee responsible for identification and study of the customer.

2. Second part (in the form of table)

1) type(s) of the business (economic activities);

2) business essence;

3) licenses (permits) to perform certain transactions (to carry out certain activities) (names, series, numbers, issuing agencies, run of validity);

4) identification data of the persons authorized to act on behalf of the customer;

5) types of the services used by the customer;

6) the customer's accounts opened at the bank;

7) the customer's accounts opened with other banks (bank's name, code, account number);

8) information whether the person in question is a public figure or a public-figure-related person;

9) controller of the natural person (if any) for the cases prescribed by this Regulation.

3. Third part (textual):

1) description of the customer's financial conditions (including the real estate and valuable personal estate);

2) history of servicing the customer (information of the services that are (were) used by the customer, favourable and /or unfavourable facts of cooperation therewith, etc.).

4. Fourth part (in the form of table):

1) description of the sources of income of funds and other valuables to the customer's accounts (the new customer expects to have);

2) main counteragents;

3) assessment of accordance of the customer's financial transactions with the essence and fields of the business thereof (in case of detection of the financial transactions inadequate for the essence of the customer's business, indicated shall be the measures taken to clarify the essence and purpose of conducting them by the customer);

4) assessment of accordance of the customer's financial transactions with the available information about his/her financial conditions (in case of detection of the financial transactions inadequate for the customer's financial conditions, indicated shall be the measures taken to clarify the origin of the suspicious funds).

Appendix 6
to Regulation on Financial Monitoring

Questionnaire of the customer being a financial and correspondent institution

1. First part (in the form of table):

1) long name and abbreviation;

2) organizational and legal form;

3) pattern of ownership;

4) registration number;

5) date of state registration;

6) place of the state registration;

7) bank identifier code (BIC);

8) bank code (for residents);

9) type of the license to perform banking (financial) transactions;

10) number of the license;

11) date of the license issue;

12) the financial transactions the financial institution may perform;

13) place of location;

14) numbers of the phones and faxes for contacts;

15) email address;

16) the customer's reputation estimate;

17) level of the risk of conducting by the customer the financial transactions on criminal proceeds legalization/terrorism financing;

18) date of establishment of the correspondent relationships;

19) date of the primary filling in of the questionnaire;

20) date of the last amendments to the questionnaire.

Position, surname, initials and number of the office phone of the employee responsible for identification and study of the customer.

Curator of the account.

Alternate curator of the account (if any).

2. Second part (textual):

1) identification data of the persons entitled to command the accounts and dispose of the property;

2) information about the governance bodies and their panels;

3) information on the qualifying share owners within the legal entity (with indication of the share);

4) information on controllers of the legal entity;

5) data on the persons empowered to protect interests of shareholders of (participants in) the customer which hold the qualifying share;

6) information whether the person in question is a public figure or a public-figure-related person;

7) authorized capital size;

8) financial standing characteristics;

9) information on separate organizational subdivisions (if any);

10) specialization with regard to the banking (financial) product lines;

11) information on the parent company, corporation, holding group, industrial and financial group or other association whose member is the customer.

3. Third part (textual):

1) list of the customer's correspondents;

2) general description of the counteragent's customers' panel;

3) history of the activities, spectrum of services in the market [data confirming the customer's existence (e.g. reference to "The Bankers' Almanac"), data on reorganization, business nature changes, financial problems present and past, business reputation in the international and domestic markets of financial services, the market share, specialization with regard to financial service lines, etc.];

4) description of the services rendered by the correspondent to its customers via the account(s) opened at the bank (branch) and assessment of the risk of using them with the purpose of the criminal proceeds legalization or terrorism financing;

5) description of the measures taken by the correspondent to prevent the criminal proceeds legalization (laundering) or terrorism financing as well as the assessment of the measures;

4. Fourth part (in the form of table):

1) description of the sources of income of funds to the customer's accounts (the new customer expects to have);

2) assessment of accordance of the correspondent's financial transactions with the services usually rendered thereby via account(s) opened at the bank/foreign bank branch (in case of detection of the financial transactions inadequate for the services usually rendered by the correspondent to its customers via accounts opened at the bank/foreign bank branch, indicated shall be results of the measures taken to clarify the essence and purpose of conducting them).

Appendix 7
to Regulation on Financial Monitoring
Execution by Banks

Questionnaire
of the candidate for the position of the Compliance officer

1	Surname, name, patronymic	
2	Identification (registration) number or the series and number of the passport bearing the note of state tax administration about refusal to receive the identification (registration) number	
3	Date of birth:	
4	Series and number of the passport (or other document of personal identification), date of issue and name of the issuing agency	
5	Place of residence or temporary sojourn, phone number for contacts	
6	Citizenship	
7	Existence of a present/past criminal case against you. If yes, then inform of existence/absence of the conviction (indicate the year, reasons, cancelled/uncancelled)	
8	Have you been the manager of the bank: whose license has been revoked; where the liquidation procedure has taken place	
Existence of the facts being evidence of breaking by you the laws of Ukraine on banking and prevention and counteraction of legalization (laundering) of the proceeds from crime or terrorism financing as well as the subordinate legislation acts of the National Bank of Ukraine during the recent three years.		
9	Number of the infringement facts	Specify the number of the facts with regard to formulation of legislation

10	Administrative liability incidents for infringement of the laws on banking and prevention and counteraction of legalization (laundering) of the proceeds from crime or terrorism financing	Specify the legal resolution date and authority (official) that has adopted the resolution.
11	Coercive measures/sanctions applied to the bank for violation of the laws in the field(s) of activity the management whereof has been carried out by you (meeting the requirements whereof has belonged/belong to your official duties)	Specify the measure/sanction type and the date of application thereof
Meeting the requirements concerning the professional skills		
12	Education (when and where did you study, the profession learnt, academic degree, further training course on financial monitoring)	
13	Jobs done before the appointment as the acting Compliance officer (name of the establishment, position, time of incumbency, office phone)	Specify the previous positions within the banking system (banking establishment name, period of the work) and the position at present
14	Total record of work	
15	Record of work within the banking system	
16	Record of work within the banking system on the managerial positions	
Other		
17	Have you any financial obligations, debts to any bank or other natural or artificial person? Are you a warrantor before the creditor of any debtor for meeting the obligations by the latter?	
18	Have you the ties of lineal consanguinity with the members of the bank board (parents, children, husband/wife, whole brothers and sisters)?	
19	Have you a qualifying share (10 per cent and more) or indirect participation in (an) artificial person(s) in Ukraine or abroad? If yes, specify the name and place of location, participation share	
20	Are you a member of governance bodies of other legal entities in addition to the establishment where you are working? If yes, specify of which ones with indication of their names and places of location. Indicate your post in the respective governance body.	

I, the undersigned, declare that the answers are complete and truthful.

Date Candidate’s signature

Unofficial translation

MANAGEMENT BOARD OF THE NATIONAL BANK OF UKRAINE

RESOLUTION

15.06.2011 Kyiv N 192

Registered in the Ministry of Justice of Ukraine
July 11, 2011 under N 836/19574

On approval of the Regulation on application by the National Bank of Ukraine of sanctions for violation of the legislation on prevention and counteraction money legalization (laundering) or terrorist financing

For performance of Articles 3, 6, 14, 23 of the Law of Ukraine "On Prevention and Counteraction Money Legalization (Laundering) or Terrorist Financing" (hereinafter – the "Law"), according to Articles 7, 55 and 56 of the Law of Ukraine "On the National Bank of Ukraine", Articles 66, 67, 73 and 74 of the Law of Ukraine "On Banks and Banking Activity" (hereinafter – Law on banks) the Management Board of the National Bank of Ukraine

RESOLVES TO:

1. Approve the Regulation on application by the National Bank of Ukraine of sanctions for violation of the legislation on prevention and counteraction money legalization (laundering) or terrorist financing (hereinafter – the "Regulation on application of sanctions") attached.

2. Enter into the Regulation on application by the National Bank of Ukraine of measures of influence for violation of the banking legislation, approved by the Resolution of the Management Board of the National Bank of Ukraine of 28.08.2001 N 369, registered in the Ministry of Justice of Ukraine 27.09.2001 under N 845/6036 (amended) (hereinafter – the "Regulation N 369") such changes:

2.1. Item 1.3 of Chapter 1 of Section I after paragraph to supplement with the new paragraph of such content:

"results (materials) of checks of the banks and/or uninterrupted supervision on financial monitoring".

In relation to this paragraph third – ninth should be deemed correspondently paragraphs forth – tenth.

2.2. In Chapter 1 of Section II:

item 1.1 after words "the National Bank" should be supplemented with words "and/or taking measures regarding exclusion of such violations in further activity";

in subitem "h" of item 1.2 words "elimination of violations of banking legislation, statutory acts of the National Bank from" shall be replaced by words "violation of the requirements of the Law on banks regarding";

in paragraph three of item 1.3 words “using means of special connection” shall be replaced by words “feld connection or according to the requirements determined by the National Bank regarding sending documents with privacy wording by registered letter with notification on receipt”.

2.3. In Section III:

2.3.1. In Chapter 5:

in paragraph seventeen of item 5.2 words “failure to comply with the requirements of the banking legislation, statutory acts of the National Bank from” shall be replaced by words “violation of the requirements of the Law on banks regarding”;

in paragraph one of item 5.5 words “on the day of receipt of this decision” shall be replaced by words “not later than the next business day upon receipt of this decision”;

in paragraph one of item 5.6 words “on taking” shall be replaced by words “not later than the next business day upon its taking”;

in the second sentence of paragraph one of item 5.7 words “special communication” shall be replaced by words “according to the requirements regarding sending documents with privacy wording by registered letter with notification on receipt determined by the National Bank”;

in paragraph two of item 5.9 words and figures “10 days prior” shall be replaced by words “Not later than five business days prior”.

2.3.2. In Chapter 7:

in paragraph eight of item 7.1, paragraph one of item 7.12 words “banking legislation, statutory acts of the National Bank from” shall be replaced by the words “Law on banks regarding”;

in paragraph three of item 7.15 words “the next business day” shall be replaced by words “three business days”.

2.3.3. In subparagraph “i” of item 10.1 of Chapter 10 words “banking legislation, statutory acts of the National Bank from” shall be replaced by words “Law on Banks regarding”.

3. Determine that the National Bank of Ukraine shall have the right, for violations committed prior to effect of the Law (failure to fulfil, unduly fulfilment) of requirements:

Law of Ukraine “On Prevention and Counteraction Money Laundering” to impose on the bank penalty on the basis of this Law in the order stipulated by the Regulation on application of sanctions, except for cases, if the Law softened or cancelled for such violations;

statutory acts of the National Bank of Ukraine regulating activity (performance of aggregate or particular events) in the field of prevention and counteraction money laundering or terrorist financing, apply to banks according to Article 73 of the Law on banks influence measures in the order stipulated by Regulation N 369, except for cases, if the Law softens or cancels responsibility for such violations.

4. The following acts shall be deemed void:

Resolution of the Management Board of the National Bank of Ukraine of 17.03.2004 N 108 “On Order of Imposition by the National Bank of Ukraine of Penalties for Violation by the Banks of The Requirements of the Law of Ukraine “On Anti-Money Laundering” registered in the Ministry of Justice of Ukraine on 05.04.2004 under N 422/9021;

Resolution of the Management Board of the National Bank of Ukraine of 20.06.2006 N 226 “On Entering Changes to the Resolution of the Management Board of the National Bank of Ukraine of 17.03.2004 N 108”, registered in the Ministry of Justice of Ukraine 26.06.2006 under N 745/12619;

Resolution of the Management Board of the National Bank of Ukraine of 12.11.2009 N 665 “On Entering Changes to the Resolution of the Management Board of the National Bank of Ukraine of 17.03.2004 N 108”, registered in the Ministry of Justice of Ukraine 01.12.2009 under N 1155/17171.

5. The Resolution shall come into force upon its official publication.

6. Department of Financial Monitoring (O. M. Berezhnyi) after state registration in the Ministry of Justice of Ukraine shall inform content of this resolution to the territorial administrations of the National Bank of Ukraine and banks of Ukraine for use in work.

7. Control over performance of this resolution shall be assigned to Deputy Chairman of the National Bank of Ukraine I.V. Sorkin, General Department of Banking Supervision (O.O. Tkachenko), Department of Financial Monitoring (O. M. Berezhnyi), Heads of territorial administrations of the National Bank of Ukraine.

Chairman	**S.G. Arbuzov**
AGREED:	
Chairman of State Financial monitoring Service of Ukraine	**S.G. Gurzhyi**

APPROVED
Resolution of the Management Board of the National Bank of Ukraine
15.06.2011 N 192

Registered in the Ministry of Justice of Ukraine
July 11, 2011 under N 836/19574

Regulation
on Application by the National Bank of Ukraine of Sanctions for Violation of Legislation on Prevention and Counteraction Money Laundering or Terrorist Financing

I. General Provisions

1.1. This Regulation has been developed under the Laws of Ukraine "On Anti-Money Laundering or Terrorist Financing" (hereinafter – the "Law"), "On the National Bank of Ukraine" and "On Banks and Banking Activity" (hereinafter - the "Law on banks").

This Regulation establishes the procedure for application by the National Bank of Ukraine (hereinafter - the "National Bank") for failure (unduly performance) of the requirements (hereinafter - the "violation") of the Law and/or statutory acts of the National Bank of Ukraine, which regulate the activity (or some combination of measures) in the field of anti-money laundering or terrorist financing (hereinafter - the "statutory acts") to banks, branches of foreign banks (hereinafter – the "banks") sanctions and/or bring them to fulfilment [elimination and/or implementation of measures required to prevent further activity of violations (hereinafter - the "elimination of violations")] of the requirements of the legislation that regulate relations in the field of counteraction money laundering or terrorist financing.

Terms used in this Regulation, shall have the meanings determined by the Law, other laws of Ukraine, statutory acts of the National Bank of Ukraine.

1.2. The National Bank of Ukraine for violation by the bank of the Law and/or statutory acts adequately committed violation may in the determined by this Regulation order apply to the bank sanctions (hereinafter – the "sanctions") stipulated by Article 23, to which belong:

a) imposition of penalty on the bank in size determined by the Law;

b) restriction, temporary termination or cancellation of license or other special authorization for the right to continue certain types of activity;

c) temporary dismissal of the official of the bank.

1.3. The National Bank applies sanctions to the banks not later than six months upon determination of violation of the Law and/or statutory acts on the basis of results (materials) of checks of activity of the banks and/or uninterrupted financial monitoring.

The day of determination of violation of the Law and/or statutory acts (hereinafter – the "determination day") shall be the date of drawing up:

references on check of the bank – legal entity, in which there are recorded facts of violations committed by the bank – legal entity and separated units of the bank (activity of which was object of check);

reference on check of branch of foreign bank;

references on check of separated unit of the bank, if activity of the bank – legal entity was not object of check;

act on the results of uninterrupted supervision on financial monitoring.

1.4. Determination of size of penalty and/or choice of other sanctions, which may be applied to the banks according to the Law and this Regulation, shall be performed taking into consideration reasons, which caused appearance of revealed violations, taken by the bank measures for elimination of violations and general financial condition of the bank.

1.5. The National Bank, if one action (omission) of the bank led to violation of, at the same time, provisions of the Law and the Law on Banks, adequately to the committed violation, shall have the right to apply to the bank only influence measures, stipulated by Article 73 of the Law on banks, in the order provided for in the Regulation on application by the National Bank of Ukraine of influence measures for violation of banking legislation approved by the Resolution of the Management Board of the National Bank of Ukraine of 28.08.2001 N 369, registered in the Ministry of Justice of Ukraine on 27.09.2001 under N 845/6036 (amended).

1.6. Sanctions for violation of the Law and/or statutory acts, revealed in the activity:

separated unit of the bank – applied directly to the bank – legal entity (except for temporary dismissal of official of separated unit of the bank);

branch of foreign bank – applied directly to such branch.

1.7. Decision on application of sanctions to the banks shall take the Management Board of the National Bank, Commission of the National Bank of Ukraine on supervision and regulation of activity of the banks (hereinafter – the "Commission of the National Bank") or Commission on supervision and regulation of the activity of banks at the territorial administration of the National Bank of Ukraine (hereinafter – the "Commission at the territorial administration") (hereinafter – the "authorized body of the National Bank") according to this Regulation.

Information on the Decision of the authorized body of the National Bank on application of sanctions (hereinafter – the "Decision") and control over condition of performance by the bank of the decision shall be carried out in the order determined by this Regulation and the National Bank.

1.8. Decision should contain description of revealed violations with reference to standards of the Law and/or statutory acts, violated by the bank, and should be sent to the bank according to the requirements determined by the National Bank regarding sending documents with privacy wording by registered letter with notification on receipt, except for cases, stipulated by this Regulation.

1.9. The National Bank (territorial administration of the National Bank) may invite for provision of explanations the Chairman of the Supervisory Board of the Bank, Chairman of the Management Board (Board), Head of the branch of foreign bank/separated unit of the bank, employee of the bank/branch of

foreign bank responsible for financial monitoring, in case of consideration by the authorized body of the National Bank issue on application of sanctions to the bank.

Invitation shall be sent by e-mail (or in writing) not later than one business day prior to conduct of the meeting of the authorized body of the National Bank.

Failure of the invited official of the bank to appear at the meeting of the authorized body of the National Bank shall not constitute reason for postponement of the meeting of the authorized body of the National Bank.

1.10. The National Bank shall have the right to require from the banks performance (elimination of violations) of the requirements of the legislation regulating relations in the field of prevention and counteraction money laundering or terrorist financing via sending the bank letter with the relevant request (hereinafter – the "written request").

Written request shall be made on the form of the National Bank (territorial administration of the National Bank). The written request shall contain name of the document "Written request", full name of the bank and postal address of the bank - legal entity (branch of foreign bank), to which it shall send, shall be indicated for violations committed by the bank and, if necessary, on the necessity to take by the bank measures for elimination of violations within the term determined by the National Bank. Written request shall be sent to the bank according to item 1.8 of this Section.

The Bank shall be obliged (in case of determination by the National Bank of terms for taking the relevant measures by the bank) to submit to the National Bank, not later than five business days upon:

receipt of the written request – action plan, which he obliges to implement within the term determined by the National Bank for elimination of violations (hereinafter – the "plan for elimination of violations");

expiration of term determined in the written request, - report on implementation of the plan for elimination of violations and documents confirming elimination.

The National Bank shall have the right within one month upon receipt of the plan for elimination of violations to submit proposals and comments hereto, being binding for the bank.

1.11. Branch of foreign bank not later than three business days upon receipt of the Decision (written request) shall inform foreign bank and supervisory body of the relevant foreign state on application to it of sanctions (presentation of written request) by the National Bank.

1.12. Application of sanctions to the banks for violation of the Law and/or statutory acts shall not release from administrative responsibility officials of the bank and other persons guilty of the mentioned violations.

The National Bank of Ukraine, irrespective of administrative responsibility of officials of the bank or other persons guilty of violations of the Law and/or statutory acts, shall have the right to apply sanctions to the bank.

1.13. Decision may be appealed in court order. Appeal shall not terminate fulfilment of appealed Decision.

II. Imposition of fines on the banks

2.1. The National Bank adequately to the violation committed may impose on the bank for violation by the bank of the Law and/or statutory acts fine in the amount provided for by part three of Article 23 of the Law.

In case of commission by the bank of two or more provided for by part three of Article 23 of the Law violations fine on the bank shall be imposed within sanctions determined for stricter violation from number of committed violations.

2.2. Repeated (within year) violation by the bank of the Law and/or statutory acts (hereinafter – repeated violation) shall result into imposition on the bank of fine in the amount of up to 3000 allowances of citizens.

Repeated violation shall be deemed committed within one year upon determination by prior check of the bank (under the results of uninterrupted check on financial monitoring) similar violation of the Law and/or statutory act on condition if the National Bank under the results of prior check (uninterrupted supervision on financial monitoring) sent written request or applied to the bank sanction for violation of the same standard of Article of the Law or statutory act.

2.3. The National Bank (territorial administration of the National Bank) shall address administrative court with the statement of claim on imposition from the bank of the relevant fine amount, if the bank fails to pay fine within five business days upon receipt of the Decision on imposition of a fine on the bank.

III. Restriction, temporary termination of action or cancellation of license or other special permit for the right to conduct of certain types of activity

3.1. The National Bank for repeated violation, simultaneously with imposition on the bank of fine, provided for by part four of Article 23 of the Law, may restrict, temporary terminate action or cancel license or other special permit for the right to conduct certain types of activity via restriction, termination or cessation of conduct of certain type (separate types) of operations performed by the bank (hereinafter – restriction/termination or cessation of operations).

3.2. The National Bank (territorial administration of the National Bank) not later than the next business day upon acceptance (taking) of the Decision on restriction/termination or cessation of operations shall ensure receipt by the bank of this Decision under signature of its representative on the second copy of accompanying letter with indication of the date and time of receipt (hereinafter – the "moment of receipt").

If the representative of the bank refused to receive the Decision, then the second copy of accompanying letter should have mark hereon with indication of time and date, which in this case shall be deemed moment of receipt by the bank of the Decision, and the Decision shall be sent to the bank according to item 1.8 of Section I of this Regulation.

3.3. The bank upon receipt of the Decision on restriction of operations and within term provided for by such Decision (or until determined term) shall conclude agreements and performs operations, including according to the agreements with clients till the moment of receipt of the Decision, taking into account the determined restrictions (regarding type, amount of operations performed and/or number of clients).

3.4. The Bank upon receipt of the Decision on termination of operations and for the term determined in this Decision (or till the determined term) shall lose the right at the same time to perform such operations in the part determined by the Decision (regarding type of performed operations and/or number of clients) and prolongation of term of the effective agreements (conclusion of new agreements) regarding performance of operations being terminated.

3.5. The Bank upon receipt of the Decision on termination of operations shall lose the right to perform certain type (certain types) of operations performed by the bank.

Receipt by the bank of the Decision on termination of operations shall be ground for termination by the bank of the relevant agreements with the clients for performance of such operations.

Termination of agreements and issue to the clients of the remaining funds shall be performed in the order determined by the legislation.

3.6. The bank, upon receipt of the Decision on restriction/termination or cessation of operations:

a) within three business days in writing inform clients, with which agreements for performance of operations were concluded, which are:

restricted or terminated according to this Decision, - on rendering services with the restrictions determined by the National Bank;

terminated according to such Decision, - on the necessity to terminate such agreements and closing by the clients of the relevant accounts;

b) in the order, term and in the amounts, determined by the National Bank, shall provide the National Bank with information regarding condition of performance of the Decision on restriction/termination or cessation of operations.

3.7. The Bank shall be obliged to provide the National Bank [regarding Decision of the Commission at territorial administration – territorial administration of the National Bank, performing direct supervision (control) over activity of the bank – legal entity, regarding Decision of Commission (Board) of the National Bank – territorial administration of the National Bank at location of the bank – legal entity (branch of foreign bank), as well as structural unit of central apparatus of the National Bank on prudential supervision and on financial monitoring] not later than 20 business days prior to termination of term (beginning of term), for which right of the bank for performance of certain type (certain types) of operations is restricted or terminated:

report containing the list of measures taken regarding elimination of violations and information on the condition of performance of the Decision;

copies of the relevant documents confirming elimination of violations duly certified by the bank.

3.8. The National Bank in case of compliance by the bank of restrictions determined by the Decision (regarding performance of operations, being restricted or ceased), elimination of violations, provision of data and documents according to the requirements of items 3.6, 3.7 of this Section [hereinafter – compliance by the bank of terms of restriction (cessation)] sends the bank not later than the last day of

term (beginning of term), for which the bank according to the Decision was restricted or terminated operations, notification (by e-mail) on the possibility of performance of operations in full.

The Bank shall have the right to start performance of operation in full the next business day upon termination of the term determined in the Decision (beginning of term), for which performance of the relevant operations was restricted or terminated, and receipt of notification from the National Bank.

3.9. The Authorized body of the National Bank in case the bank fails to comply with the terms of restriction (termination) may take decision on:

prolongation of term of sanctions in form of restriction or termination of operations;

application to the bank of sanction in form of termination (or cessation of operations) or temporary dismissal of the official of the bank.

Decision on prolongation of term of sanctions in form of restriction or termination of operations or application to the bank of sanctions in form of termination or cessation of operations shall be provided (sent) to the bank in the order determined by item 3.2 of this Section.

3.10. The Bank shall have the right to submit to the National Bank (territorial administration of the National Bank) petition on:

early cancellation of applied sanction in form of restriction or termination of operation (hereinafter – the "long-term cancellation or restriction or termination of operations");

cancellation of applied sanction in form of termination of operation (hereinafter – the "cancellation of operations") not earlier than six months upon taking Decision on termination of operations.

3.11. The Bank together with petition shall submit to the National Bank (territorial administration of the National Bank) for consideration issue on:

a) early cancellation of restriction or termination of operations – documents confirming compliance by the bank with the terms of restrictions (termination);

b) cancellation of termination of operations:

report containing the list of measures taken by the bank regarding elimination of violations as well as information regarding fulfilment of Decision on termination of operations, termination by the bank of the relevant agreements with clients on performance of such operations (hereinafter – the "compliance by the bank of the terms of termination");

copies of duly certified by the bank relevant documents confirming elimination of violations.

3.12. The National Bank shall return petition on early cancellation of restriction or termination or operations/cancellation of termination of operations without consideration, if:

the bank failed to submit documents provided for by item 3.11 of this Section;

petition on cancellation of operations submitted prior to termination of six months term upon taking the Decision on termination of operations.

3.13. The authorized body of the National Bank, which took Decision on restriction/termination or cessation of operations, shall take decision on fulfilment of petition of the bank on early cancellation of restriction or termination of operations/cancellation of termination of operations [refusal to fulfil petition in case the bank fails to comply with the terms of restriction (termination)/cessation, if the bank fails to ensure duly risk management, determination of new facts of violation in the activity of the bank] not later than 30 business days upon receipt by the National Bank (territorial administration of the National Bank) of documents provided for by item 3.11 of this Section.

The National Bank informs (in writing or by e-mail) the bank on decision taken by the authorized body of the National Bank not later than three business days upon taking the relevant decision.

IV. Temporary dismissal of the official of the bank

4.1. The National Bank has the right to temporary, till elimination of violations, dismiss official in case of fragrant violation by this person of the Law and/or statutory acts, in particular, in the following cases:

a) violation on arrangement of compliance with the requirements of the legislation of Ukraine in the field of anti-money laundering or terrorist financing (hereinafter – the "money laundering/terrorist financing");

b) failure to submit documents (copies of documents duly certified by the bank)/ information at written request of the National Bank (officials of the National Bank (employees of the National Bank who within authorities provided by the law shall perform functions of banking supervision in the field of anti-money laundering/terrorist financing) or submission of copies of documents, in which it is impossible to read all written data as well as concealment of accounts, documents, assets etc.;

c) failure to ensure creation and/or functioning of system of management of money laundering/terrorist financing;

d) violation of Article 7 of the Law;

e) bank's failure to fulfill Decision on restriction/termination or cessation of operations;

f) failure to submit (untimely submission) to the National Bank in the order, term and in the amount determined by this Regulation and the National Bank, information (report) regarding condition of fulfillment of the Decision on restriction/termination or cessation of operations as well as documents (copies of documents duly certified by the bank) confirming elimination of violations;

g) failure to submit (untimely submission) of the plan for elimination of violations, report on implementation of the plan for elimination of violations and the relevant documents, failure by the bank to fulfill requirements regarding elimination of, at least, one of the mentioned violations in the written request, within the term determined by the National Bank;

h) failure to ensure termination of financial operation in case determined by the Law.

4.2. The National Bank shall have the right to dismiss such officials of the bank:

Chairman, its deputies, Members of the Management Board (Board) of the bank – legal entity;

Chief Accountant of the bank (separated unit of the bank, branch of foreign bank), its deputies;

Head of branch of foreign bank;

Head of separated unit of the bank;

Employee of the bank – legal entity (branch of foreign bank), responsible for financial monitoring.

4.3. Decision on temporary dismissal of the official shall be sent to:

the Management Board (Board) or Supervisory Council of the bank – regarding dismissal of the official of the bank (separated unit of the bank);

branch of foreign bank – regarding dismissal of the official of foreign bank.

4.4. Territorial administration of the National Bank shall issue written order for prohibition to perform payment documents signed by heads who are dismissed and inform the bank hereon, if the Decision taken concerns officials of the bank who have the right of first and second signatures on behalf of the bank and samples of signatures of which are contained in signature card of persons for opening correspondent account in the territorial administration of the National Bank.

4.5. The Bank shall, not later than three business days upon receipt of the Decision, inform by e-mail the National Bank and the territorial administration of the National Bank at location of the bank – legal entity (branch of foreign bank) on the official who will temporarily fulfil obligations of the dismissed person [with indication of details of decision(s) taken by the competent authority of the bank].

4.6. The official of the bank who, based on the Decision, was dismissed may be renewed only based on the relevant permit of the National Bank.

The authorized body of the National Bank shall consider issue regarding provision of permit for renewal of official of the bank who, based on the Decision, was dismissed, in case of addressing of the bank – legal entity (branch of foreign bank) and on condition of provision by the bank – legal entity (branch of foreign bank) of documents confirming elimination of violations.

Decision on issue of permit for renewal of person shall be taken by the authorized body of the National Bank who took decision on dismissal of such person.

Director of the Department of Financial Monitoring **O. M. Berezhnyi**

Unofficial translation

On Approving Regulation on Functioning of Domestic and International Payment Systems in Ukraine
(the title was changed in pursuance of resolution of the Board of Directors of the National Bank of Ukraine dated 05.06.2008 No 165)

Resolution of the Board of Directors of the National Bank of Ukraine
dated September 25, 2007 No 348

Registered by the Ministry of Justice of Ukraine
on October 15, 2007 under No 1173/14440

With amendments and supplements provided by
the Resolution of the Board of Directors of the National Bank of Ukraine
as of June 5, 2008 No 165,
as of January 5, 2010 No 6

According to Article 7 of the Law of Ukraine On the National Bank of Ukraine and Articles 9, 12, 41 of the Law of Ukraine On Payment Systems and Money Transfer in Ukraine, and in order to regulate issues related to functioning of international payment systems in Ukraine, as well as systems for money transfer between natural persons without opening of an account, payment organizations of which are resident banks (hereinafter – money transfer systems), and to exercise monitoring thereof, the Board of Directors of the National Bank of Ukraine **ENACTS**:

1. To approve the Resolution on functioning of domestic and international payment systems in Ukraine (hereinafter – the Regulation), which is attached thereto.

2. To consider the following instruments as invalid:

The Resolution of the Board of Directors of the National Bank of Ukraine dated 15.04.2005 No 131 On Approving Regulation on Procedure of Registering Agreements on Membership or Participation in International Payment Systems, which was registered by the Ministry of Justice of Ukraine on 05.05.2005 under No 470/10750;

The Resolution of the Board of Directors of the National Bank of Ukraine dated 27.11.2006 No 444 On Approving Amendments to Regulation on Procedure of Registering Agreements on Membership or Participation in International Payment Systems, which was registered by the Ministry of Justice of Ukraine on 12.12.2006 under No 1303/13177.

3. Payment Systems Department (N. G. Lapko) together with Informatization Department (A. S. Savchenko), Department for Preventing Use of the Banking System for Legalization of Proceeds from Crimes and Terrorist Financing (O. M. Berezhnyi) shall:

ensure activity on agreement of the rules of money transfer systems;

continue registration of agreements on membership or participation in international payment systems, which were concluded by banks, non-banking financial institutions, national mail operator, payment organizations of domestic payment systems and other organizations, founders (participants) of which are banks and non-banking financial institutions.

4. Banks, which, before the resolution come into force, implemented money transfer systems and concluded agreements on membership or participation in relation to these systems with other banks of Ukraine, non-banking financial institutions, which have a money transfer license from special authorized executive body in the sphere of regulation of financial services markets, national mail operator and/or non-resident legal entities, as well as agreements with non-resident payment organizations of international payment systems for transfer of money with participation of two payment systems, within 90 calendar days after coming into force of the resolution:

to submit documents to the National Bank of Ukraine for agreement of the rules of money transfer systems;

to inform the National Bank of Ukraine on the said agreements according to the order, which is established in the Regulation.

5. To Payment Systems Department (N. G. Lapko), to inform banks of Ukraine, non-banking financial institutions, which have a money transfer license of special authorized executive body in the sphere of regulation of financial services markets, and national mail operator on the content of the resolution after its state registration by the Ministry of Justice of Ukraine, for guidance and use thereof during their work.

6. Control over implementation of the resolution shall be vested in Chief Executive on Payment Systems and Payments V. M. Kravets.

7. The Resolution comes into force 10 days after state registration by the Ministry of Justice of Ukraine.

Acting Head **P. M. Senyshch**

APPROVED
by resolution of the Board of Directors of the National Bank of Ukraine
dated September 25, 2007 No 348

Registered
by the Ministry of Justice of Ukraine
on October 15, 2007 No 1173/14440

Regulation on Functioning of Domestic and International Payment Systems in Ukraine

This Regulation was drafted according to Articles 7, 40 of the Law of Ukraine On the National Bank of Ukraine, Articles 9, 10, 12, 41 of the Law of Ukraine On Payment Systems and Money Transfer in Ukraine, other laws of Ukraine and regulations of the National Bank of Ukraine.

I. General Provisions

1. The Regulation defines the procedure of:

registering, by the National Bank of Ukraine (hereinafter – the National Bank), of agreements on membership or participation (hereinafter – agreements on membership/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 (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;

agreeing with the National Bank of the rules of domestic and international payment systems (hereinafter – payment systems), payment organizations of which are resident, including systems of money transfer, internal banking payment systems, systems of inter-bank payments, as well as systems, under which money transfer is initiated with use of a special means of payment;

registering and issuing permit to internal non-banking payment systems as regards activity related to money transfer;

permission to realize clearing and settlement operations;

informing of the National Bank, by resident payment organizations of international payment systems, on conclusion of agreements with non-resident legal entities concerning their membership or participation in these systems, as well as on conclusion of agreements with non-residential payment organizations of international payment systems for transfer of money with participation of two payment systems.

2. Requirements of this Regulation shall extend to legal entities, which concluded agreements on membership/participation in international payment systems, banks and non-banking institutions, which

formed domestic/international payment systems, to legal entities, which intends to realize clearing and settlement operations, as well as other legal and natural persons, which are subjects of relations established within the framework of money transfer.

Requirements of the Regulation shall not extend to payment systems, payment organization of which is the National Bank.

3. The following subjects shall be eligible for membership/participation in domestic non-banking payment system: a bank, which has a banking license of the National Bank, non-banking financial institution, which has a money transfer license of special authorized executive body in the sphere of regulation of financial services markets, as well as national post communication operator, which concluded an agreement with payment organization of corresponding payment system.

4. The National Bank shall register agreements, which are concluded by:

a) banks, non-banking financial institutions, national mail operator with non-resident payment organizations of international payment systems or non-residential institutions authorized by them, on membership/participation in these systems;

b) payment organizations of domestic payment systems and other organizations, founders (participants) of which are banks, as well as non-banking institutions, which have a money transfer license of special authorized executive body in the sphere of regulation of financial services markets with non-resident payment organizations of international payment systems on joint participation of their members in these systems.

5. Banks, non-banking financial institutions and national mail operator shall be obliged to register agreements on membership/participation in international payment systems before they begin to provide services of corresponding international payment system.

Payment organizations of domestic payment systems and other organizations, founders (participants) of which are banks, as well as non-banking institutions, which have a money transfer license of special authorized executive body in the sphere of regulation of financial services markets, shall be obliged to register agreements on joint participation of their members in international payment systems before members of these organizations begin to provide services of corresponding international payment system.

6. Payment organization of payment system shall be obliged to agree the rules of this system with the National Bank before it begins to provide services of the system.

7. Rules (procedures) of payment organization of international payment system on preventing legalization of proceeds from crimes and terrorist financing must correspond to international standards in this sphere.

8. Terms shall be used in the Regulation in the following meaning:

credit risk – risk of any member or participant of the payment system being not able to fully fulfill his financial obligations at this or any time in the future;

international card payment system – international payment system, within which money transfer and other transactions under a corresponding agreement are initiated by a client with the help of a payment card;

non-banking financial institution – a legal entity, which is included into a corresponding state register of financial institutions and which receives, according to legislation, a right to transfer money in national and foreign currency;

operational risk – risk of operational errors of personnel, errors of software or technical malfunctions causing or deepening credit risk or liquidity risk;

legal risk – risk of lacking legal regulation or change in provisions of the laws/or regulations, which may cause or deepen credit risk or liquidity risk;

liquidity risk - risk of any member or participant of payment system having no sufficient funds for proper and timely fulfilment of his financial obligations, but being able to fulfil them at other time in the future;

money transfer system - a payment system intended for transfer of money initiated by a natural person to receive money to a natural person / legal entities or natural person issuing in cash;

system risk – risk of failure of any participant of payment system to fulfil his obligations; or malfunctions of the system itself causing disability of other participants of the payment system; or financial institutions of other components of the financial system to properly fulfil their obligations;

authorized institution – a legal entity, which is authorized by payment organization of international payment system to conclude agreements on membership/participation in this system.

9. Other terms shall be used in the Regulation in meanings, which are given in the laws of Ukraine On Payment Systems and Money Transfer in Ukraine and On Banks and Banking Activity.

10. Banks, non-banking financial institutions, national mail operator must observe, during operations on money transfer with use of payment systems, requirements of regulations of the National Bank on matters of currency legislation, as well as other regulations of the National Bank, taking into account rules of corresponding payment systems.

11. Violation, by banks or other persons, which can be the object of National Bank's inspection, of 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 system related to money transfer without compliance with the rules of payment system, the National Bank shall inform corresponding state authorities thereof.

II. Procedure of submitting by legal entities of documents for registration of agreements on membership/participation in international payment systems

1. For registration of an agreement on membership/participation in international payment system, a bank must submit the following documents to the National Bank:

a) an application for registration of an agreement on membership/participation in international payment system (annex 1);

b) a copy of the agreement on membership/participation in international payment system in original and three copies of its translation into Ukrainian, one of which must be notarized;

c) a legalized or apostilled copy of one of the following documents of foreign state's authority:

extract from banking, trade or judicial register or registration certificate, or other document on registration of payment organization of international payment system or non-resident authorized institution;

permit, license or other document, which gives the right to payment organization of international payment system or non-resident authorized institution to conduct activity in the sphere of international money transfer;

d) copies of documents (extracts from documents) of payment organization of international payment system and their translations into Ukrainian, which cover:

organizational structure of international payment system, which must include data on payment organization of international payment system, clearing banks, processing centers, other persons with indication of full names, location and their functions, as well as name of a foreign state's authority, at which payment organization of international payment system was registered;

procedure of entry/withdrawal of members or participants into/from international payment system and a list of documents, which are submitted for entry into international payment system;

the system of managing liquidity, credit, legal, operational and system risks within a corresponding international payment system;

list of payment instruments / documents to transfer the cash, which carried by initiating and paying the amount of money in the international payment system (for international money transfer systems - providing sample documents for cash transfer);

e) reference signed by the CEO of the bank with provision of copies of supporting documents (extracts from documents) of payment organization of international payment system and their translations into Ukrainian, which cover:

requirements in the sphere of preventing legalization (laundering) of proceeds from crime and terrorist financing, which would extend to the bank in connection with its membership or participation in international payment system, as well as the order of fulfilling these requirements by the bank;

procedure of ensuring observation, within international payment system, of the seventh special recommendation of FATF on anti-terrorist financing;

f) copies of internal documents of the bank, which regulate procedure of financial monitoring of transactions, which are conducted with use of international payment system;

g) reference signed by the CEO of the bank and containing description of:

types of services to money transfer provided by the bank under a contract of membership / participation in the international payment system, indicating the initiator and recipient of money (legal entities and / or a natural person), types of transfer rates, etc.;

the general scheme of transfer, including movement of informational notifications and movement of funds from the moment of initiating of transfer by a bank customer till the end of mutual payments under this transfer in international payment system with indication of full names and location of legal entities involved (clearing banks, processing centers, service organizations etc);

information security system, which is used for preventing risks related to the use of informational technologies.

If information about the system of information containing bank secrecy, such information should be presented in a separate document, drawn up in accordance with regulations of the National Bank for storage, protection, use and disclosure of bank secrecy.

2. Paragraph 2 of section II was excluded

2. For registration of an agreement on membership/participation in international payment system, non-banking financial institution shall have to submit to the National Bank notarized copies of the following documents, in addition to documents, which are envisaged by paragraph 1 of this section:

the certificate on registration of financial institution by special authorized executive body in the sphere of regulation of financial services markets;

the money transfer license, which was issued by special authorized executive body in the sphere of regulation of financial services markets. In case of repeated obtaining of the money transfer license, non-banking financial institution shall have to submit to the National Bank a notarized copy of this license within 30 calendar days after the day of its obtaining;

part four of paragraph 2 of section II was excluded

the general license of the National Bank for conducting of currency transactions.

3. For registration of an agreement on membership/participation in international payment system, the national mail operator shall have to submit to the National Bank, in addition to documents, which are envisaged by paragraph 1 of this section:

a notarized copy of the document, which confirms registration of the national mail operator at special authorized executive body in the sphere of regulation of financial services markets in the part of providing financial services of mail order;

the general license of the National Bank for conducting of currency transactions.

4. For registration of an agreement on joint participation of its members in international payment system, payment organization of domestic payment system shall have to submit to the National Bank, in addition to documents, which are envisaged in subparagraphs “a” – “e” of paragraph 1 of this section:

a list of banks and non-banking institutions, which are the members or participants of domestic payment system, with indication of full names of the banks and non-banking institutions, their location, for banks – bank code, for non-banking financial institutions – identification code under the USREU;

documents, which are envisaged by subparagraphs “f” and “g” of paragraph 1 of this section for each bank and non-banking financial institution, which is the member or participant of domestic payment system.

5. For registration of an agreement on joint participation of its members in international payment system, the organization, founders (participants) of which are banks and non-banking financial institutions, shall have to submit to the National Bank, in addition to documents, which are envisaged in subparagraphs “a” – “e” of paragraph 1 of this section:

a notarized copy of the certificate on state registration;

a copy of the Articles of Incorporation, which must be certified by signature of the CEO and stamp of the organization;

data on the CEOs of the organization with indication of their names, patronymic names, surnames and positions;

a list of banks and non-banking institutions, which are the members of the organization, with indication of full names of the banks and non-banking institutions, their location, for banks – bank code, for non-banking financial institutions – identification code under the USREU;

documents, which are envisaged by subparagraphs “f” and “g”of paragraph 1 of this section for each bank and non-banking financial institution, which is the member of the organization.

6. If a payment organization of international payment system has no documents, which are envisaged by subparagraph “d” of paragraph 1 of this section, a legal entity shall have to submit to the National Bank references signed by the CEO of the legal entity with coverage of issues, which are envisaged by subparagraph “d” of paragraph 1 of this section.

7. If document, which is mentioned in part three of subparagraph “c” of paragraph 1 of this section, has a limited duration, the legal entity shall be obliged to submit to the National Bank a legalized and apostilled copy of the document of a foreign state’s authority allowing to conduct activity in the sphere of international transfers within 60 calendar days after the day of repeated obtaining by payment organization of international payment system or non-resident authorized institution of the document or to inform the National Bank on refusal of the foreign state’s authority to issue this document to payment organization of international payment system or non-resident authorized institution.

8. Payment organization of international payment system, its representative or clearing bank of international payment system in Ukraine shall have the right to submit documents to the National Bank, which are envisaged by subparagraphs “c” – “e” of paragraph 1 of this section (hereinafter – documents of payment organization of international payment system).

Representative or clearing bank of international payment system in Ukraine shall be obliged to submit to the National Bank a document confirming his powers, in addition to documents of payment organization of international payment system.

9. The National Bank shall place information on conformity of documents of payment organization of international payment system with requirements of this Regulation on the site of the National Bank in global informational network of Internet.

10. The National Bank shall remove information on conformity of documents of payment organization of international payment system, which did not begin its activity in Ukraine, with requirements of this Regulation, a year after placing of the information on the site of the National Bank in global informational network of Internet.

11. After placing by the National Bank of information on conformity of documents of payment organization of international payment system, which were mentioned in paragraph 8 of this section, with requirements of this Regulation, a legal entity shall have the right not to submit documents of payment organization of international payment system to the National Bank for registration of agreement on membership/ participation in international payment system.

12. A legal entity shall, within 30 calendar days after receiving of a notification from payment organization of international payment system on conducting by it of a transaction on acquiring/transferring rights under agreement on membership/participation in international payment system, be obliged to submit to the National Bank a copy of the document, which certifies on acquiring/transfer of rights under the agreement, as well as documents, which are mentioned in subparagraphs “c” – “e” and “g” of paragraph 1 of this section.

13. A legal entity shall submit the following documents within 30 calendar days after amending of the agreement on membership/participation in international payment system, which was registered by the National Bank:

an application for registration of amendments to agreement on membership/participation in international payment system per sample, which is given in annex 1 to this Regulation;

a copy of amendments to agreement on membership/participation in international payment system in the language of the original and two copies of its translation into Ukrainian, one of which must by notarized.

14. If the amended agreement on membership/participation in international payment system, which was registered by the National Bank, changing services to money transfer and / or changes the general scheme of money transfer and/or the information security system in corresponding international payment system, a legal entity shall be obliged to submit to the National Bank a reference, which is envisaged by subparagraph “g” of paragraph 1 of this section in addition to documents mentioned in paragraph 13 of this section.

15. Paragraph 15 of section II was excluded

15. A legal entity shall have no right to provide services of international payment system in compliance with amendments to the agreement, which are not registered by the National Bank, except for amendments on commission fee or other kinds of fees for the services of the corresponding international payment system and / or changes associated with change of name of the legal entity registered in the National Bank agreement on the membership / participation in the international payment system.

16. Legal entity registered with the National Bank agreement on the membership / participation in international payment system, if amendments to the list of services provided by it and / or changes in the overall scheme of money transfer in this system required within 10 calendar days after appropriate amendments submitted to the National Bank information sheet provided in subparagraph "g" of paragraph 1 of this section.

17. Legal entity registered with the National Bank agreement on the membership / participation in international money transfer system, is obliged to in paragraphs acceptance / payment of money in the foreseeable customer locations to post information on this system, namely:

order (conditions) the transfer of money;

currency types for money transfers;

the cost of money transfer and so on.

The legal entity on request of a client shall provide him with information about the payment points in the system of funds, the member / member of which it is.

18. A legal entity that takes the initiator of the transfer amount in local currency in cash for the transfer of foreign currency from Ukraine is obliged to inform the initiator of the transfer of information on exchange rates in international money transfer system, the amount in foreign currency and total cost of services at the time of initiating the transfer of funds.

A legal entity, which performs the payment in local currency amount in cash in foreign currency, must get to any such transaction and the recipient agree to familiarize him with information concerning the exchange rate system in the international transfer of funds and the amount to be paid on time transaction in the payment amount.

Introduction of information and obtaining consent, pursuant to this paragraph shall be made in writing form and attested by the signature of the client (initiator / recipient).

19. A legal entity shall be obliged to submit the following documents to the National Bank within 30 calendar days after prolonging of agreement on membership/participation in international payment system:

an application for registration of agreement on membership/participation in international payment system per sample, which is given in annex 1 to this Regulation;

a copy of agreement on membership/participation in international payment system in the language of the original and two copies of its translation into Ukrainian, one of which must be notarized.

20. 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.

The notification shall contain full name of the legal entity, its location, lists of money transfer services, which are provided to the legal entity under the agreement and which the legal entity can provide to its customers, as well as procedure of payments concerning the conducted transfers in corresponding international payment system.

Based on the notification received from a legal entity and mentioned in this paragraph, the National Bank shall enter data to the register of payment systems and their members/participants, which is kept by the National Bank in electronic form.

21. A bank, which is the principal member of international card payment system and which registers an agreement on membership/participation in this system at the National Bank, shall be obliged to inform the National Bank on providing a payment organization of international payment system with guarantees on membership/participation of other bank and terminating provision of such guarantees.

22. A Bank, which registers agreement on membership/participation in international card payment system at the National Bank, shall be obliged to inform the National Bank on change in the status of its membership (from affiliated/associated to principal) in international card payment system.

23. A legal entity shall be obliged to observe requirements, which are envisaged by paragraphs 17 - 19 of this section, within 10 calendar days after concluding, amending, prolonging, terminating of agreement with another legal entity or receiving of a notification of payment organization of international card payment system on change in the status of membership in international card payment system.

III. Procedure of registering agreements on membership/participation in international payment system and amendments thereto

1. Agreements on membership/participation in international payment system and amendments thereto shall be registered through a corresponding entry into the register of payment systems and their members/participants, which is kept by the National Bank in electronic form.

2. The National Bank shall issue a registration certificate to a legal entity per sample, which is given in annex 2 to this Regulation.

3. The National Bank shall have the right to require correction of defects in the submitted documents from a legal entity.

4. The National Bank cannot consider documents more than 30 calendar days from the day of receiving by the National Bank of documents, which comply with requirements of this Regulation.

5. The National Bank shall have the right to refuse to register an agreement on membership/ participation in international payment system and amendments thereto on the following grounds:

submission of incomplete package of documents;

incompliance of the documents with provisions of this Regulation;

incompliance of the procedures of financial monitoring of international payment system with international standards in the sphere of preventing legalization of proceeds from crime and terrorist financing;

presence in the agreement on membership/participation in international payment system or amendments thereto of limitations of the rights of legal entities to conclude agreements on membership/participation in other payment systems and organizations, which were founded with their participation;

provision of inadequate information.

6. The National Bank shall inform a legal entity on refusal to register agreement on membership/participation in international payment system or amendments thereto with indication of the grounds of such refusal.

A legal entity can appeal the decision on refusal to register agreement on membership/participation in international payment system or amendments thereto at the court.

7. If a legal entity receives a notification from the National Bank on refusal to register agreement on membership/participation in international payment system or amendments thereto, it shall have the right to submit corrected documents, which would take into account observations of the National Bank or inform it on termination of the agreement.

8. Refusal of the National Bank to register amendments to agreement on membership/participation in international payment system shall not lead to annulling of registration of the agreement on membership/participation in international payment system.

9. In case of changing of the name, a legal entity, which received a registration certificate at the National Bank, shall be obliged to return, within seven calendar days after registration of the changes according to legislation of Ukraine, the original of this registration certificate to the National Bank for receiving of a new one.

10. In case of loss or damage of the registration certificate, a legal entity shall have the right to apply to the National Bank for receiving of a duplicate of the registration certificate.

The National Bank shall issue a duplicate of the registration certificate within 15 calendar days after the date of receiving an application of the legal entity to the National Bank.

IV. Procedure of annulling registration of agreement on membership/participation in international payment system

1. The National Bank shall annul registration of agreement on membership/participation in international payment system on the following grounds:

a) notification of a legal entity, non-resident payment organization of international payment system or non-resident authorized institution on termination of the agreement on membership/participation in international payment system;

b) withdrawal by a foreign state's authority of the document, which was mentioned in part three of subparagraph "c" of paragraph 1 of section II of this Regulation, from payment organization of international payment system or non-resident authorized institution;

c) failure of a legal entity to observe requirements, which were mentioned in paragraphs 7, 12 of section II of this Regulation;

d) revocation by the National Bank from the bank of a banking license or taking decision on termination of conducting by the bank of transactions with currency values;

e) subparagraph “e” of paragraph 1of section was excluded

e) revocation by the National Bank from a non-banking financial institution, national mail operator of a general license for conducting of currency transactions;

f) annulment by a special authorized executive body in the sphere of regulation of financial services markets of decision on registering of the national mail operator;

g) annulment by a special authorized executive body in the sphere of regulation of financial services markets of the money transfer license of a non-banking financial institution;

h) liquidation of a legal entity;

i) establishment of the fact of registration of agreement or amendments to agreement on membership/participation in international payment system on the basis of inadequate data.

j) failure by entity on international services payment system for 1 year from the date of the registration certificate of the National Bank of registration of the contract of membership / participation in this system.

2. A legal entity shall be obliged to inform the National Bank on termination of agreement on membership/participation in international payment system with 10 calendar days after such termination and to return the registration certificate.

3. The National Bank shall, in cases envisaged by subparagraphs “b” – “j” of paragraph 1 of this section, inform a legal entity on annulling registration of agreement on membership/participation in international payment system with indication of the grounds of such annulment.

4. After receiving of notification of the National Bank on annulling registration of agreement on membership/participation in international payment system, a legal entity shall be obliged to:

stop providing of the services of international payment system within a term, which would be established in the notification;

return the registration certificate to the National Bank within seven calendar days after receiving notification of the National Bank;

inform other resident legal entities (except for dealers), with which it concluded agreements on provision by these persons of services of corresponding international payment system, of the need in stopping provision of such services within the term established by the National Bank.

Mutual payments under the conducted transfers in international payment system shall be made and membership/participation in international payment system shall be terminated in compliance with the rules of international payment system and corresponding agreements.

V. Procedure of agreement of the rules of payment systems and provision of a permit for conducting of activity related to transfer of money/certificate on agreement of the rules of payment system

(Words “money transfer system” in the text of section V were changed by words “payment system” in pursuance of

resolution of the Board of Directors of the National Bank of Ukraine dated June 5, 2008 No 165)

1. Bank, which is a payment organization of a payment system (except for inter-bank one), for agreement of the rules of this system, shall be obliged to submit to the National Bank the following documents in Ukrainian:

a) an application for agreement of the rules of payment system per sample, which is given in annex 3 to this Regulation;

b) the rules of payment system (in three copies), which must be signed by the CEO and certified by the stamp of the bank and which must contain provisions, which are mentioned in paragraph 4 of this section;

c) copies of internal documents of the bank, which regulate the procedure of financial monitoring of transactions, which are conducted within the payment system.

2. Payment organization of non-banking payment system, except for the national mail operator, shall be obliged to submit to the National Bank, in addition to documents, which were mentioned in paragraph 1 of this section, the notarized copies of:

a) the certificate on state registration (or certified by authority, which issued the certificate);

b) the statute;

c) the agreement, which was concluded with a clearing bank of the payment system.

3. The national mail operator shall be obliged to submit to the National Bank, beside documents, which are mentioned in paragraph 1 of this section, a copy of the document, which certifies registration of the national mail operator at a special authorized executive body in the sphere of regulation of financial services markets in the part of providing financial services of mail order, which must be notarized or certified by the issuing body, as well as a notarized copy of the agreement, which was concluded with clearing bank of the payment system.

4. Rules of the payment system must contain provisions on the following:

a) organizational structure of the payment system;

b) conditions of membership and participation, as well as the procedure of entry into/withdrawal from the payment system;

c) the system for managing liquidity, credit, legal, operational and system risks in the payment system, as well as procedure of resolving insolvency and other cases of failure of the members/participants of the payment system to fulfill their obligations, including the procedure of forming and using of the safety fund (if available);

d) services of a transfer of money provided in the payment system, indicating the initiator and recipient of funds (legal and / or natural person), types of transfer rates, etc.;

e) the procedure of transfer and mutual payments under this transfer within the system, including the description of:

payment instruments / documents for transfer the cash with help of which a money transfer and payment thereof are initiated in the system (for systems of money transfer - with indication of sample documents for cash transfer);

movement of informational notifications and movement of funds from the time of initiating of the transfer till the end of mutual payments under this transfer in the system, including the list of requisites of the transfer documents, which allow to unambiguously identify the payment system, initiator of the money transfer and its recipient;

the order of mutual payments;

f) requirements for members / participants of the payment system (if the provision of cash transfer) to:

placing items in the acceptance / payment of money in the foreseeable customer places the order information (conditions) the money transfer, currencies of money transfer, the cost of money transfer, etc.;

Providing customer on request information about the payment points of the payment system;

review initiator transfer of information on exchange rates in international money transfer system, the amount of foreign currency and the total cost of services at the time of initiating the transfer of funds in the manner provided by paragraph 18 of section II of this Regulation;

obtaining the consent of the recipient for payment of local currency amount in foreign currency and familiarize him with information on exchange rates in international money transfer system and the amount to be paid at the time of the transaction in the payment amount, as stipulated in paragraph 18 of section II of this Regulation;

g) part one of subparagraph “g” of paragraph 4 of section V was excluded

requirements in the sphere of preventing legalization (laundering) of proceeds from crime and terrorist financing, which will extend to a legal entity in case of its participation in the payment system, and procedure of its observation of these requirements;

the order of enforcement in the payment system of the seventh special recommendation of FATF on fight against terrorist financing, including on the following:

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, 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 indicated);

fixing in the transfer document of all data on the initiator, which are mentioned in part three of this subparagraph;

accompanying the money transfer with information on the initiator, which are mentioned in part three of this subparagraph, at all stages of the money transfer;

h) information security system, which includes:

the scheme of information exchange, which is used in the payment system;

technology of information exchange in the payment system, including the order of information exchange with remote workplaces of receiving/paying orders (including the order of accessing, forming/verifying of electronic signatures, encrypting etc);

technology information exchange between the payment system and the system of bank automation for registration of transfers (including the order of accessing, forming/verifying of electronic signatures, encrypting etc);

security system at all stages of functioning of the payment system, including name of algorithms and length of the keys, passwords, technology of the key distribution, the order of using electronic digital signatures;

i) means of securing undisturbed functioning of the system, including in case of emergency situations;

j) the order of settlement of disputes related to functioning of the payment system;

k) the order and terms of preserving of paper and electronic documents on money transfer, as well as the order of forming archives of electronic documents according to legislation of Ukraine, including regulations of the National Bank.

5. Payment organization of domestic payment system shall be obliged, for agreement of the rules of this system, to submit to the National Bank the following documents in Ukrainian:

a) an application for agreement of the rules of inter-bank payment system per sample of annex 3 to this Regulation;

b) rules of inter-bank payment system (in duplicate), which must be signed by the CEO and certified by the bank stamp and which must include description of the order of initiating, conducting and completing of the inter-bank money transfer, means of securing undisturbed functioning of the system and other provisions singled out by the payment organization.

6. If the rules of payment system include information on security of information containing bank secrecy, such information must be stated in a separate document, drawn up in accordance with regulations of the National Bank for storage, security, use and disclosure of bank secrecy.

7. The National Bank cannot consider documents, which are submitted by payment organization of payment system for agreement of the rules of this system, more than for 60 calendar days after their receiving of the documents by the National Bank.

8. If the rules are agreed, the National Bank shall issue the following document to payment organization of payment system:

to a bank – certificate on agreement of the rules/amendments to the rules of payment system per sample, which is given in annex 4 to this Regulation;

to non-banking institution – permit for conducting activity related to money transfer per sample, which is given in annex 5 to this Regulation.

Permit for conducting activity related to money transfer/certificate on agreement of the rules/amendments to the rules of payment system shall be given out to payment organization of payment system (except for the inter-bank one) after paying in for the registration and granting of permit/registration certificate, which is established by regulations of the National Bank.

The National Bank registers the payment system in the register of payment systems and their members/participants, which is kept by the National Bank in electronic form.

9. The National Bank shall have the right to refuse a payment organization of payment system to agree the rules of this payment system on the following grounds:

submission of incomplete package of documents;

non-compliance of the documents with requirements of this Regulation;

provision of inadequate information;

violation of legislation of Ukraine on matters related to money transfer, including regulations of the National Bank of Ukraine.

10. The National Bank shall inform the payment organization on refusal to agree the rules of the payment system in writing and with indication of the grounds thereof, as well as within the term, which is envisaged by paragraph 7 of this section.

The payment organization can appeal the decision on refusal to agree the rules of the payment system at

11. Payment organization of non-banking payment system, which agrees the rules of payment system with the National Bank and receives a money transfer license of special authorized executive body in the sphere of regulation of financial services markets, shall be obliged to provide the National Bank with a copy of the money transfer license, which must be notarized or certified by the issuing authority, within 15 calendar days after receiving thereof.

12. Billing non-banking payment system, which agreed with the National Bank payment system rules, in case of change of settlement bank payment system required within 30 calendar days from the date of contract settlement with the relevant bank shall submit to the National Bank a copy of this agreement, certified by a notary.

13. Payment organization of payment system shall be obliged to inform the National Bank in writing on the date of beginning activity related to money transfer, within 15 calendar days after the day of beginning such activity.

14. Payment organization of payment system shall be obliged, within 30 calendar days after amendment of the system rules, which were agreed by the National Bank, to submit to the National Bank, for purpose of agreement of these rules, an application for agreement of amendments to the rules of payment system per sample, which is given in annex 3 to this Regulation, as well as a copy of the amendments, which must be certified by signature of the CEO and stamp of the bank/non-banking institution.

The National Bank shall, within the term envisaged in paragraph 7 of this section, send the payment organization of payment system a certificate on agreement of amendments to the rules of the payment system or inform on the refusal to agree amendments to the rules of the payment organization.

15. Payment organization of payment system shall have no right to provide services of the system according to amendments introduced to the rules, which are not agreed with the National Bank, except for amendments on commission fees or other kinds of fees for services of corresponding payment system.

16. 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. Information on members/participants must contain data on the date and number of the concluded agreement, full name of the member/participant, for non-banking financial institution – date and number of the money transfer license, list of services related to money transfer, which corresponding member/participant has the right to provide to its customers under the agreement, as well as conditions and the order of mutual payments under the conducted transfers in the system.

Payment organization of payment system shall, within 10 calendar days after introduction of amendments, prolongation or termination of the agreement, which was mentioned in part one of this paragraph, inform the National Bank thereof.

17. Payment organization of payment system, which received a certificate at the National Bank on agreement of the rules of this system /permit for conducting of activity related to transfer of money, must return original of this certificate/ permit to the National Bank within seven calendar days after registration of amendments according to legislation of Ukraine in case of changing the name of the legal entity for the purpose of receiving a new certificate/permit.

18. In case of losing or damaging of the certificate on agreement of the rules of this system /permit for conducting of activity related to transfer of money, payment organization of payment system can receive s duplicate of corresponding document in compliance with procedure, which is mentioned in paragraph 10 of section III of this Regulation.

VI. Procedure of annulling agreement of the rules of payment system and revoking permit for conducting of activity related to transfer of money/certificate on agreement of the rules of payment system

(the title of section VI is given in the wording of resolution of the Board of Directors of the National Bank of Ukraine dated 05.06.2008 No 165)

(Words “money transfer system” in the text of section VI were changed by words “payment system” in pursuance of resolution of the Board of Directors of the National Bank of Ukraine dated June 5, 2008 No 165)

1. The National Bank shall annul agreement of the rules of payment system and revoke permit for conducting of activity related to transfer of money /certificate on agreement of the rules of payment system on the following grounds:

a) revoking by the National Bank of the banking license from a bank, which is payment organization of payment system;

b) revoking by special authorized executive body in the sphere of regulation of financial services markets of the money transfer license from a non-banking financial institution;

c) revoking by special authorized executive body in the sphere of regulation of financial services markets of decision on registration of the national mail operator, which is payment organization of payment system;

d) liquidating of a legal entity;

e) establishing of the fact of agreement of the rules or amendments to the rules of payment organization on basis of inadequate data;

f) breaching requirements of Ukrainian legislation on matters related to transfer of money, including regulations of the National Bank;

g) non-conducting by payment organization of payment system of activity related to transfer of money during 1 year from the date of receiving permit of the National Bank for conducting activity related to transfer of money or certificate on agreement of the rules of payment system.

2. The National Bank shall inform payment organization of payment system on annulling agreement of the rules of payment system with indication of the grounds of such annulling.

3. Payment organization of payment system, in which transactions on transfer of money were not conducted, must return the certificate on agreement of the rules of payment system/permit for conducting of activity related to transfer of money to the National Bank within 10 calendar days after receiving of the National Bank's notification.

(section VI was supplemented by new paragraph 3 in pursuance of resolution
of the Board of Directors of the National Bank of Ukraine dated 05.06.2008 No 165,
in connection therewith, paragraphs 3, 4 should be regarded as paragraphs 4, 5)

4. After receiving of the National Bank's notification on annulling agreement of the rules of payment system, payment organization, in which transactions on transfer of money were conducted, shall be obliged to:

stop provision of services of payment system and return the certificate on agreement of the rules of payment system/permit for conducting of activity related to transfer of money to the National Bank within the term established in the notification;

inform other resident/non-resident legal entities, with which agreements were concluded on provision by these persons of the services of corresponding payment system, of the need to stop providing of such services within the term established by the National Bank.

Mutual payments under conducted transfers in payment system shall be made and membership/participation in payment system shall be terminated according to the rules of this system and corresponding agreements.

5. Paragraph 5 of section VI was excluded

VII. Procedure of informing by resident payment organization of international payment system on conclusion/termination of agreement with non-resident legal entity

1. Resident payment organization of international payment system, which agreed the rules of this system with the National Bank, must submit to the National Bank a copy of the agreement certified by signature of the CEO and stamp of resident payment organization within 15 calendar days after the beginning of providing services of the system to non-resident legal entity.

2. In case of concluding agreement with non-resident payment organization of international payment system for the purpose of transferring money with participation of two payment systems, resident payment organization of international payment system must submit the following documents to the National Bank:

a copy of the agreement, which must be certified by signature of the CEO and stamp of resident payment organization of international payment system;

information on conditions, under which joint activity on transfer of money shall be conducted with non-resident payment organization of international payment system, and general scheme of transfer, including movement of information notifications and movement of funds from the time of initiating transfer till the end of mutual payments under this transfer with non-resident payment organization of international payment system;

list of resident legal entities, which provide services on transfer of money, conducting of which is secured with help of two payment systems.

3. Resident payment organization of international payment system must submit to the National Bank a copy of the amendments to agreement mentioned in paragraphs 1 and 2 of this section, which must be certified by signature of the CEO and stamp of resident payment organization of international payment system, within 30 calendar days after introduction of amendments to the agreement.

4. Resident payment organization of international payment system must inform the National Bank on termination of the agreement mentioned in paragraphs 1 and 2 of this section within 10 calendar days after such termination.

Director of the Payment Systems Department **N. G. Lapko**

Annex 1
to Regulation on Functioning of Domestic and International Payment Systems in Ukraine

To the Chief Executive on Payment Systems and Payments of the National Bank of Ukraine

_____
(initials, surname)

Application
for registration of agreement on membership or participation in international payment system

(Sample)

Legal entity _____.
(name)
Bank code/code of non-banking financial institution under USREU _____.
Location _____.
Mail address_____.
I request to register agreement _____/
(date, number)
amendments to agreement _____, which was registered by the National Bank of Ukraine
(date, number)
under N _____,
(number of the registration certificate)
which was concluded with_____
(full name of non-resident payment organization of international payment system _____ on membership or participation in or non-resident authorized institution)
international payment system _____.
(name of international payment system)

I confirm adequacy of all submitted documents.

List of the attached documents: _____
_____
.
Contact person: _____.
(name, patronymic name, surname, telephone number)

The CEO _____ _____
(signature) (initials, surname)

Stamp

(annex 1 was amended in pursuance of resolution
of the Board of Directors of the National Bank of Ukraine dated 05.06.2008 No 165)

Annex 2
to Regulation on Functioning of Domestic and
International Payment Systems in Ukraine

Registration certificate

(Sample)

_____ N _____
(date)

Hereby the National Bank of Ukraine certifies the registration of agreement _____/
(date, number)
amendments to agreement _____, which was registered by the National Bank of Ukraine
(date, number)
under N _____,
(number of the registration certificate)
and which was concluded by legal entity _____
(name)
with
_____
(full name of non-resident payment organization of international payment organization
_____
,
or non-resident authorized institution)
which envisages membership/participation in international payment organization_____
_____

_.

(name of international payment system)

Cannot be handed over to third persons.

Chief Executive on Payment Systems and Payments _____ _____
(signature) (initials, surname)

Stamp

(annex 2 was amended in pursuance of resolution
of the Board of Directors of the National Bank of Ukraine dated 05.06.2008 No 165)

Annex 3
to Regulation on Functioning of Domestic and
International Payment Systems in Ukraine

To the Chief Executive on Payment Systems
and Payments of the National Bank of Ukraine

_____
(initials, surname)

Application
for agreement of the rules of payment system

(Sample)

Bank
_____.
(name)
Bank code
_____.
Location _____.
Mail address _____.
I request to agree the rules/amendments to the rules of payment system

_____

(name of _____ payment system).

I confirm adequacy of all submitted documents.

List of the attached documents: _____

_____

_

_____

_.

Contact person: _____.

(name, patronymic name, surname, telephone number)

The CEO _____ _____

(signature) (initials, surname)

Stamp

(annex 3 was amended in pursuance of resolution
of the Board of Directors of the National Bank of Ukraine dated 05.06.2008 No 165)

Annex 4
to Regulation on Functioning of Domestic and International Payment Systems in Ukraine

Certificate
on agreement of the rules/amendments to the rules of payment system

(Sample)

_____ N _____

(date)

Hereby the National Bank of Ukraine certifies agreement of the rules, amendments to the rules of payment system

_____,

(name of the system)

payment organization of which is

_____.

(full name of the bank)

Cannot be handed over to third persons.

Chief Executive on Payment Systems and Payments _____ (signature) _____ (initials, surname)

Stamp

(annex 4 was amended in pursuance of resolution
of the Board of Directors of the National Bank of Ukraine dated 05.06.2008 No 165)

Annex 5
to Regulation on Functioning of Domestic and International Payment Systems in Ukraine

Permit
for conducting activity related to money transfer

(sample)

_____ N _____
(date)

The National Bank of Ukraine grants permit to domestic non-banking system _____
(full name of domestic non-banking payment system)
payment organization of which is_____
(full name of the payment organization of the domestic non-banking payment system)

Chief Executive on Payment Systems

and Payments _____ _____

(signature) (initials, surname)

Stamp

(The Regulation was supplemented by annex 5 in pursuance of resolution
of the Board of Directors of the National Bank of Ukraine dated 05.06.2008 No 165)

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