

## THE NATIONAL BANK OF UKRAINE LIFTS CERTAIN CURRENCY CONTROLS RESTRICTIONS

10 May 2016

**On 5 May 2016 the Board of the National Bank of Ukraine (the "NBU") adopted a resolution which will cancel certain currency controls restrictions currently in force (the "Resolution"). The Resolution will become effective on 11 May 2016.**

1. The following currency controls restrictions will be lifted:
  - a) mandatory sale of 75% of hard currency or RUR amounts transferred into Ukraine as a foreign investment; and
  - b) ban for banks to purchase foreign currency (or remit Ukrainian hryvnia to a foreign bank's correspondent account in Ukraine) on behalf of their clients to pay for goods imported into Ukraine before or on 1 January 2015 under a cross-border contract where a creditor or debtor was changed.
2. The term for performing client's instruction to purchase foreign currency or to wire Ukrainian hryvnia to a foreign bank's correspondent account in Ukraine to perform a cross-border contract has been reduced from 4 days to 3 days. Notably, the banks are still obligated to compile registers of the clients' purchase orders in foreign currency and submit such data to the National Bank of Ukraine which has a discretion to block a transaction if the transaction raises concern of groundless outflow of capital.
3. The Resolution is yet another step by the NBU in liberalisation of the temporary currency controls restrictions, which have already been extended by the NBU several times. Recently the NBU alleviated some of the restrictions permitting the change of interest payment frequency and timing (not more than 180 days) as well as early repayment of amounts of loans attracted with involvement of a foreign export credit agency.
4. Notably, the restriction to pay dividends and to repatriate foreign investments in Ukrainian company's equity remains in force. It is reported that the NBU is considering cancellation of the dividend payment restriction in the near future after the regulator completes its analysis of the issue.

### KEY ISSUES

- Mandatory sale of 75% of foreign currency investments cancelled
- It will be possible to purchase foreign currency to pay for the goods imported before 1 January 2015 if any party to the underlying cross-border contract changed

For more details in Ukrainian please visit:

[http://www.bank.gov.ua/control/uk/publish/article?art\\_id=30770968&cat\\_id=55838](http://www.bank.gov.ua/control/uk/publish/article?art_id=30770968&cat_id=55838)

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