

NEW RULES OF THE UBOS' DISCLOSURE: WHAT WILL CHANGE STARTING FROM 29 DECEMBER 2022?

*On 6 September 2022, the Parliament passed the Law of Ukraine No. 2571-IX "On Amendments to Certain Laws of Ukraine on Improving the Regulation of Ultimate Beneficial Ownership and Ownership Structure of Legal Entities" (**the "Law"**).*

*The following key changes in the disclosure of ultimate beneficial owners (**the "UBO"**) regime will come into force from 29 December 2022, when the Law comes into force.*

Alternative (easier) way to confirm the UBO's identity

Now the only way to confirm the UBO's identity for the disclosure purposes is to submit a notarised copy of the UBO's ID document (passport) to the public registrar. The Law will give an alternative: the applicant may submit either (i) a notarised copy of the ID document or (ii) a copy of the ID document certified by the electronic signature of the Ukrainian company's director (making the submission easier and cheaper).

Please note that such copy must be notarised/certified **not earlier than 90 days before the day of its submission** to the public registrar.

Less company related notifications to the public registrar will require disclosure of its UBO

The disclosure of information on UBO will be required for the state registration of (i) incorporation of a company and (ii) changes to the information about UBO.

Unlike in the past, the following registration actions will not require UBO disclosure:

- (a) changes to the information about a legal entity.

Exceptions:

- change of the information about UBOs of a legal entity – logically, in this case, the applicant has to submit full set of documents for the purposes of UBOs' disclosure; and
 - change of the information about (i) an amount of the authorised capital, (ii) number of shares held by participants, (iii) composition of the participants of a limited liability company or additional liability company – in these cases, the applicant has to submit only the ownership structure (there is no need to submit proof of a UBO's identity).
- o (b) transition from doing business based on a self-developed constitutional document to a model charter or vice versa;
 - o (c) termination of a legal entity due to its reorganisation; and
 - o (d) incorporation or termination of a separate subdivision of a legal entity or changes to information about such subdivision.

The deadlines for UBO disclosure are postponed

Please note that the requirement to disclose UBOs does not apply during the martial law and one month from the date of its termination or cancellation.

The Law also mandates the Ministry of Finance to adopt the Methodology for determination of a legal entity's UBO (**the "Methodology"**). Accordingly, the deadline for UBO disclosure will be postponed and legal entities will have to disclose/submit corrected information about their UBOs:

- o within six months from the date the Methodology has been approved; but
- o not earlier than 90 days from the date of termination or cancellation of the martial law in Ukraine.

However, legal entities may voluntarily submit information on UBOs during the martial law .

Liability for non-compliance with the rules of UBO disclosure

The Law provides for a fine of UAH 17,000 to UAH 340,000 per legal entity, in particular for:

- o intentionally providing false information about a UBO or its absence in the documents submitted to a public registrar; and
- o failure to submit or untimely submission of information about the UBO or its absence.

At the same time, fines will not apply during the martial law and three months after its termination or cancellation.

Other changes

In addition to the above novelties, under the Law:

- o information about a UBO and/or ownership structure of a Ukrainian entity may be submitted in electronic form;
- o the obligation to annually confirm information about UBO has been cancelled (thus alleviating some documentary workload on companies).

At the same time, if the information about a UBO has changed, a legal entity must submit to the public registrar documents confirming such change within 30 business days after the change; and

- o public registrars are authorised to make an indication in the corporate registry that the information about a UBO and/or ownership structure is potentially inaccurate (e.g., based on information from the law enforcement, state authorities, banks) and, subsequently, verify such information.

Follow our updates to find out about the adoption and entry into force of this and other laws.

SOURCE:

- the Law of Ukraine "[On Amendments to Certain Laws of Ukraine on Improving the Regulation of Ultimate Beneficial Ownership and Ownership Structure of Legal Entities](#)".

HOW WE CAN
HELP

- ✎ preparation and submission of documents on disclosure of information about a UBO and ownership structure;
- ✎ advising on restrictions on registration actions;
- ✎ advising on the protection of assets ownership and corporate rights;
- ✎ preparation of constituent documents, legal support of opening, reorganisation and termination of business, appointment or change of directors of legal entities;
- ✎ advising on appealing against decisions, actions or omissions in the field of state registration; and
- ✎ formalising powers of attorney in Ukraine and abroad for registration actions.

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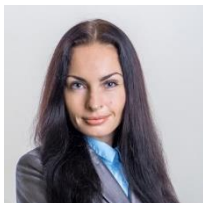
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