

National Bank improves registration procedure for cross-border loans

Contacts at EY

Albert Sych
Partner
+380 (44) 499 2011
Albert.Sych@ua.ey.com

Bogdan Malnev
Manager
+380 (44) 499 3356
Bogdan.Malnev@ua.ey.com

Iryna Kovalenko
Manager
+380 (44) 490 3000
Iryna.Kovalenko@ua.ey.com

On 23 March 2017, the Board of the National Bank of Ukraine ("the National Bank") adopted Resolution No. 26 "On amending certain regulations of the National Bank of Ukraine" ("the Resolution"). Changes to the National Bank's regulations amended by the Resolution will become effective on 10 April 2017.

The Resolution substantially changes the procedure for registration of cross-border loans obtained by Ukrainian residents.

Among other things, the Resolution resolves certain issues related to assignment of foreign currency loans from resident to non-resident lenders, as well as assignment of cross-border loans between non-resident lenders.

According to the Resolution, where the loans are being assigned, not only borrowers (as it was before) but also lenders will be able to initiate registration of changes to foreign currency loan agreements. The following parties were added to the list of registration initiators:

- „ Initial non-resident lender (assignor) and new non-resident lender (assignee)
- „ Ukrainian bank acting as initial lender (assignor) and new non-resident lender (assignee).

To initiate the registration of changes, the assignor and the assignee should submit a joint application containing, *inter alia*, information about the document by which the borrower was notified in writing about the assignment, as well as the copy of such document.

In certain cases, Ukrainian banks will be allowed to initiate registration procedures on their own initiative.

Furthermore, the Resolution provides for certain new rules concerning cross-border foreign currency loans obtained by Ukrainian residents.

For instance, if a foreign currency loan extended by a resident to another resident is assigned to a non-resident, the interest rate limits do not apply to, *inter alia*, loan payments due to the resident lender prior to assignment of the loan to the non-resident lender, in the amount of overdue payments assigned to the non-resident lender.

Also, the Resolution introduces a new cross-border loan registration system. The registration will be completed by entering registration records (and changes to such records) into the electronic register of notifications on agreements, based on information submitted by Ukrainian banks to the National Bank in electronic messages.

In addition, failure to file statistical reporting to the National Bank for 90 days will no longer lead to revocation of loan registration.

We will continue monitoring the developments and will inform you of further significant changes.

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Contacts

Kyiv
+380 (44) 490 3000

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