

# NATIONAL BANK OF UKRAINE TO RESTRICT DIVIDEND PAYMENTS OFFSHORE AND OTHER TRANSACTIONS

On 22 September 2014, the National Bank of Ukraine (the "NBU") introduced new rules aimed at stabilising the national currency. The new rules take effect on 23 September 2014.

## FURTHER RESTRICTIONS ON CROSS-BORDER TRANSACTIONS

The NBU has prohibited transfers of foreign currency out of Ukraine, if they relate to:

- the payment of dividends (other than the payment of dividends for securities listed on the Ukrainian stock exchange);
- the transfer of funds to a foreign entity as payment for shares in, or other securities issued by, a Ukrainian company. This prohibition will not apply to shares issued by Ukrainian joint stock companies, Ukrainian sovereign bonds or other securities, if they are listed on the Ukrainian stock exchange;
- the payment for goods, unless such goods will be imported into Ukraine;
- the payment for goods or services that were imported, or provided, earlier than 180 days before the payment date; and
- the payment of amounts previously permitted under licences issued by the NBU (for example, a licence for making investments abroad), unless such payment is to an offshore account that has been licensed by the NBU.

These restrictions remain effective until 2 December 2014.

## RELAXING THE MANDATORY CONVERSION REQUIREMENTS

Ukrainian companies will now only need to convert into Ukrainian hryvnias (UAH) 75 percent of any foreign currency proceeds received from offshore. Previously such requirement applied to 100 percent of such foreign currency proceeds. This requirement will remain in effect until 21 November 2014.

As before, a limited number of transactions are exempted, namely when the foreign currency is received:

- by the state of Ukraine or as a part of a transaction guaranteed by the state of Ukraine;
- from certain international finance organisations or under loans provided in accordance with certain international treaties;
- under international technical assistance projects registered in Ukraine;
- by non-resident banks on foreign currency correspondent and deposit accounts opened with Ukrainian banks;
- by an agent and such amount is to be further transferred to a principal;

### Key issues

- Further restrictions on cross-border transactions
- Relaxing the mandatory conversion requirements
- New limit on the amount of foreign currency that may be bought

- by residents on off-shore accounts opened on the basis of an NBU licence; or
- as a result of a mistaken transfer.

## NEW LIMIT ON THE AMOUNT OF FOREIGN CURRENCY THAT MAY BE BOUGHT

The new rules reduce from UAH 15,000 to UAH 3,000 (about USD 200) the amount of foreign currency that an individual may purchase in cash per day, unless the foreign currency is to be used to repay a loan denominated in a foreign currency. This restriction will remain effective until 2 December 2014.

### Contact details

If you would like to know more about the subject covered in this publication or services, please contact:

**Jared Grubb** +380 44 390 5885

**Olexiy Soshenko** +380 44 390 2213

**Dmytro Fedoruk** +380 44 390 2246

**Andrii Grebonkin** +380 44 390 2231

To email one of the above, please use [firstname.lastname@cliffordchance.com](mailto:firstname.lastname@cliffordchance.com)

This publication does not necessarily deal with every important topic or cover every aspect of the topics with which it deals. It is not designed to provide legal or other advice.

[www.cliffordchance.com](http://www.cliffordchance.com)

Clifford Chance, 75 Zhylyanska Street, 01032, Kyiv, Ukraine  
© Clifford Chance 2014  
Clifford Chance LLC

Abu Dhabi ■ Amsterdam ■ Bangkok ■ Barcelona ■ Beijing ■ Brussels ■ Bucharest ■ Casablanca ■ Doha ■ Dubai ■ Düsseldorf ■ Frankfurt ■ Hong Kong ■ Istanbul ■ Jakarta\* ■ Kyiv ■ London ■ Luxembourg ■ Madrid ■ Milan ■ Moscow ■ Munich ■ New York ■ Paris ■ Perth ■ Prague ■ Riyadh ■ Rome ■ São Paulo ■ Seoul ■ Shanghai ■ Singapore ■ Sydney ■ Tokyo ■ Warsaw ■ Washington, D.C.

\*Linda Widyati & Partners in association with Clifford Chance.