

NBU IMPLEMENTED NEW RESTRICTIONS ON PURCHASE AND TRANSFER OF FOREIGN CURRENCY

The National Bank of Ukraine ("**NBU**") has issued a clarification letter №13-215/7004-19823 dated 23 October 2009 ("**Clarification Letter**") regarding certain issues of the procedure of purchase and transfer of foreign currency related to foreign investments.

NBU's legislative acts provides for the list of documents which should be submitted to a bank by a client in order to perform purchase and transfer of foreign currency abroad. Under the applicable NBU's regulations, in order to purchase foreign currency and transfer it abroad almost in all cases of return of money to a foreign investor, a client must submit a statement of an authorized bank confirming that foreign currency has been initially transferred into Ukraine ("**Statement**").

Before the Clarification Letter has been issued, the NBU used to tolerate absence of the Statement in two cases:

- (1) when it was impossible to identify the bank through which foreign currency was initially transferred into Ukraine and a client provided a written confirmation of that fact to its bank; and
- (2) when the bank through which foreign currency had been initially transferred into Ukraine was liquidated.

According to the Clarification Letter, from now the NBU will only allow banks to purchase and transfer foreign currency abroad within the framework of investment operations without the Statement only if the bank through which foreign currency had been initially transferred into Ukraine was liquidated.

The NBU has also pointed out that residents of Ukraine who are not able to provide the Statement, due to any other reasons (save for the case of the relevant bank liquidation), must obtain an individual licence of NBU to transfer foreign currency abroad.

Notwithstanding the fact that the Clarification Letter is of recommendation nature, it reflects the opinion of the NBU, which is the main regulator of a banking sector in Ukraine. Therefore, in practice banks are likely to follow such clarifications.

Please do not hesitate to contact us should you have any questions on the above.

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