



## **LAW OF UKRAINE**

### **On the National Bank of Ukraine**

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*(Vidomosti Verkhovnoi Rady Ukrayiny, 1999, No. 29, page 238)*

*With amendments introduced by*

*Laws of Ukraine*

*No. 1458-III dated 17 February 2000,  
No. 1658-III dated 20 April 2000,  
No. 1919-III dated 13 July 2000,  
No. 2121-III dated 7 December 2000,  
No. 2740-III dated 20 September 2001,  
No. 2922-III dated 10 January 2002,  
No. 1416-IV dated 3 February 2004,  
No. 3163-IV dated 1 December 2005,  
No. 3235-IV dated 20 December 2005,  
No. 639-VI dated 31 October 2008,  
No. 800-VI dated 25 December 2008,  
No. 835-VI dated 26 December 2008,  
No. 1131-VI dated 17 March 2009,  
No. 1533-VI dated 23 June 2009,  
No. 1608-VI dated 21 August 2009,  
No. 2388-VI dated 1 July 2010,  
No. 2457-VI dated 8 July 2010,  
No. 2478-VI dated 9 July 2010,  
No. 2856-VI dated 23 December 2010,  
No. 3024-VI dated 15 February 2011,  
No. 3394-VI dated 19 May 2011,  
No. 3828-VI dated 6 October 2011,  
No. 4050-VI dated 17 November 2011*

*(taking into account amendments made by Laws of Ukraine*

*No. 5483-VI dated 20 November 2012,  
No. 714-VII dated 19 December 2013, and  
No. 62-VIII dated 25 December 2014),  
No. 4395-VI dated 9 February 2012,  
No. 4452-VI dated 23 February 2012,  
No. 5042-VI dated 4 July 2012,  
No. 5103-VI dated 5 July 2012,  
No. 5178-VI dated 6 July 2012,  
No. 5284-VI dated 18 September 2012,  
No. 5285-VI dated 18 September 2012,  
No. 5411-VI dated 2 October 2012,  
No. 5463-VI dated 16 October 2012,  
No. 5480-VI dated 6 November 2012,  
No. 5518-VI dated 6 December 2012,  
No. 399-VII dated 4 July 2013,  
No. 1586-VII dated 4 July 2014,  
No. 1702-VII dated 14 October 2014,  
No. 78-VIII dated 28 December 2014,  
No. 80-VIII dated 28 December 2014,  
No. 213-VIII dated 2 March 2015,  
No. 217-VIII dated 2 March 2015,  
No. 541-VIII dated 18 June 2015  
No. 629-VIII dated 16 July 2015,*

*No. 889-VIII dated 10 December 2015,  
No. 911-VIII dated 24 December 2015,  
No. 1670-VIII dated 6 October 2016,  
No. 1774-VIII dated 6 December 2016,  
No. 2148-VIII dated 3 October 2017,  
No. 2155-VIII dated 5 October 2017,  
No. 2163-VIII dated 5 October 2017,  
No. 2210-VIII dated 16 November 2017;  
No. 2258-VIII dated 21 December 2017,  
No. 2277-VIII dated 6 February 2018,  
No. 2473-VIII dated 21 June 2018,  
No. 2491-VIII dated 5 July 2018,  
No. 2646-VIII dated 6 December 2018,  
No. 79-IX dated 12 September 2019,  
No. 114-IX dated 19 September 2019,  
No. 122-IX dated 20 September 2019,  
No. 124-IX dated 20 September 2019,  
No. 361-IX dated 6 December 2019,  
No. 524-IX dated 4 March 2020,  
No. 533-IX dated 17 March 2020,  
No. 590-IX dated 13 May 2020,  
No. 738-IX dated 19 June 2020,  
No. 1052-IX dated 3 December 2020,  
No. 1349-IX dated 19 March 2021,  
No. 1587-IX dated 30 June 2021,  
No. 1591-IX dated 30 June 2021, with effect from 1 August 2022,  
No. 1780-IX dated 23 September 2021,  
No. 1811-IX dated 19 October 2021,  
No. 1882-IX dated 16 November 2021,  
No. 1953-IX dated 14 December 2021,  
No. 2075-IX dated 17 February 2022,  
No. 2118-IX dated 3 March 2022,  
No. 2120-IX dated 15 March 2022,  
No. 2463-IX dated 27 July 2022,  
No. 2516-IX dated 15 August 2022,  
No. 2801-IX dated 1 December 2022,  
No. 2849-IX dated 13 December 2022,  
No. 2888-IX dated 12 January 2023,  
No. 3035-IX dated 11 April 2023,  
No. 3156-IX dated 10 June 2023,  
No. 3498-IX dated 22 November 2023,  
No. 3518-IX dated 9 December 2023,  
No. 3624-IX dated 21 March 2024,  
No. 3994-IX dated 8 October 2024,  
No. 4017 dated 10 October 2024 – amendments in terms of execution of the NBU's powers come into effect on 1 January 2025,  
No. 4042 dated 30 October 2024,  
No. 4196-IX dated 9 January 2025*

## Section I. GENERAL PROVISIONS

### Article 1. Terms and Definitions

The terms and definitions used herein shall have the following meaning:

**Investment Metals** mean gold, silver, platinum, platinum-group metals affined to the highest standards of fineness, both in ingots and powder, provided with quality certificates, as well as coins made of precious metals.

**Banking Regulation** means one of the responsibilities of the National Bank of Ukraine consisting in establishing the system of standards that regulate banks' activities, determine basic principles of banking, procedures of banking supervision, responsibility for the banking legislation violation.

**Banking Supervision** means the system of control and active ordered actions of the NBU aimed at ensuring the banks and other entities, subject to the NBU supervision, compliance with the laws of Ukraine and the established ratios, in order to ensure stability of the banking system and protect the bank depositors and creditors interests.

**Open Market** means the market where the securities purchase and sale transactions are effected between the persons, who are not the primary lenders and borrowers, provided that the proceeds from the sale of securities in such market are received by securities' holders, but not the issuers thereof. It is used by central banks for the purposes of sale and purchase of the short-term (as a rule) government securities in order to regulate the money supply. The investment of funds into the national economy increases as a result of the purchase and reduces as a result of the sale.

**Currency Position** means the ratio between bank's claims and liabilities in each foreign currency and in each investment metal. If they are equal, the position shall be deemed closed, otherwise it shall be deemed open. An open position shall be deemed short if the amount of liabilities in the foreign currency and investment metals exceeds the amount of claims, and long if the amount of claims in the foreign currency and investment metals exceeds the amount of liabilities.

**Monetary Policy** shall mean a set of actions in the area of money supply and loans aimed at ensuring price stability by way of applying the monetary policy instruments.

**Monetary Liabilities** denote the currency in circulation, financial claims to the NBU except the NBU's liabilities to the Cabinet of Ministers of Ukraine and international financial organizations.

**Monetary Substitute** means any documents in the form of monetary objects different from the monetary unit of Ukraine, issued by a body other than the NBU and manufactured in order to effect payments in the process of the economic turnover, but for the currency valuables.

**Gold and Foreign Exchange Reserve** means Ukraine's reserves indicated in the balance sheet of the NBU, including the assets recognized as international assets by the international community and designed for international settlements.

**Control of the Conduct of Monetary Policy** shall mean annual assessment of the consistency of the monetary policy implementation by the NBU with the achievement, over the medium term, of the inflation targets specified in the Monetary Policy Guidelines, taking into account the current and projected economic and financial development of Ukraine and the world, with the purpose of accomplishing of its primary objective by the NBU.

**Creditor of Last Resort** means the NBU, to which a bank may apply for refinancing in case of the exhaustion of other refinancing opportunities.

**Treasury Bills** mean debt securities issued by the state through its authorized bodies which are distributed exclusively on a voluntary basis among the natural persons and legal persons and testify to the funds paid in by their owners to the budget and entitle them to obtain financial income or other property rights according to the terms and conditions of the securities issue.

**Metal Accounts** mean the accounts opened by authorized banks of Ukraine to register transactions with the investment metals.

**International Standards of Auditing** mean the documents adopted by the International Federation of Accountants defining the audit standards.

**International Financial Reporting Standards** mean the documents adopted by the International Accounting Standards Board determining the standards of accounting and financial reporting.

**Unrealized Gain/Loss** means the gain/loss resulting from revaluation of the financial assets and liabilities, monetary gold and banking metals, as well as the gain/loss resulting from purchase of foreign currency, monetary gold and banking metals under the condition that such transactions are conducted at a rate other than the official exchange rate.

**Key Policy Rate of the National Bank of Ukraine** is a monetary instrument the NBU uses to set a reference point for banks and other money market participants with regard to the deposit and lending rates.

**Record-Keeping Systems** mean relations on creating, processing, storage and transfer of information between the public authorities, financial institutions and other legal persons in the course of implementation of the state projects.

**Official Publication of the National Bank of Ukraine** means a printed publication of the NBU registered as appropriate.

**Official Exchange Rate** means the currency (foreign exchange) rate officially set by the NBU as an authorized body of the state.

**Safeguarding Valuables and Facilities** means arrangement and implementation in practice by the NBU of the protective actions with regard to the selected and belonging to the NBU buildings, structures, territories, means of transportation, currency valuables, securities and other movables and immovables to prevent or stop unlawful acts with regard to them, to secure their inviolability and integrity, to stop unlawful access to them of the third parties, as well as to safeguard personal security, life and health of the NBU employees.

**Balance of Payments** shall mean a set of economic transactions conducted between residents and non-residents over a specific period of time. The balance of payments shall reflect transactions with goods, services, primary and secondary income, transactions related to financial claims and liabilities in relation to other countries.

**Realized Gains/Losses** mean the gains/losses resulting from the revaluation on disposal of revalued financial assets and liabilities, monetary gold and investment metals.

**Reserve Position with the International Monetary Fund** (hereinafter referred to as the “IMF”) means the claims of a member country to the IMF which are defined as a difference between the

quota and IMF's holdings in the currency of the member country less the IMF holdings received by a member country in the form of the IMF loans and the balance in IMF No. 2 Account, which shall not exceed 0.1% of the member country's quota.

**Refinancing Rates of the NBU** mean the interest rates (expressed in percentage terms) on loans granted to banks which is set by the NBU in order to influence the money turnover and crediting.

**Special Drawing Rights** shall mean an internationally recognized reserve asset created by the IMF to supplement existing internationally recognized reserve assets.

**Financial Stability** is a state in which the financial system is able to efficiently and smoothly fulfil its key functions, i.e. the financial intermediation and arrangement of payments, contributing in this way to sustainable economic growth, and is resistant to adverse effects of crises on economy.

**Price Stability** means retaining purchasing power of domestic currency by maintaining low and stable rates of inflation measured by the Consumer Price Index over the medium term perspective (from 3 to 5 years).

**Associated Person, Banking Group, Qualifying Holding** shall have the meaning ascribed to them in the Law of Ukraine *On Banks and Banking*.

**Currency Valuables** shall have the meaning ascribed to them in the Law of Ukraine *On Currency and Currency Operations*.

**Past Due Debt Resolution, Register of Debt Collectors, and Debt Collector** shall have the meaning ascribed to them in the Law of Ukraine *On Consumer Lending*.

**Authorization of Operation, Payment Service Provider, Non-financial Payment Service, Limited Payment Services, Payment Infrastructure Oversight, Payment System Operator, Technical Service Provider, Payment Instrument, Payment Market, Payment Service, Payment Infrastructure Register, Payment Market Participants, and Digital Currency of the National Bank of Ukraine** shall have the meaning ascribed to them in the Law of Ukraine *On Payment Services*.

**Authorization, Credit Register of the National Bank of Ukraine, Financial Service, Financial Institution, Auxiliary Services** shall have the meaning ascribed to them in the Law of Ukraine *On Financial Services and Finance Companies*.

## **Article 2. Legal Basis for the NBU Activities**

The National Bank of Ukraine (as the NBU) is the central bank of Ukraine, a special central body of the state administration, whose legal status, objectives, functions, powers and organization principles shall be determined by the Constitution of Ukraine, this Law and other laws of Ukraine.

The Council of the National Bank of Ukraine (NBU Council), Board of the National Bank of Ukraine (NBU Board) and Head Office of the National Bank of Ukraine are located in Kyiv.

## **Article 3. Authorized Capital**

The NBU shall have the authorized capital owned by the state.

The authorized capital shall amount to UAH 10 million. It may be increased by a decision of the NBU Council.

A part of the NBU's unallocated profit and, if necessary, the State Budget of Ukraine shall be sources of its authorized capital.

#### **Article 4. Economic Independence**

The NBU shall be an economically independent body that carries out expenditures at the expense of its own revenues, and in the cases specified by this Law – also at the expense of the funds of the State Budget of Ukraine.

The NBU shall be a legal entity with separated property that is the subject to the public property rights and is transferred to it in the form of usufruct of the public property or in the form of another real right (right in rem) to another entity's property, as provided for by law.

The NBU shall not be liable for or assume the commitments of government bodies; the government bodies shall not be liable for the NBU's commitments, unless they voluntarily assume such a commitment.

The NBU shall not be liable for or assume the commitments of financial institutions; financial institutions shall not be liable for the NBU's commitments, unless they voluntarily assume such a commitment.

To ensure discharge of its activities and performance of the functions defined herein, the NBU shall have the right to establish legal persons, standalone units (branches and representative offices in Ukraine, as well as representative offices of the NBU abroad).

The NBU, its legal person, standalone units (branches and representative offices in Ukraine, as well as representative offices of the NBU abroad) shall have a seal with the Coat of Arms of Ukraine and their respective names.

#### **Article 5. Estimate of Administrative Expenses**

The NBU shall annually compile an estimate of administrative expenses.

The NBU's administrative expenses estimate shall include expenses and investments to ensure the activities of the NBU, investments in the creation and development of the material and technical base of the NBU, as well as NBU Council members' remuneration with a detailed breakdown by amount, position and payment frequency.

The NBU shall represent income and expenses, and determines the profit (loss), as well as compile the financial reporting in accordance with the international financial reporting standards.

The NBU shall create general reserves to cover its losses, and revaluation reserves to cover unrealized losses.

In the event of insufficiency of funds in the general reserves, the excess of the NBU expenses over its income shall be compensated from the State Budget of Ukraine for the year following the reporting one.

## **Article 5<sup>1</sup>. Distributable Profit**

The NBU activities shall not be profit-oriented.

The NBU defines its distributable profit as a portion of profit net of unrealized gains. The NBU's unrealized gains are recognized in a revaluation reserve.

A gain becoming realized in the following periods is recognized in the distributable profit of the respective reporting periods.

The NBU shall compensate the amount of excess of the unrealized loss over the revaluation reserve amount at the expense of current year profit and, if it is not sufficient, at the expense of general provisions.

Upon validation by an external auditor and approval by the NBU Council of the NBU's annual financial statements, the NBU shall use distributable profit to create general reserves at the level of 10 percent of the NBU's average annual monetary liabilities according to the procedure established by the NBU.

The NBU Council may also decide to use the distributable profit for the NBU's authorized capital increase.

After the part of distributable profit has been used for the purposes defined in paragraphs five and six of this Article, the rest of distributable profit shall be transferred to the State Budget in full.

The NBU shall not transfer to the State Budget of Ukraine the portion of distributable profit that exceeds the one declared in the audited financial statements approved by the NBU Council.

## **Article 6. Primary Objective**

According to the Constitution of Ukraine, the primary objective of the NBU is to ensure stability of the monetary unit of Ukraine.

When exercising its function, the NBU shall consider achievement and maintenance of price stability in the country to be its priority.

The NBU shall promote, within the limits of its authority, financial stability, including stability of the banking system, without prejudice of the objective set forth in the second part of this Article.

The NBU shall also promote sustainability of the economic growth and support the economic policy of the Cabinet of Ministers of Ukraine provided that it does not prevent the NBU from attainment of the aims determined in the second and third parts of this Article.

## **Article 7. Other Functions**

The NBU shall also be responsible for:

- 1) defining and implementing monetary policy in line with the Monetary Policy Guidelines developed by the NBU Council
- 2) solely issuing the domestic currency of Ukraine and to organizing its circulation

2<sup>1</sup>) issuing digital money of the NBU in line with law and determining the procedure for its issuance, storage, and redemption as well as the specifics of performing payment operations using it

3) acting as the creditor of last resort for banks and making the refinancing system available

4) setting for banks the rules of conducting banking transactions, accounting and reporting, protection of information, funds and property of banks

5) arranging the establishment and methodological support of the system of monetary and financial statistics, balance of payments statistics, international investment position, external debt, and statistical information of financial institutions subject to the state regulation and supervision exercised by the NBU

6) carrying out state regulation in the payment market, establishing a framework for operation of the Ukrainian payment market, regulating activities of payment services providers, providers of limited payment services, payment systems and technical service providers, determining the procedure for rendering payment services and limited payment services, and supervising the activities of payment market participants

7) determining the directions of development of modern electronic banking and payment technologies, creating and ensuring continuous, reliable, and efficient operation, development of the proprietary payment and accounting systems, as well as of the national system of electronic remote identification of the NBU (the NBU's BankID System), establishing the conditions of interaction of persons/entities in such systems, controlling the creation of payment instruments, automation systems for banking activities and activities in the payment market, and means of information protection in relation to banking activities and activities in the payment market

8) banking regulation, as well as individual and consolidated supervision

8<sup>1</sup>) conducting state regulation and supervision on individual and consolidated basis in the non-bank financial services markets over activities of non-bank financial institutions and other entities other than financial institutions but entitled to provide certain financial services and entities providing support services within the limits set by the Law of Ukraine *On Financial Services and Finance Companies* and other laws of Ukraine

8<sup>2</sup>) conducting state regulation and supervision, in accordance with the laws of Ukraine, of legal persons of public law that provide financial and/or support services within the framework of state programs or programs of local self-government bodies to a prescribed range of persons and provide for separate conditions for the provision of financial and support services, as determined by such programs

9) approval of banks' charters and amendments thereto; licensing banking business and transactions, as permitted by applicable law; maintaining the State Register of Banks, creating and maintaining the Credit Register of the NBU

9<sup>1</sup>) keeping the State Register of Financial Institutions, , the State Register of Insurance and Reinsurance Brokers, and, in cases defined by the law, other registers of entities subject to state regulation and supervision by the NBU

10) keeping the official register of the identification numbers of issuers of the payment cards for the payment systems of the country

10<sup>1</sup>) preliminary eligibility assessment of the persons to be engaged in the insolvent bank resolution process and compiling a list of eligible persons

11) Article 7 paragraph 11 was excluded.

12) Article 7 paragraph 12 was excluded.

13) representing Ukraine's interests in the central banks of other states, international banks and other credit institutions where the cooperation takes place at the level of central banks

13<sup>1</sup>) ensuring the representation of the interests of the NBU in the authorities of foreign states, protection of the rights and interests of the NBU in foreign jurisdictions

14) carrying out currency regulation, determining the procedure for conducting FX transactions, organizing and carrying out currency supervision of authorized institutions

14<sup>1</sup>) creating, maintaining information systems (registers, databases) to perform the functions of currency regulation and currency supervision, as well as setting requirements for the creation, maintenance, filling of information systems (registers, databases) by banks, non-bank financial institutions, postal operators to ensure the exchange of information between them in the course of currency supervision

15) ensuring the accumulation and safekeeping of the gold and foreign exchange reserve and conducting transactions with it and investment metals

16) analysis and forecast of macroeconomic, monetary, foreign exchange and financial indicators, including compilation of the balance of payment

17) arranging and carrying out transportation of currency and other valuables; issuing licenses to legal persons to perform cash operations, suspending, updating and revoking them, as prescribed by the NBU

18) implementing, in line with law, the national policy in the field of state secret protection, including within the NBU system, participating in organizational and legal actions as regards state secret protection

19) taking part in the training of personnel for Ukraine's banking system

20) defining specifics of operation of the banking system of Ukraine, non-bank financial institutions and other entities that are not financial institutions, but have the right to provide certain financial services and are subject to the NBU's regulation and supervision, including currency supervision, under a martial law or during a special period, and mobilization arrangements of the NBU system

21) initiating in accordance with the procedure established by law the proposals regarding legal regulation of the issues related to the NBU functions

22) setting requirements, providing methodological support on issues of processing, safekeeping, protection, usage and disclosure of the information that constitutes the financial service secrecy, bank secrecy

22<sup>1</sup>) exercising its powers in the area of custodial accounting

23) exercising other functions in the area of money and finance within its statutory mandate

24) Article 7 paragraph 24 was excluded.

25) establishing the procedure of routing, clearing and mutual settlements between participants in the payment system against the transactions conducted in Ukraine with use of the payment cards issued by the resident banks

26) within the powers specified in the Law of Ukraine *On Electronic Identification and Electronic Trust Services*, performing state regulation in the area of electronic identification and electronic trust services in the banking system of Ukraine and in the markets of non-bank financial services that are under the state regulation and supervision of the NBU, when providing payment services, as well as establishing the Certification Authority to maintain and update the Trust List by entering data on banks and other entities that operate in the financial services markets and are subject to state regulation and supervision by the NBU, as well as on payment system operators and/or payment system participants, and technical service providers intending to provide certified electronic trust services

26<sup>1</sup>) Article 7 paragraph 26<sup>1</sup> was excluded.

26<sup>2</sup>) establishing the procedure for the use of an electronic signature in the banking system of Ukraine and in the non-bank financial services markets that are regulated and supervised by the NBU, as well as in providing payment services

27) authorizing operation in the payment market

28) establishing and maintaining the Payment Infrastructure Register pursuant to the Law of Ukraine *On Payment Services*

29) performing, in accordance with the procedure established by the NBU, an oversight of the payment infrastructure and entities acting as central depository, central counterparty, trade repository, and securities settlement system (hereinafter referred to as "financial market infrastructures"), determining the significance of financial market infrastructures

30) carrying out state regulation and supervision in the area of prevention and counteraction to legalizing (laundering) of proceeds from crime, terrorism financing and financing proliferation of weapons of mass destruction, over banks and foreign bank branches; insurers (reinsurers), insurance (reinsurance) brokers, credit unions, pawnshops, and other financial institutions that are registered and licensed by the NBU; postal service operators providing payment and/or postal transfer services and/or performing currency operations; payment system operators, branches or representative offices of foreign business entities providing financial services in Ukraine; other legal persons that are other than financial institutions according to their legal status but provide certain financial services

31) financial system stability analysis

32) determining the procedure, requirements, and measures of cyber security and information security to be ensured by banks and other entities operating in financial services markets, that are subject to state regulation and supervision by the NBU, by payment system operators and/or payment system participants and technical service providers; exercising control over their implementation; establishing the Computer Security Incident Response Team of the NBU; ensuring operation of the cyber security system for banks and other entities operating in financial services markets, that are subject to state regulation and supervision by the NBU, and for payment system operators and/or payment system participants and technical service providers

33) ensuring the formation and maintenance of a list of critical infrastructure objects and register of critical infrastructure objects in the Ukraine's banking system and non-bank financial services markets that are subject to state regulation and supervision by the NBU, payment system operators and/or payment system participants, and payment service technology operators, establishing criteria and procedure for attributing the entities of the Ukraine's banking system and non-bank financial services markets that are subject to state regulation and supervision by the NBU, payment system operators and/or payment system participants, and payment service technology operators to critical infrastructure objects and critical information infrastructure objects, setting requirements to the information security audit in the Ukraine's banking system non-bank financial services markets that are subject to state regulation and supervision by the NBU, payment system operators and/or payment system participants, and payment service technology operators

33<sup>1</sup>) ensuring development and implementation of the state policy on critical infrastructure protection related to banks, other entities operating in the non-bank financial services markets that are subject to state regulation and supervision by the NBU, payment system operators, payment system participants, payment service technology providers in accordance with the law determining the legal and organizational framework for operation and protection of the critical infrastructure

34) protecting the rights of the consumers of financial services provided by banks and other financial institutions as well as by entities that are not financial institutions but are entitled to provide certain financial services, which are regulated and supervised by the NBU

34<sup>1</sup>) exercising supervision over compliance of banks, other financial institutions, entities other than financial institutions that are licensed to provide certain financial services, and debt collectors, with laws and regulations regarding the protection of consumer rights in financial services, including requirements for interaction with the consumers when resolving past-due debts (ethical conduct requirements) and requirements established by law to ensure accessibility of financial and ancillary services for persons with disabilities and persons with reduced mobility

34<sup>2</sup>) protecting the rights of consumers of payment services and limited payment services as well as exercising supervision over compliance of payment services providers and limited payment services providers with laws and regulations on protection of consumer rights, including requirements established by law to ensure accessibility of financial and ancillary services for persons with disabilities and persons with reduced mobility

35) organizing work and taking measures to improve the financial literacy of the public

36) setting requirements for the banks that will issue banks' certificates of deposit

37) shaping the development of technologies and innovations in the financial services market

38) establishing a procedure for the use of cloud computing technology and provision of cloud services by banks and other entities that operate in financial services markets and are subject to state regulation and supervision by the NBU, as well as by payment system operators and/or payment system participants, and payment service technology providers

39) ensuring the storage of archival documents of the NBU and banks in the Branch State Archive of the NBU established in accordance with law, and determining the rules for accepting the banks' archival documents for storage

40) providing recommendations on the activities of financial services market participants, as well as on the activities of credit history bureaus

41) establishing requirements for ensuring accessibility of services provided in the banking system of Ukraine on non-bank financial services markets that are subject to state regulation and supervision by the NBU, as well as on the payment market, for persons with disabilities and persons with reduced mobility.

### **Article 7<sup>1</sup>. Peculiarities of Ensuring Stability of the Banking System**

In the event of signs of an unstable financial condition of the banking system, circumstances that threaten the stability of the banking and/or financial system of Ukraine, the NBU may determine temporary peculiarities of regulation and supervision of banks or other persons that may be subject to inspection by the NBU, including peculiarities of maintaining liquidity of banks and application of prudential ratios, impose restrictions on the activities of banks, including restrictions or prohibitions on the withdrawal of funds from current and deposit accounts of individuals and legal persons, as well as restrict or temporarily prohibit currency transactions in Ukraine, including transactions for the export, transfer and shipment of currency values outside Ukraine.

The signs of unsustainability of the banking system or arising threats to banking and/or financial stability of the country shall be acknowledged in the respective decision of the Financial Stability Council, powers whereof are defined by the Presidential Decree.

## **Section II. PROCEDURE OF FORMING THE NBU COUNCIL AND ITS POWERS**

### **Article 8. Tasks of the NBU Council**

In accordance with the Constitution of Ukraine, the main tasks of the NBU Council is to develop the Monetary Policy Guidelines and exercise control over monetary policy implementation.

The NBU Council shall oversee the NBU's internal control system.

### **Article 9. Powers of the NBU Council**

The NBU Council shall:

1) elaborate the Monetary Policy Guidelines on the basis of the NBU Board proposals, approve them, and publish them in the official editions and submit them annually till 15 September to the Verkhovna Rada of Ukraine for referential use

2) exercise control in accordance with the procedure set by it over monetary policy implementation

3) Article 9 paragraph 3 was excluded.

3<sup>1</sup>) in line with the procedure specified in the Rules of Procedure of the Council of the National Bank of Ukraine, make decision on informing the President of Ukraine or the Verkhovna Rada of Ukraine of the emergence of any grounds for the dismissal of a member of the NBU Council appointed by the President of Ukraine or the Verkhovna Rada of Ukraine

4) approve each year before 15 November of the current year the budget of NBU's administrative expenses for the following year

5) Article 9 paragraph 5 was excluded.

- 6) decide on directing the profit available for distribution to increase the NBU's authorized capital
- 7) approve the Rules and Regulations of the NBU Council of Ukraine, regulations on the Audit Committee and other working bodies of the NBU Council
- 7<sup>1</sup>) approve the NBU Employee Code of Ethics upon submission by the NBU Board
- 8) decide on the increase of the authorized capital of the NBU
- 9) define procedure and frequency of internal audits of the NBU structural units and approve annual audit plan and regulation on internal audit unit
- 10) before 1 November of the accounting year, approve for the audit of NBU annual financial statements an audit firm identified by the procurement procedure pursuant to the laws on public procurement
- 11) contemplate the auditor's report and, before 30 April in the year after the reporting year, approve the NBU's annual financial statements, the annual management report, and the report on Administrative Expense Budget of the NBU and allocation of distributable profit for the reporting year
- 12) approve decisions of the NBU Board on participation of the NBU in the international financial organizations
- 13) assess state of implementation by the NBU Board of the NBU Council decisions in the areas where decisions are binding on the NBU Board
- 14) submit recommendations to the Cabinet of Ministers of Ukraine on the effect of the government borrowings and taxation policy on the monetary and credit sector of Ukraine
- 15) approve the methods of remuneration determination for the Governor of the NBU and their deputies submitted by the NBU Board
- 16) establish the Audit Committee and other working bodies of the NBU Council, define their composition and chairpersons
- 17) appoint and dismiss Head of Internal Audit
- 18) appoint and dismiss First Deputy and Deputies of the NBU Governor at the proposal of the NBU Governor
- 19) oversee the activities of the Internal Audit
- 20) Article 9 part one paragraph 20 was excluded.
- 21) confirm the presence or lack of signs of unstable financial standing of the banking system, deterioration of the balance of payments of Ukraine, emergence of circumstances threatening the stability of the banking and/or financial system of the country with the aim of introducing and/or extending the term and/or early termination of safeguards pursuant to Article 12 of the Law of Ukraine *On Currency and Currency Operations*.

Members of the NBU Council shall be jointly and severally liable for the decisions and activities of the Council of the NBU as a collegial body.

## **Article 10. Constitution of the NBU Council**

The NBU Council consists of the NBU Board members that are appointed by the Verkhovna Rada of Ukraine and the President of Ukraine. The Verkhovna Rada of Ukraine appoints four NBU Council members through its resolution. The President of Ukraine appoints four NBU Council members by presidential decree. The NBU Governor of Ukraine is appointed by the Verkhovna Rada of Ukraine, with their candidacy proposed by the President of Ukraine, and is a member of the NBU Council.

The candidates to be approved by the Verkhovna Rada of Ukraine shall be discussed at a special open session of the relevant Committee of the Verkhovna Rada of Ukraine, which provides the Verkhovna Rada of Ukraine with its recommendations.

The member of the NBU Council may be a person who is a citizen of Ukraine permanently residing in Ukraine, having full higher education in economics, finance or law, or academic degree in these fields as well as experience of work of not less than 10 years in the legislative bodies or in managerial positions in other state authorities and state agencies ensuring the implementation of the state financial, economic or legal policies, or in managerial positions in international financial organizations, or in managerial positions in a bank, or scientific work experience in the field of finance, economics or laws, and who is able to hold this position due to their business, moral qualities and state of health, as well as there is no information about such a person in the Unified State Register of Persons Who Have Committed Corruption or Corruption-Related Offenses.

The following persons cannot be members of the NBU Council: representatives or members of the Cabinet of Ministers of Ukraine, (former) heads or deputy heads of public authorities and other government bodies, (if they left office less than a year ago); or public servants; or those authorized to perform the state's functions or local authorities' functions; heads (deputy heads) or employees of state-owned enterprises, institutions or organizations, except for higher education establishments (scientific institution); or leaders of political parties or members of management bodies of political parties; or members of supervisory or management boards, or employees of legal persons subject to the NBU's regulation and supervision, or persons that are parties to employment relations or performing activities (works) or provide services under an agreement or as volunteers to such a legal person or provide services under civil law contract to such a legal person, or are direct or indirect shareholders (stakeholders) in such a legal person subject to the NBU's regulation and supervision.

A person cannot be a member of the Council of the NBU if:

- 1) by a court decision, the person has been declared incapacitated or has limited civil capacity
- 2) according to a court verdict that has entered into force, the person has been deprived of the right to engage in activities related to the performance of state functions, or to hold certain positions
- 3) the person has been held criminally liable by court for a corruption criminal offense
- 4) the person has a criminal record that has not been expunged or removed in accordance with the procedure established by law, for committing criminal offenses against property, in the sphere of economic activities, in the sphere of official activities and professional activities related to the provision of public services, regardless of their severity, as well as for committing other intentional criminal offenses, if such offenses have been classified as crimes of medium gravity, serious or especially serious crimes (except for corruption criminal offenses)
- 5) the person has been a qualifying holder in a financial institution for at least a year during the two years before the date of the decision by the authorized body (on its initiative) on declaring such financial institution insolvent, or revoking the license, or cancelling the state registration, or

liquidation of such financial institution, or before the date as of which the court declared such financial institution bankrupt or adopted the decision to liquidate it

6) the person has been a member of a management body of a financial institution (except for a bridge bank established as part of insolvent bank resolution procedure) who held the office for at least six months during one year before the date of the decision by the authorized body (on its initiative) on declaring such financial institution insolvent, or revoking the license, or cancelling the state registration, or liquidation of such financial institution

7) the person has been a member of a management body of a financial institution and held the office for at least six months during one year before the date on which the court declared such financial institution bankrupt or adopted the decision to liquidate it

8) the person has been a member of a financial institution's (except for a bridge bank established as part of insolvent bank resolution procedure) collegial body that has been delegated the right to make decisions on the issues related to lending and management of assets and liabilities of the financial institution, or he/ she held the office of the chief accountant, or the head of the internal audit unit, or the chief risk officer, or financial monitoring officer in the financial institution for at least six months during one year before the date of the decision by the authorized body (on its initiative) on declaring such financial institution insolvent, or revoking the license, or cancelling the state registration, or liquidation of such financial institution

9) the person has been a member of a financial institution's collegial body that has been delegated the right to make decisions on the issues related to lending and management of assets and liabilities of the financial institution, or he/ she held the office of the chief accountant, or the head of the internal audit unit, or the chief risk officer, or financial monitoring officer in the financial institution for at least six months during one year before the date on which the court declared such financial institution bankrupt or adopted the decision to liquidate it

10) in respect of such person, the financial institution at the request of the NBU has taken measures to terminate the powers of such person or to replace them, or the NBU suspended such person from office as an enforcement measure

11) an insolvency proceeding has been opened against such person

12) the person has been expelled from the professional association (union) of legal professionals (including lawyers), auditors, accountants for identified violations or the information about such person was excluded from the relevant registers or records were made in said registers prohibiting such persons to engage in certain activities for the detected violations

13) the person has been enforced by a court decision to pay taxes, duties, and other mandatory charges during the last two years, if the total outstanding amount equals or exceeds 100 minimum monthly wages established by Ukrainian law for the period, when the enforcement was executed

14) the person has arrears of child support, the total amount of which exceeds the amount of the relevant payments for twelve months from the date when the enforcement document was served.

In order to be appointed the NBU Council members, prospective candidates must prove that they meet the requirements specified in paragraph 3 through 5 of this Article.

The person appointed the NBU Council Member must comply with the requirements established in parts four and five of this Article during their whole tenure.

The NBU Council members hold office for seven years, except the NBU Governor whose term in office is limited by their tenure as governor. The NBU Council members cannot serve more than two consecutive terms.

Appointments and dismissals of the NBU Council members should not prevent the NBU Council from holding its meetings in line with the requirements of Article 11 part four of this Law.

An NBU Council member is dismissed if:

- 1) A resignation letter has been submitted, stating the reasons for the decision.
- 2) Article 10 paragraph 2 was excluded.
- 3) their Ukrainian citizenship has been terminated, the fact of them being a citizen of a foreign country, acquiring a citizenship of a foreign country has been established, or if they have left Ukraine to take up permanent residence abroad
- 4) They have unreasonably failed to attend two consecutive council meetings.
- 5) They have failed to perform their duties, including due to poor health, for four months running.
- 6) The fact has been discovered that such a person has submitted inadequate information to be appointed a member of the NBU Council.
- 7) the circumstances arise that resulted in non-compliance by the person with any of the requirements or prohibitions established by parts four and five of this Article.

In case of expiration of the term of office of a member of the NBU Council, this member's powers shall be terminated on the last day of the term for which said member was appointed. If an NBU Council member dies, or if a court declares an NBU Council member missing or diseased in accordance with the established procedure, their term of office is deemed expired from the day of their death, as stated in their death certificate, or from the day the court decision that declares them missing or deceased comes into force.

The President of Ukraine may dismiss the members of the NBU Council appointed by him/her by a relevant Decree indicating causes of the dismissal.

The Verkhovna Rada of Ukraine may dismiss the members of the NBU Council appointed by the Verkhovna Rada of Ukraine via a relevant Resolution on the initiative of the relevant Committee of the Verkhovna Rada of Ukraine indicating causes of the dismissal.

The powers of the NBU Governor as a member of the NBU Council shall be early terminated in case of their resignation or dismissal for other reasons specified hereby.

The NBU Council members, apart from the NBU Governor, receive remuneration from the NBU. Monthly remuneration of the NBU Council member shall make 50 percent of the maximum level of remuneration of the NBU Board member. Remuneration of the NBU Council members shall be paid monthly in accordance with the procedure set by the NBU.

The remuneration received by a NBU Council member must be disclosed in the NBU annual financial statements.

The NBU defrays the expenses that NBU council members incur in line of their duty, as set forth in the NBU Council Regulation.

The materials and equipment required by the NBU Council and its bodies are paid for out of the NBU's administrative expenses.

## **Article 11. Working Procedures of the NBU Council**

The NBU Council shall act on the basis of the NBU Council Rules of Procedure, which set the procedure for preparing, holding and documenting the NBU Council meetings.”

Meetings of the NBU Council shall be held once a quarter.

The NBU Council shall have the right to hold extraordinary meetings, in case of necessity. The extraordinary meetings of the NBU Council shall be convoked by the Chairperson of the NBU Council upon their initiative or by the NBU Council upon an urgent request of at least one third of its total membership, as well as on the demand of the NBU Governor. The members of the NBU Council shall be notified of the meeting at least five days in advance. The Procedure of the preparation to the extraordinary meeting of the NBU Council shall be defined by the NBU Council Regulation.

Six NBU Council members constitute a quorum.

The meeting of the NBU Council shall be presided by the Chairperson of the NBU Council or, in case of their absence, by the Deputy Chairperson according to the Regulations.

Decisions of the NBU Council shall be taken on a collegial basis by a simple majority of votes of the NBU Council members attending the meeting except for the decisions on the issues specified in paragraphs 1, 3<sup>1</sup>, 7, and 18 of part one of Article 9 hereof that must be taken by a qualifying majority of at least 2/3 of the votes of the NBU Council members attending the meeting. Each member of the NBU Council shall have one vote.

A member of the NBU Council shall have the right to propose to the NBU Council to invite to its meetings representatives of business entities, scientists and other specialists. The NBU Council shall make a decision to allow such persons to take part in the meeting at the beginning of the meeting they are invited to attend. Such invited persons shall be subject to the requirements specified in Article 66 hereof regulating non-disclosure issues.

The members of the NBU Board may take part in the activities of the NBU Council with the right of the consultative (deliberative) vote.

## **Article 12. Chairperson and Deputy Chairperson of the NBU Council**

The Chairperson of the NBU Council shall be elected by the NBU Council for a period of three years.

The NBU Governor may not be elected the Chairperson of the NBU Council.

The Chairperson of the NBU Council shall:

- organize sessions of the NBU Council and chair the sessions
- convene extraordinary sessions upon their initiative or upon an urgent request of at least one third of the total number of the members of the NBU Council, as well as on demand of the NBU Governor

- in accordance with the decision made by the NBU Council, inform the Ukrainian President, or the Verkhovna Rada of Ukraine of the emergence of any grounds for the dismissal of the NBU Council members appointed by the President of Ukraine or the Verkhovna Rada of Ukraine.

The Chairperson of the NBU Council shall have a deputy elected by the NBU Council from among its members for a three year period.

The Deputy Chairperson shall replace the Chairperson in case of absence of the latter or their disability to implement their powers, and shall carry out their powers and functions according to decisions of the NBU Council.

The Chairperson or the Deputy Chairperson of the NBU Council may be dismissed during the run of their office for the following reasons:

- due to expiry of their tenure
- upon their own initiative, subject to an application in writing
- in case of a persistent failure to exercise their duties on medical grounds during four months.

In case of termination of the powers of the Chairperson or Deputy Chairperson of the NBU Council, the elections to this (these) position(s) shall be held according to the procedure prescribed hereby.

### **Article 13. Decisions of the NBU Council**

Materials of the NBU Council meetings shall be formalized in the form of minutes and decisions, endorsed by all NBU Council members attending the meeting, and signed by the person who chairs the meeting. The procedure for endorsing the minutes and decisions of the NBU Council shall be determined by NBU Council Rules of Procedure.

The Monetary Policy Guidelines and any decisions taken by the NBU Council regarding the issues specified in Article 9 paragraphs 4, 6, 8–10, 12, 15, 17, and 18 of this Law are binding for the NBU Board.

The NBU Council shall not have the right to interfere in the activities of the NBU Board while the latter is performing its statutory functions and exercising statutory powers, neither in the NBU Governor's, nor NBU Deputy Governors' exercise of their duties and authorities.

The NBU Council's decisions are published only if their publication is required under Article 9 of this Law.

The members of the NBU Council shall be prohibited to disclose the national, banking or professional secrets they have become aware of in connection with the exercise of their powers under the Regulation.

### **Article 13<sup>1</sup>. Audit Committee**

The NBU Council shall establish the Audit Committee tasked with assessing the reliability and effectiveness of NBU internal controls, and the completeness and authenticity of the NBU's financial reporting.

The Audit Committee is to be an advisory executive body of the NBU Council, and will act on the basis of resolution approved by the NBU Board.

The Audit Committee may be comprised of the NBU Board members, as well as independent experts. Independent experts must have a master's degree or a PhD in economics, finance, or law, must have worked in one of these areas no less than ten years, and have an immaculate business reputation, including no criminal record that has not been expunged or removed from official records, as applicable.

Independent experts are subject to the restrictions specified in Article 10 paragraph 4 and in Article 65 paragraph 1 of this Law.

The Audit Committee may not consist of more than five members.

Meetings of the Audit Committee shall be held once a quarter. The Audit Committee shall have the right to hold extraordinary meetings as necessary.

### **Section III. ORGANISATION AND STRUCTURE OF THE NBU**

#### **Article 14. Functions of the NBU Board**

The NBU Board shall ensure the implementation of the monetary policy in accordance with the Monetary Policy Guidelines by means of appropriate instruments, organize exercise of the other functions in accordance with Articles 6 and 7 hereof and manage the activities of the NBU.

#### **Article 15. Powers of the NBU Board**

The NBU Board shall:

1) take decisions on:

submitting proposals to the NBU Council on elaboration of the Monetary Policy Guidelines  
monetary policy instruments to ensure the implementation of the Monetary Policy Guidelines  
banking regulation and supervision

state regulation and supervision of non-bank financial services markets (except for professional activities in the capitals markets)

refinancing system

determination and implementation of the exchange rate policy, foreign exchange regulation and management of the gold and foreign exchange reserves

regulating activities of payment market participants, including operation of payment and settlement systems

issuing the currency of Ukraine and the NBU's digital currency, and withdrawal of banknotes and coins from circulation

setting and changing key policy rate and other NBU rates

diversification of the NBU assets and their liquidity

limits of the NBU's off-balance liabilities

formation of the reserves and covering the financial risks of the NBU

the minimum amount of the gold and foreign exchange reserves

setting the limits to transactions on the open market effected by the NBU

list of eligible collateral against the credits of the NBU

conditions of admission of the foreign capital to Ukraine's banking system

setting prudential ratios for banks and other financial institutions that are subject to state regulation and supervision by the NBU

setting prudential requirements for non-bank financial institutions, non-bank financial groups and their subgroups, whose activities are regulated and supervised by the NBU

amount and procedure of creating reserve requirements for banks

applying enforcement measures (sanctions) to banks, other entities engaged in activities in financial services markets, that are subject to state regulation and supervision by the NBU, and entities that are subject to inspections by the NBU under the Laws of Ukraine *On Banks and Banking, On Financial Services and Finance Companies, On Payment Services*, and other Ukrainian laws

establishing and liquidating the NBU's enterprises and institutions, standalone units (branches and representative offices in Ukraine, as well as representative offices of the NBU abroad)

participation in international financial organizations

purchase and sale of the property to support the activities of the NBU

setting fee for the services rendered in accordance with laws (performed transactions)

declaring the insurer or credit union insolvent

appointment of a temporary administration at the insurer or credit union

revoking the license of a finance company or pawnshop

declaring a bank a problem or insolvent bank

financial capacity of an accepting bank to meet obligations to the depositors and other creditors

establishing the NBU Board committees

delegating some of its powers to the NBU Board committees specified in Article 17 parts four–six hereto

introducing the safeguards pursuant to the Law of Ukraine *On Currency and Currency Operations*

state regulation in the payment market, including supervision of activities of payment market participants and payment infrastructure oversight

setting prudential standards for non-bank payment service providers

setting requirements for creating capital buffers and their values for banks, banking groups, and subgroups of banking groups

setting prudential standards for banking groups and subgroups of banking groups

establishing, during a martial law or a special period, the specifics of carrying out banking regulation and supervision as well as state regulation and supervision of non-bank financial services markets, including imposing enforcement measures (sanctions) on banks, non-bank financial institutions, and other entities that are subject to the NBU's regulation and supervision

establishing, during a martial law or a special period, the specifics of regulating the money market and carrying out currency regulation and supervision

2) submit for approval of the NBU Council the NBU's annual financial statements, the NBU's management report, a draft estimate of administrative expenses for the next year, and other documents and decisions in accordance with [Article 9](#) hereof; provide, upon request of the NBU Council, the accounting, statistical, and other information with regard to the activities of the NBU and operation of the banking system of Ukraine, the payment market, and non-bank financial services markets for information purposes, which information may be necessary for the performance of the tasks of the NBU Council

3) make decisions regarding the NBU's structure; approve resolutions on standalone units (branches and representative offices in Ukraine as well as the NBU's representative offices abroad), structural units (apart from resolutions about the internal audit unit) and institutions, charters of the NBU enterprises, rules for appointing heads of structural units (except for the chief audit executive), institutions and enterprises; and defines the functions of its corporate private pension fund, as well how these functions are to be executed

3<sup>1</sup>) approve appointments and dismissals of the managers of the NBU core functions

3<sup>2</sup>) draw up a list of NBU structural units that perform the NBU core functions

4) approve the NBU staff listing and the forms of labor remuneration

5) elaborate and submit to the NBU Council for approval the calculation methodology for remuneration of the NBU Governor and their deputies

6) specify the procedure of granting the banking licenses to the legal persons intending to engage in banking as well as the licenses to other legal persons in the cases stipulated by law

6<sup>1</sup>) establish the procedure for authorizing the activities of the entities intending to carry out activities related to provision of financial and auxiliary services (except for professional activities and the provision of auxiliary services in capital markets), as defined in the Law of Ukraine *On Financial Services and Finance Companies*

7) issue the regulations and other subordinate legislation acts of the NBU

8) approve the Regulation on the NBU Board

8<sup>1</sup>) develop and submit for approval to the NBU Council the NBU Employee Code of Ethics

9) Article 15 part one paragraph 9 was excluded.

9<sup>1</sup>) determine the communications policy of the NBU

10) exercise other powers which are not regarded as the powers of the NBU Governor and NBU Council by this Law.

The NBU Board, within its powers, bears joint responsibility for NBU actions. The NBU Governor is accountable to the Ukrainian President and the Verkhovna Rada of Ukraine for the NBU's action.

## **Article 16. Constitution of the NBU Board**

The NBU Board is a joint body consisting of seven members: the NBU Governor, the first deputy governor, and deputy governors.

The NBU Governor shall be the head of the NBU Board.

## **Article 17. Functioning of the NBU Board and Its Committees**

The rules for preparing holding NBU Board meetings are set forth in an NBU Board Regulation.

NBU Board decisions are taken by a simple majority vote. Each Board member has one vote. When the votes are equally divided, the NBU Governor may cast the deciding vote.

Four Board members constitute a quorum.

The Board of the NBU may decide to establish the Committee on Banking Supervision and Regulation and Payment Infrastructure Oversight, and to charge it with carrying out banking regulation and supervision, supervision of the activities of payment service providers (save for government authorities and local self-governments) and of limited payment service providers, carrying out payment infrastructure oversight, in particular, applying enforcement measures to overseen entities in line with law, and applying enforcement measures (sanctions) to the banks, payment service providers (save for government authorities and local self-governments), limited payment service providers, and other persons that are subject to inspection by the NBU, apart from the actions specified in Article 73 part one paragraphs 11 and 12 of the Law of Ukraine *On Banks and Banking*.

The NBU Board may decide to establish the NBU Assets and Liabilities Management Committee, and to charge it with managing its assets and liabilities, including Ukraine's foreign exchange reserves, as well as with monitoring risks arising from, and profits or losses incurred from, transactions with NBU assets and liabilities.

The Board of the NBU shall have the right to establish a Committee on Supervision and Regulation of Non-bank Financial Services Markets and to delegate to it the powers with regard to state regulation and supervision, currency supervision in these markets, as well as the application of enforcement measures provided for in Ukrainian laws to the participants in the markets of non-bank financial services and debt collectors.

The NBU Board Committee shall be led by a member of the NBU Board. The Committee may include NBU Board members and heads of the NBU's units that ensure the fulfillment of the NBU's functions.

## **Article 18. Appointment and Dismissal of the NBU Governor**

The NBU Governor shall be nominated by the President of Ukraine and appointed by the Verkhovna Rada of Ukraine for the period of seven years.

The NBU Governor cannot serve more than two consecutive terms.

A citizen of Ukraine permanently residing in Ukraine and having full higher education in economics or finance, or academic degree in these fields as well as experience of work of not less than 10 years in the legislative bodies or on managerial positions in other state authorities and the state agencies ensuring the implementation of the state financial, economic or legal policies, or on managerial positions in international financial organizations, or on managerial positions in a bank, or scientific research experience in the field of finance, economics or laws, who is able to hold this position due to their business, moral qualities and state of health, as well as there is no information about such a person in the Unified State Register of Persons Who Have Committed Corruption or Corruption-Related Offenses, may be the NBU Governor.

A person cannot be appointed the NBU Governor, if they has a representation mandate or is a (former) head of a public authority, other government body, Chairperson or a member of the NBU Council (other than NBU Governor), if they left office less than a year ago; or is a public servant, or a leader of a political party or a member of the governing body of a political party, or is an employee of a legal person, including its head or a member of the governing body of the legal person (except for the NBU and other legal persons where the participation of NBU representative in governing bodies is required by the law or some shares (stakes) are owned by the NBU), or owns directly or indirectly shares (stakes) of a legal person subject to the NBU's regulation and supervision. During their tenure the NBU Governor shall suspend membership in any political party.

A person cannot be appointed the NBU Governor, if they fails to comply with requirements of Article 10 part five hereof.

The person appointed the NBU Governor must comply with requirements of part four of this Article, as well as part five of Article 10 hereof, during their whole tenure.

To be appointed the NBU Governor, the candidate shall submit information confirming the compliance of their candidacy with the requirements established by parts three and four of this Article and Article 10 part five hereof.

Should the Verkhovna Rada of Ukraine fail to appoint the candidate proposed by the President of Ukraine, the procedure of nominating a new candidate shall be regulated by the Law of Ukraine *On Temporary Discharge of Obligations of Officials Appointed by the President of Ukraine upon Consent of the Verkhovna Rada of Ukraine or by the Verkhovna Rada of Ukraine subject to Nomination by the President of Ukraine*.

The same candidate may not be nominated more than twice.

The NBU Governor shall be dismissed by the Verkhovna Rada of Ukraine upon request of the President of Ukraine in the following cases:

- 1) Their tenure has expired.
- 2) They has submitted a resignation letter, stating the reasons for the decision, if the resignation has been approved by the President of Ukraine.
- 3) Article 18 part ten paragraph 3 was excluded.
- 4) Article 18 part ten paragraph 4 was excluded.

5) Their Ukrainian citizenship has been terminated, the fact of them being a citizen of a foreign country, acquiring a citizenship of a foreign country has been established, or if they have left Ukraine to take up permanent residence abroad.

6) Article 18 part ten paragraph 6 was excluded.

7) The fact of misrepresentation by him/her when appointing the NBU Governor has been discovered.

8) Article 18 part ten paragraph 8 was excluded.

9) their failure to perform duties, including due to poor health, for four months running

10) Circumstances arise that have resulted in non-compliance by the person with any of the requirements or prohibitions established by part four of this Article or part five of Article 10 hereof.

11) They have violated the requirements of the Law of Ukraine *On Preventing the Threats to the National Security Related to an Excessive Influence of the Persons Having Considerable Economic and Political Significance in Public Life (Oligarchs)* in part of compliance with the deadlines for submitting a declaration of contacts.

The NBU Governor whose term of offices has expired shall continue to hold office and discharge their duties up to assumption of office by the newly appointed NBU Governor.

If the person who is the NBU Governor dies, or is declared missing or deceased in accordance with the established procedure, their term of office is deemed expired from the day of their death, as stated in their death certificate, or from the day the court decision that declares them missing or deceased comes into force.

The NBU Governor must report about their performance during their tenure as governor at a plenary session of the Verkhovna Rada of Ukraine, which will decide whether or not to accept their resignation, as set forth in paragraph 2 of part ten of this Article.

In case of dismissal of the NBU Governor on the ground specified in paragraphs 2–10 of part ten of this Article, temporary discharge of duty of the NBU Governor shall be carried out in accordance with the Law of Ukraine *On Temporary Discharge of Obligations of Officials Appointed by the President of Ukraine upon Consent of the Verkhovna Rada of Ukraine or by the Verkhovna Rada of Ukraine subject to Nomination by the President of Ukraine*.

## **Article 19. Duties and Authorities of the NBU Governor**

The NBU Governor shall:

1) govern the NBU within their powers, as set forth in this law

2) act on behalf of the NBU and represent it in relations with the public authorities, banks, financial and credit institutions, international organizations, other institutions and organizations

3) preside at the sessions of the NBU Board

4) sign protocols, NBU Board resolutions and decisions, orders and instructions, as well as agreements that are entered into by the NBU

- 5) nominate candidates for appointment as the NBU deputy and initiate their dismissal by the NBU Council, assign duties to the NBU deputy governors
- 6) issue bylaws that are binding for all the NBU staff members, its enterprises and institutions
- 7) request, at an NBU Council meeting, an unscheduled internal audit of NBU structural units.

## **Article 20. NBU Deputy Governors**

The NBU Governor has six deputy governors, including one first deputy governor. All NBU deputy governors are appointed and dismissed by the NBU Council at the suggestion of the NBU Governor.

NBU deputy governors shall be appointed for seven years. The NBU deputy governors should be appointed and dismissed in a way to ensure the NBU Board quorum at all times, as set forth in Article 17 part three of this Law.

NBU deputy governors cannot serve more than two consecutive terms.

A citizen of Ukraine meeting the requirements stipulated in part three of Article 10 hereof may be appointed as an NBU deputy governor.

A person cannot be appointed the NBU Deputy Governor, if they has a representation mandate or is a (former) head of a public authority, other government body, Chairperson or a member of the NBU Council (other than NBU Governor), if they left office less than a year ago; or is a public servant, or a leader of a political party or a member of the governing body of a political party, or is an employee of a legal person, including its head or a member of the governing body of the legal person (except for the NBU and other legal persons where the participation of NBU representative in governing bodies is required by the law or some shares (stakes) are owned by the NBU), or owns directly or indirectly shares (stakes) of a legal person subject to the NBU's regulation and supervision. During their tenure the NBU Deputy Governor shall suspend membership in any political party.

A person cannot be appointed the NBU Deputy Governor, if they fails to comply with the requirements set by Article 10 part five hereof.

To be appointed the NBU Deputy Governor, the candidate shall submit information confirming the compliance of their candidacy with the requirements established by parts four and five of this Article, as well as Article 10 part five hereof.

The person appointed the NBU Deputy Governor must comply with requirements of part five of this Article, as well as Article 10 part five hereof, during their whole tenure.

Candidates who meet the requirements specified in parts four and five of this Article, as well as Article 10 part five hereof, are appointed as deputy governors by the NBU Council.

An NBU Deputy Governor shall be dismissed in the following cases:

- 1) Their tenure has expired.
- 2) A resignation letter has been submitted, stating the reasons for the decision.
- 3) Article 20 part 10 paragraph 3 was excluded.
- 4) Article 20 part 10 paragraph 4 was excluded.

- 5) Article 20 part 10 paragraph 5 was excluded.
- 6) The fact of misrepresentation by him/her when appointed the NBU deputy governor has been discovered.
- 7) Article 20 part 10 paragraph 7 was excluded.
- 8) their failure to perform duties, including due to poor health, for four months running
- 9) Circumstances arise that have resulted in non-compliance by the person with any of the requirements or prohibitions established by part five of this Article and part five of Article 10 hereof.
- 10) They have violated the requirements of the Law of Ukraine *On Preventing the Threats to the National Security Related to an Excessive Influence of the Persons Having Considerable Economic and Political Significance in Public Life (Oligarchs)* in part of compliance with the deadlines for submitting a declaration of contacts.
- 11) Their Ukrainian citizenship has been terminated, the fact of them being a citizen of a foreign country, acquiring a citizenship of a foreign country has been established, or if they have left Ukraine to take up permanent residence abroad.

A decision whether or not to dismiss a deputy governor is taken by the NBU Council, as set forth in part ten paragraph 2 of this Article, after the deputy governor gives a report about their performance in office.

The NBU Deputy Governor whose term of offices has expired shall continue to hold office and discharge their duties up to assumption of office by the newly appointed NBU Deputy Governor.

If the person who is a Deputy Governor dies, or is declared missing or deceased in accordance with the established procedure, their term of office is deemed expired from the day of their death, as stated in their death certificate, or from the day the court decision that declares them missing or deceased comes into force.

## **Article 21. Excluded**

## **Article 22. Structure of the NBU**

The structure of the NBU shall be based on the principle of centralization with vertical subordination.

The NBU consists of the Head Office, standalone units (branches and representative offices in Ukraine as well as the NBU's representative offices abroad) and legal persons that have been established by the NBU to support its operation, and that solely perform the NBU's statutory duties and functions.

The NBU may establish its own in-house armed security unit to provide protection when transporting valuables, and to guard its valuables and premises. The above units may, within their powers specified in this Law, use unarmed physical force, special defensive equipment, as well as resort to the use of firearms, as set forth in Article 42 parts one–three, part four paragraphs 1, 2, and 4, and parts five–seven; Articles 43 and 44; Article 45 part one, part three paragraphs 2(a), 3(a), 6 (a)(b), part four paragraphs 1 and 2, and parts six and seven; Article 46 parts one and two, part four paragraphs 1, 2, 4, 6, and 7, part five, part six paragraphs 1, 2, 4, and 5, parts seven–thirteen of the Law of Ukraine *On National Police*.

## **Article 23. Excluded**

## **Section IV. MONETARY POLICY**

### **Article 24. Monetary Policy Guidelines**

The Monetary Policy Guidelines (MP Guidelines) shall set the medium-term targets for the NBU activities with the purpose of accomplishing its objects as determined by Article 6 hereof.

The NBU Council prepares the MP Guidelines taking into account suggestions made by the NBU Board.

The MP Guidelines are developed on the basis of the macroeconomic indicators provided by the Cabinet of Ministers of Ukraine and the NBU, as well as any other relevant information.

The NBU informs the Verkhovna Rada of Ukraine of the MP Guidelines and Ukraine's monetary conditions in accordance with the procedure set forth in this Law.

### **Article 25. Monetary Policy Instruments**

The NBU shall conduct monetary policy by using the following instruments:

- 1) setting and regulating reserve requirements for banks
- 2) interest rate policy
- 3) refinancing of banks
- 4) foreign exchange interventions (purchase and sale of currency assets in the foreign exchange markets)
- 5) open market operations with securities (excluding corporate rights), treasury notes included
- 6) regulation of the capital import and export
- 7) introduction of obligatory sale of a portion of earnings in foreign currency for the period of up to six month
- 8) change in the settlement periods for transactions on exports and imports of goods
- 9) issue of own debt instruments and operations with them
- 10) transactions with derivative financial instruments.

The NBU shall be entitled, but not obliged, to grant credits for refinancing of the bank, unless this is associated with risks to the banking system.

### **Article 26. Reserve Requirements**

The NBU shall establish the reserve requirements for banks. The following shall apply to the reserve requirements:

- 1) They shall be fixed as a percentage of the total amount of deposit liabilities of a bank in domestic and foreign currency; the percentage shall be the same for every bank.
- 2) Different reserve ratios may be set for different types of liabilities.
- 3) A decision to increase a reserve ratio shall come into effect no earlier than 10 days after its publication.

### **Article 27. Interest Rates**

The NBU shall establish the procedure for setting the key policy rate and other interest rates on its operations.

The NBU shall have the right to accrue interest on the funds placed on banks' accounts opened with the NBU. The accrual shall be effected by the NBU at the interest rates set by the NBU.

### **Article 28. Gold and Foreign Exchange Reserve Management**

The NBU shall ensure the management of the gold and foreign exchange reserve by placing it in internationally recognized reserve assets at the rates available in the market, including negative ones.

### **Article 29. Open Market Operations**

Open market operations of the NBU, including those with a premium or discount, shall involve the purchase and sale of treasury notes, as well as other securities (excluding corporate rights) and debt instruments designated by the NBU Board, including on the terms of resale or purchase (repo agreement).

### **Article 30. Regulation of Import and Export of Capital**

The NBU shall, in compliance with the currency laws, regulate the import and export of capital.

### **Article 31. Funds of the State Budget of Ukraine and Local Budgets**

The Cabinet of Ministers of Ukraine, Council of Ministers of the Autonomous Republic of Crimea, local state administrations, executive agencies of respective local councils shall keep the budget funds at the NBU on an account opened for the central government agency implementing the state policy in the area of treasury services for budget funds unless otherwise is stipulated by the Budget Code of Ukraine.

The conditions and procedures of servicing the budget funds shall be stipulated by the agreement between the NBU and the central government agency implementing the state policy in the area of treasury services for budget funds. The NBU shall render its services to the central government agency implementing the state policy in the area of treasury services for budget funds free of charge.

## **Section V. CASH CYCLE MANAGEMENT**

### **Article 32. Monetary Unit**

The monetary unit of Ukraine shall be the hryvnia equal to 100 kopiikas.

The issue and circulation of other monetary units and the use of money substitutes as payment instruments in the territory of Ukraine are prohibited.

No official ratio between the hryvnia and gold or other precious metals shall be established.

### **Article 33. Powers of the NBU relating to Cash Circulation**

In order to organize cash circulation, the NBU shall do the following:

1) manufacture of banknotes and coins

1<sup>1</sup>) store banknotes and coins directly or in banks authorized by it to keep them and carry out transactions with them

1<sup>2</sup>) set the requirements to banks that may be authorized to store banknotes and coins and carry out transactions with them, establish the procedure for keeping banknotes and coins by such banks and carrying out transactions with them

2) create reserve stocks of banknotes and coins

3) select denominations of banknotes and coins, their security features, fitness for use criteria and design; and impose restrictions on the use of security features and fitness attributes and on reproduction of banknote and coin design elements

4) establish the procedure for replacing the damaged banknotes and coins

5) set rules for issuing in circulation, processing, storing, withdrawing from circulation and destroying cash, collecting cash, transporting currency and other valuables, the list of which is determined by the NBU, as well as control the implementation of the rules

5<sup>1</sup>) set rules for funds transferring

6) set cash operations rules for banks, non-bank financial institutions and other business entities

6<sup>1</sup>) control the performance of cash operations by banks and legal persons licensed to conduct cash operations

7) set requirements to technical safety and organization of security measures for banks' premises and their standalone units, non-bank financial institutions and postal service providers having the NBU's license for carrying out currency operations and/or a license for providing financial payment services, and legal persons that have a license for performing cash operations and are engaged in cash processing and storage.

The NBU, in the manner prescribed thereby, has the right to conduct inspections and review cash in the banks authorized by the NBU to store banknotes and coins and to carry out transactions with them.

The NBU, in the manner prescribed thereby, has the right to conduct inspections of banks and other legal persons that obtained a license for carrying out cash transactions and check their compliance with the requirements set forth in the NBU regulations regarding cash operations, cash collection and transportation of currency valuables, and guarding of premises.

## Article 33<sup>1</sup>. Performing Cash Transactions

Legal persons are authorized by the NBU to carry out the following activities on the basis of a license to perform cash transactions:

- 1) cash collection, transportation of currency and other valuables
- 2) cash handling and storage.

The NBU's license to perform cash transactions specifies the types of activities that a legal person is allowed to carry out on the basis of such a license.

The NBU shall maintain a register of legal persons that have been issued a license to perform cash transactions in accordance with the procedure established by the NBU and post information on the issued licenses on the NBU's official website.

The procedure and conditions for issuing a license to perform cash operations and the list of documents required for its receipt shall be determined by an NBU regulation.

The NBU shall take a decision to issue or refuse to issue a license to perform cash operations based on the application and the documents attached thereto, determined by an NBU regulation. The term for the NBU to make a relevant decision shall be three months from the date of submitting the application.

The NBU shall take a decision to revoke a license to perform cash operations based on the application and the documents attached thereto, determined by an NBU regulation. The term for the NBU to make a relevant decision shall not exceed 30 business days from the date of receipt of the of the person's application for revocation of such a license.

The NBU shall, in accordance with the procedure established by it, review the request to not apply an attribute of compromised business reputation and make an appropriate decision within 30 business days from the date of receipt of said request.

The NBU shall have the right to extend the deadlines of the respective decisions mentioned in parts from five to seven of this Article, but no more than for 30 business days, if it is necessary to verify the authenticity of the submitted documents and/or information and/or obtain additional documents/information required for taking such decisions. The NBU shall send a notification about such an extension at least three business days before the deadline for making the relevant decision, as specified in parts five and six of this Article.

The NBU shall leave the application for issuing a license to perform cash operations/application for revoking a license to perform cash operations/request of a person to not apply an attribute of compromised business reputation without review on the grounds, in accordance with the procedure and within the time limits specified in Article 37 of the Law of Ukraine *On Financial Services and Finance Companies*.

The date of commencement of administrative proceedings at the NBU's initiative in cases concerning compliance of the legal persons that obtained a license to perform cash operations with the requirements established by law is the date it prepares a document recording the circumstances that may be grounds for the NBU to adopt an individual act with respect to such legal persons. The documents in which such circumstances will be recorded shall be determined by NBU regulations.

## **Article 34. Issue of Cash**

The NBU shall have the exclusive right to put the hryvnia and small coins into circulation, to organize their circulation and withdrawal.

Cash shall circulate in the form of (paper) banknotes and (metal) coins. The total amount of the issued banknotes and coins shall be recorded in the accounts of the NBU as its liabilities.

Banknotes and coins shall be direct liabilities of the NBU and shall be backed by all its assets.

The NBU shall issue digital currency exclusively in a cashless form pursuant to the Law of Ukraine *On Payment Services*.

## **Article 35. Circulation of Banknotes and Coins**

The hryvnia (banknotes and coins) as the domestic currency shall be the only legal tender in the territory of Ukraine; it shall be accepted by all natural persons and legal persons without any limitation all over the territory of Ukraine for all modes of payments, for crediting accounts, deposits, letters of credit, as well as for carrying out payment transactions.

The NBU's digital currency as an electronic form of the currency of Ukraine is a legal tender in Ukraine; it shall be accepted by individuals and legal persons for carrying out payment transactions and settlements solely in cases provided for in laws of Ukraine.

## **Article 36. Hryvnia Exchange Rate**

The NBU shall calculate the official exchange rate of the hryvnia to foreign currencies, the accounting price of investment metals and publish them.

## **Article 37. Convertibility of Hryvnia**

The conditions and the procedure of conversion (exchange) of the hryvnia for a foreign currency shall be established by the NBU in accordance with the foreign exchange regulation laws of Ukraine.

The NBU shall not restrict the rights of participants in the foreign exchange market to effect the transactions with foreign currency guaranteed to them by law.

## **Article 38. Procedure of the Replacement of Worn and Damaged Banknotes and Coins**

Worn and damaged banknotes and coins of Ukraine shall be accepted and exchanged free of charge for the new ones by the NBU and commercial banks of Ukraine without any limitation of the amount and term of such a replacement.

The specific features and procedure of determining the fitness of banknotes, as well as the procedure of exchange of worn and damaged bank notes and coins shall be established by the NBU.

## **Article 39. Withdrawal of Banknotes and Coins from Circulation**

The NBU and commercial banks of Ukraine shall be obliged to withdraw the counterfeit, faked and unfit banknotes and coins.

The procedure of withdrawing such banknotes and coins shall be established by the NBU and stated in the relevant regulations.

The NBU and commercial banks shall not be obliged to reimburse for the destroyed, lost, counterfeit, faked and invalid banknotes and coins.

The NBU shall officially notify of the withdrawal from the circulation of banknotes and coins of Ukraine through the mass media.

The manufacture of counterfeit banknotes for the purposes of their issue into circulation or the issue thereof into circulation shall carry the penalty according to the laws of Ukraine.

## **Section VI. ORGANIZATION OF SETTLEMENTS AND ACCOUNTING**

### **Article 40. Regulation of Settlements**

The NBU shall establish rules, forms, and standards of settlements of the banks, other legal persons and individuals in the economic turnover of Ukraine by using paper and electronic documents as well as the payment instruments and cash, and coordinate organization of settlements.

The NBU shall ensure the interbank settlements through its institutions, grant permissions for interbank settlements by means of direct correspondent relations of banks and their own payment systems.

The NBU shall establish the procedure for exchange of the information messages and for clearing of transactions conducted in the territory of Ukraine.

### **Article 41. Regulation of Accounting**

The NBU shall set for the banks the binding rules of accounting and financial reporting complying with the requirements of the laws of Ukraine and international accounting standards.

The NBU establishes for non-bank financial institutions and entities that are not financial institutions but that have the right to provide certain financial services and that are regulated/supervised by the NBU the procedure for keeping records of separate economic transactions related to the activity of providing financial services that are not defined by international financial reporting standards in agreement with the central executive authority, which ensures the formation and implementation of the state policy in the field of accounting and auditing.

The NBU shall be entitled to:

- 1) provide methodological recommendations on the accounting policy for non-bank financial institutions and entities other than financial institutions that are entitled to provide certain financial services, which are subject to state regulation and supervision by the NBU
- 2) determine the list of information to be disclosed in the notes to the bank's financial statements of non-bank financial institutions and entities other than financial institutions that are entitled to provide certain financial services, which are subject to state regulation and supervision by the NBU.

## Section VII. OPERATIONS OF THE NBU

### Article 42. Types of the NBU's Operations

In order to exercise its functions, the NBU may effect the following transactions:

- 1) grant loans to banks to maintain their liquidity at a rate not lower than the refinancing rate of the NBU and in accordance with the procedure specified by the NBU
- 2) grant loans to the Deposit Guarantee Fund on the terms and conditions determined by the NBU regulations
- 3) conduct the discount transactions with the bills of exchange and cheques according to the procedure defined by the NBU
- 4) { *Article 42 part one paragraph 4 (in part of prohibition of the purchase of securities from an issuer) is temporarily waived. See Section XV paragraph 8.*} purchase (with the exception of purchase from the issuer) and sell securities according to the procedure stipulated by the laws of Ukraine. The restriction established hereby shall not apply to the purchase of securities from the issuer in the cases envisaged by Article 71 part two paragraph 3 hereof
- 5) open its own correspondent and metal accounts with foreign banks and keep correspondent accounts of banks
- 5<sup>1</sup>) keep escrow accounts of banks and its other clients
- 6) purchase and sell currency valuables in order to exercise monetary regulation
- 7) store investment metals, as well as purchase and sell the investment metals, precious metals and stones and other valuables, commemorative and bullion coins made of precious metals in domestic and foreign markets without quotas and licenses
- 8) place gold and foreign exchange reserves independently or through authorized legal persons that provide financial services in international markets
- 9) Article 42 part one paragraph 9 was excluded.
- 10) Article 42 part one paragraph 10 was excluded.
- 11) keep the account of the central government agency implementing the state policy in the area of treasury services for budget funds free of charge and without charging the interest
- 12) carry out state debt servicing, including the placement of state securities, their repayment and payments of the yield thereof
- 13) keep the personal accounts of the NBU employees
- 14) keep the accounts of international institutions
- 15) charge, on an uncontested basis, the accounts of its clients according to the laws of Ukraine, including upon court order
- 16) keep accounts of the Deposit Guarantee Fund

16<sup>1</sup>) maintain, during martial law and within one year following the year in which martial law is terminated or lifted, in line with the procedure prescribed by it and taking into account [paragraph 56](#) of Section VI. Final Provisions of the Budget Code of Ukraine, the following accounts:

state agencies' accounts intended for financial support of the measures aimed at repelling the armed aggression against Ukraine and eliminating its consequences, ensuring national security and defense, recovering, supporting, and developing Ukraine, as well as providing humanitarian aid

fundraising accounts opened to support the Armed Forces of Ukraine

accounts of the Fund for Entrepreneurship Development intended for obtaining and servicing loans, credits, and grants under programs and projects of foreign countries, their governments, and their authorized bodies and organizations, as well as international organizations and institutions that provide international technical assistance in line with international treaties of Ukraine

17) interact directly with the Central Securities Depository with the purpose of supporting the NBU transactions with securities

18) establish direct correspondent relations with the international depositories in order to exercise the functions in the conduct of monetary policy and state debt management, and manage accounts of foreign state depositories and international depository and clearing institutions with the purpose of exercising its powers in the area of custodial accounting

19) provide liquidity support to the central counterparty at a rate not lower than the NBU's refinancing rate according to the procedure established by the NBU, as well as accrue interest on the balances in the central counterparty's account opened with the NBU

20) maintain the data base of the agreements entered into in the financial market according to the procedure established by the NBU

21) transfer banknotes and coins to the authorized banks for storing and carrying out transactions with them pursuant to the procedure established by the NBU

22) manage accounts in domestic currency of the Central Securities Depository (other than securities accounts) and clearing institutions

22<sup>1</sup>) conduct transactions with derivative financial instruments, repo operations

23) act as a trade repository in line with the Law of Ukraine *On Capital Markets and Regulated Markets*

24) provide payment services pursuant to the Law of Ukraine *On Payment Services*

25) maintain accounts of banks that are qualified providers of electronic trust services, and the certification authority that is a qualified provider of electronic trust services, established by the NBU pursuant to the Law of Ukraine *On Electronic Identification and Electronic Trust Services*.

The NBU shall also be entitled to effect other transactions required to ensure the exercise of its functions.

The NBU is entitled to charge fees for the services rendered (transactions performed) pursuant to the laws.

The NBU shall have the right to extend loans to its employees.

## **Article 43. Participation in International Organizations**

The NBU shall be entitled to take part in the formation of capital and activities of international organizations under international treaties, to which Ukraine is a party, as well as according to agreements between the NBU and other central banks.

## **Section VIII. NBU OPERATIONS WITH CURRENCY VALUABLES**

### **Article 44. NBU's Authority in Currency Regulation and Supervision**

The NBU shall act as an authorized public authority when applying the currency laws.

In the field of the currency regulation and supervision, the NBU shall be authorized to:

- 1) issue regulations on currency transactions
- 2) issue, reissue, suspend, renew, and revoke licenses for currency operations and currency supervision in accordance with the Law of Ukraine *On Currency and Currency Operations*
- 3) set a limit on the open FX position of the banks and other institutions that purchase and sell foreign currency
- 4) implement safeguards pursuant to the Law of Ukraine *On Currency and Currency Operations*
- 5) apply enforcement measures to authorized institutions for violations of currency laws.

### **Article 45. Foreign Exchange Market**

The NBU shall determine the structure of the foreign exchange market of Ukraine and organize the trade in currency valuables pursuant to the currency laws of Ukraine.

### **Article 46. Excluded**

### **Article 47. Composition of the Gold and Foreign Exchange Reserve**

The gold and foreign exchange reserve may include the following internationally recognized reserve assets:

- monetary gold
- special drawing rights
- reserve position in the IMF
- foreign currency in the form of banknotes and coins or money in accounts abroad
- securities (except for shares) paid in foreign currency
- any other internationally recognized reserve assets, provided that their reliability and liquidity are guaranteed.

## **Article 48. Replenishment and Use of the Gold and Foreign Exchange Reserve**

The gold and foreign exchange reserve shall be replenished by the NBU from:

- 1) the purchase of the monetary gold and foreign currency
- 2) receipt of income in foreign currency and monetary gold
- 3) the foreign exchange funds received from international financial institutions, other central banks and other creditors.
- 4) obtaining monetary gold from operations with investment and precious metals.

The gold and foreign exchange reserve shall be used by the NBU for the following purposes:

- 1) sale of currency in the financial markets to pursue the monetary policy, including the exchange rate policy
- 2) expenses arising from transactions aimed at ensuring the activities of the NBU within the amounts provided for in the budget of administrative expenses of the NBU, and expenses related to the production activities of the Banknote Printing and Minting Works
- 2<sup>1</sup>) expenses arising from transactions with the gold and foreign exchange reserve and to ensure the performance of its functions by the NBU
- 3) repayment of foreign exchange funds to international financial organizations, central banks of foreign states and other creditors including interest for the use of such funds and other mandatory charges
- 4) participation in capital and activities of international organizations according to Article 43 hereof
- 5) ensuring the fulfillment of obligations under the NBU's own transactions, including the ones with derivative financial instruments, and repo transactions with internationally recognized reserve assets.

It shall not be allowed to use the gold and foreign exchange reserves for the following purposes:

- 1) issuing loans, guarantees, and other liabilities to residents
- 2) providing guarantees to non-residents, except for their use to ensure the fulfillment of obligations under the NBU's own transactions
- 3) ensuring the fulfillment of obligations under the transactions of third parties.

## **Article 49. Safekeeping of the Gold and Foreign Exchange Reserve**

The NBU shall be the sole custodian of the national gold and foreign exchange reserve, as well as of precious metals, stones and other valuables belonging to the state.

## **Article 50. Excluded**

## **Section IX. RELATIONS WITH THE PRESIDENT OF UKRAINE, VERKHOVNA RADA OF UKRAINE, AND CABINET OF MINISTERS OF UKRAINE**

### **Article 51. Accountability**

The NBU shall be accountable to the President of Ukraine and the Verkhovna Rada of Ukraine within their constitutional authority.

The accountability shall mean the following:

- 1) The NBU Governor is nominated by the President of Ukraine and appointed and dismissed by Verkhovna Rada of Ukraine.
- 2) A half of the NBU Council members is appointed and dismissed by the President of Ukraine.
- 3) A half of the NBU Council members is appointed and dismissed by the Verkhovna Rada of Ukraine.
- 4) The NBU Governor presents to the Verkhovna Rada of Ukraine a report about the NBU's activities annually, no later than on 1 May.
- 5) submission to the President of Ukraine and the Verkhovna Rada of Ukraine of an annual report on the monetary policy implementation for the previous year.

The NBU shall on a quarterly basis provide information to the President of Ukraine and the relevant Committee of the Verkhovna Rada of Ukraine, the competence of which includes the issues related to banking, on cashless issue in the relevant period, namely:

- for the bank refinancing purposes
- for the interventions in the inter-bank foreign exchange market
- for the stock market operations.

The NBU may submit to the President of Ukraine, in accordance with the procedure established by law, proposals on legal regulation of the issues aimed at the exercise of functions of the NBU.

On the annual basis, by 1 March of the current year, the NBU shall submit to the President of Ukraine and the Verkhovna Rada of Ukraine the information specified in Article 52 part three hereof.

### **Article 52. Relations with the Cabinet of Ministers of Ukraine**

The NBU and the Cabinet of Ministers of Ukraine may hold mutual consultations on monetary policy and state economic policy, in particular on the forecast of key macroeconomic indicators, including monetary indicators and exchange rate policy indicators.

Upon the request of the Cabinet of Ministers of Ukraine, the NBU shall provide the following:

- 1) information on monetary processes and money market
- 2) information as required by part three of Article 51 hereof.

By 1 March of the current year, the NBU shall provide the Cabinet of Ministers of Ukraine with the information necessary for drawing up the Budget Declaration on the indicative forecast of the part of the distributable profit to be transferred to the state budget. The information provided for in this part shall be submitted by the NBU exclusively for the purpose of informing.

Upon the request of the NBU, the Cabinet of Ministers of Ukraine, ministries and other central government authorities shall furnish it with the information affecting status of the balance of payments, money market, including the monthly information about the indicators of revenues, expenses and deficit of the State and consolidated budgets, conditions of the state debt and schedule of payments thereunder.

The NBU Governor or, by their order, one of the Deputy Governors may take part in sessions of the Cabinet of Ministers of Ukraine with the right of deliberative vote.

The NBU may submit to the President of Ukraine in accordance with the procedure established by law proposals on legislative settlement of the issues aimed at the exercise of functions of the NBU.

### **Article 53. Guarantees of Non-Interference**

Any interference of the public authorities, other public institutions or their officials, any legal persons or individuals in the exercise of functions and powers of the NBU, NBU Council, NBU Board or the NBU employees shall be prohibited, except for within the limits stipulated by the Constitution of Ukraine and this Law.

The NBU shall report to the public authorities and other public institutions and furnish them with information in the cases set forth by the Constitution of Ukraine and this Law.

All matters related to the NBU functions may only be defined and altered by this Law. Any provision of this Law may only be changed by amending the Law.

### **Article 54. Ban on Lending to the State**

*{Article 54 is temporarily waived. See Section XV paragraph 8.}*

The NBU must not grant loans in the national or foreign currency, both directly and indirectly, through a public institution or other legal person whose property is state-owned, with the purpose of financing the State Budget of Ukraine.

The NBU must not purchase in the primary market any securities issued by the Cabinet of Ministers of Ukraine, a public institution or other legal person whose property is state-owned.

## **Section X. BANKING REGULATION AND BANKING SUPERVISION. STATE REGULATION AND SUPERVISION IN THE NON-BANK FINANCIAL SERVICES MARKETS**

### **Article 55. Objective and Scope of the Banking Supervision**

The main objective of the banking regulation and supervision shall be the security and financial stability of the banking system and protection of interests of depositors and creditors.

The NBU shall exercise the banking regulation and individual and consolidated supervision over the activities of banks and banking groups, within the limits and in a manner prescribed by the laws of Ukraine.

The NBU shall exercise ongoing supervision over meeting by banks, their divisions, affiliated and related parties of banks on the territory of Ukraine and abroad, banking groups, representative offices and branches of the foreign banks in Ukraine as well as by other legal persons and individuals, the requirements of banking laws as well as the NBU's regulations. The NBU shall not carry out inspections and revisions of the financial and economic activities of the entities and individuals mentioned in this Article, except as provided in Article 33 hereof.

### **Article 55<sup>1</sup>. Objective of State Regulation and Supervision in the Non-bank Financial Services Markets**

The main objective of the state regulation and supervision in the non-bank financial services markets by the NBU is safety and financial stability of the financial system, protection of interests of depositors, creditors, and other consumers of non-bank financial services, and prevention of crisis developments.

The NBU shall perform functions of state regulation and supervision of the non-bank financial services markets (except for professional activities and provision of auxiliary services in the capital market) on individual and consolidated basis within the scope and according to the procedure established by laws.

The state regulation of non-bank financial services markets is carried out by the NBU based on the principle of separation of the legal regulation of these markets participants from supervision of their activities.

### **Article 56. NBU Regulations**

The NBU issues regulations and administrative documents.

The NBU shall issue regulations within its jurisdiction, binding for the government bodies and institutions of local government, legal persons, and individuals.

The NBU issues administrative acts on organizational and administrative issues or on individual action (individual acts) that are not regulations. Administrative acts on organizational and administrative issues shall be published and come into effect in accordance with the procedure established by the NBU.

The NBU shall adopt individual acts that are administrative acts and carry out administrative proceedings in accordance with the Law of Ukraine *On Administrative Procedure*, subject to the specifics established by this Law and other laws regulating activities in the financial services market and the payment market.

The NBU, in the administrative act adopted by it that negatively affects the right, freedom or legitimate interest of a person or imposes a certain obligation on them, shall indicate the grounds for adopting such an act with due justification, the term and procedure for appealing it (including the name of the court to which the person may file a claim), as well as an indication that appealing the NBU's decision, act or action shall not suspend their execution in accordance with Article 74 of this Law.

Administrative acts adopted by the NBU shall come into effect from the date they are notified to the person in accordance with the procedure established by the NBU in one of the ways specified by the Law of Ukraine *On Administrative Procedure*, unless otherwise provided by law. The day on which the person is notified shall be the day the administrative act is delivered to the person against the acknowledgement of receipt or the day on which the administrative act is sent by mail or sent at the email address of the person or the day of transmitting the act using other means of telecommunication or the day of publishing the act on the NBU's official website.

The NBU regulations shall be issued in the form of the NBU Board resolutions, as well as instructions, regulations and rules approved by the NBU Board resolutions. They must not contradict the laws of Ukraine and other regulations of Ukraine and shall not be applied retroactively unless they commute or remit punishment.

The NBU shall develop, consider and approve regulations in compliance with the state regulatory policy set forth in the Law of Ukraine *On Principles of State Regulatory Policy in the Field of Economic Activity*.

When developing regulations the NBU shall discuss a draft regulation in accordance with the procedure established by it.

Prior to the discussion, the NBU shall analyze the impact of the draft regulation on the financial and auxiliary services market, including calculation of expected costs and benefits for market participants, the public, and the state, except for the cases when such calculation cannot be made due to lack of the source of confirmed information to be used for doing it. The results of said analysis and a draft of the respective regulation shall be posted on the NBU's official website in accordance with the procedure established by it. Financial services market participants shall have the right to independently analyze the impact of draft regulations developed by the NBU, monitor the effectiveness of such regulations, and submit comments and proposals based on the results of this activity to the NBU that may decide on the need to revise the regulation based on the analysis of such documents.

The discussion of the draft regulation shall be held in accordance with the following procedure:

1) posting the draft regulation on the NBU's official website for the purpose of obtaining comments and proposals of stakeholders. The term for submitting comments and proposals by stakeholders shall be determined by the NBU and should be proportional to the scope of the draft of the posted regulation and cannot be less than 10 days.

2) posting the comments and proposals to the draft regulation, which were submitted to the NBU, in accordance with the form established by it. The NBU shall be entitled to hold a discussion on the obtained comments and proposals. The method of the discussion, if any, shall be determined by the NBU. The NBU considers comments and proposals to the posted draft regulation within the timeframe established by it and, if it determines that they are appropriate, takes them into account in the draft regulation.

3) posting the summarized results of the discussion on the NBU's official website in line with the procedure established by it, specifying the generalized information on the proposals made to the draft regulation and the generalized information on taking into account or rejection of such proposals.

The NBU shall not hold discussions on the following draft regulations:

1) regulations on the introduction and implementation of measures of the legal regime of martial law, state of emergency, declaration of an environmental emergency area, mobilization and

demobilization, including those developed to perform the functions specified in Article 7 part one paragraph 20 of part one of Article 7 hereof, as well as on the introduction and implementation of measures for the period of quarantine established by the Cabinet of Ministers of Ukraine to prevent the occurrence and spread of particularly dangerous infectious diseases

2) regulations developed to perform the functions specified in Article 7 part one paragraphs 3 and 30 hereof

3) regulations on the issues related to implementing the monetary policy, carrying out currency regulation and supervision (including introduction of safeguard measures), determining the procedure for carrying out FX transactions, as well as to measures aimed at ensuring the stability of the monetary unit of Ukraine, including those developed in accordance to the requirements of Sections IV–VIII hereof

4) regulations on the issues related to supervising and applying enforcement measures for breaking laws, including in the field of implementation of special economic and other restrictive measures (sanctions)

5) regulations containing state secrets

6) regulations containing provisions aimed at implementing the Association Agreement between Ukraine, on the one hand, and the European Union, the European Atomic Energy Community, and their member states, on the other hand, including Annexes to it

7) regulations providing for amendments related to corrections, clarification, elimination of errors and contradictions in the text of the regulation without changing its content.

If a draft regulation simultaneously contains the rules provided for in part nine paragraphs 1, 2, 6, and 7 of this Article and the rules aimed at legal regulation of other relations, only the rules not provided for in part nine paragraphs 1, 2, 6, and 7 of this Article shall be subject to discussion. In this case, the entire draft regulation is subject to publication.

If a draft regulation simultaneously contains the rules provided for in part nine paragraphs 3–5 of this Article and the rules aimed at legal regulation of other relations, only the rules not provided for in part nine paragraphs 3–5 of this Article shall be subject to discussion. In this case, the draft regulation is subject to publication, except for the rules provided for in part nine paragraphs 3–5 of this Article.

The NBU, in case it determines that it is appropriate, shall have the right to discuss draft regulations provided for in part nine of this Article.

The NBU regulations (except for the regulations containing restricted information) come into force on the day that they are officially published, unless otherwise specified by the relevant regulation. The NBU regulation is deemed promulgated when its text is for the first time published in full in one of the following periodicals: *Ofitsiynyk Visnyk Ukrayny* (Official Herald of Ukraine), *Uriadovyi Kurier* (Government Gazette), *Holos Ukrayiny* or posted on the official website of the NBU.

The NBU regulations that contain restricted information must not be published, and are communicated to the legal persons and households they concern in the manner specified by the NBU.

The NBU regulations that contain restricted information come into force, as set forth in these regulations.

The NBU regulations and enactments can be appealed against, as set forth in Ukrainian law.

## **Article 57. Access to Information**

In order to exercise its functions, the NBU is entitled to obtain free of charge from financial institutions, financial group participants, and legal persons that have been authorized by the NBU or are infrastructures of financial market, as well as from the entities that are subject to state regulation and supervision by the NBU pursuant to the Laws of Ukraine *On Banks and Banking*, *On Financial Services and Finance Companies*, and other Ukrainian laws, the information on their activities and explanations with regard to the obtained information and conducted transactions.

In order to be able to produce monetary, financial, balance of payments, international investment position, external debt and banking statistics, deliver an analysis of financial stability, as well as to analyze and forecast macroeconomic, monetary, foreign exchange and financial indicators, the NBU may request that state and local authorities, as well as economic entities, regardless of their form of ownership, provide it, free of charge, with the required information.

The received information is not subject to disclosure, except for cases, envisaged by laws of Ukraine.

## **Article 58. Prudential Ratios and Capital Buffers**

In order to protect interests of depositors and creditors, and ensure the financial reliability of the banks the NBU shall, within the scope of its powers, establish for banks, banking groups, subgroups of banking groups, foreign banks' branches, the mandatory prudential ratios, in particular, regarding capital (capital adequacy ratios and leverage ratio), liquidity, credit risk, investment and capital buffers.

In order to ensure that the activities of non-bank financial institutions comply with the requirements of legislation to identify potential risks in their activities, as well as to minimize such risks, the NBU, in accordance with the procedure determined by it, establishes prudential requirements for such entities, including prudential ratios.

The NBU shall officially notify of the subsequent changes in the ratios and methods of their calculation not later than one month before they are put into effect.

## **Article 59. Risk Provisions**

The NBU shall, within the scope of its powers, determine the amounts, procedures for creating and using the loss allowances of banks and other financial institutions subject to state regulation and supervision by the NBU to cover their potential loan losses, as well as provisions to cover the currency, interest rate and other risks of the banks and these financial institutions.

The reserves against possible financial risks and for the deposit guarantee fund shall be created at the expense of the income before taxes pursuant to the laws of Ukraine.

## **Article 60. Excluded**

## **Article 61. Regulatory Powers**

The NBU shall exercise the regulation of:

banks in the forms specified in the Law of Ukraine *On Banks and Banking* directly or through a Committee on Banking Supervision and Regulation of Banks and Oversight of Payment Systems established by it

credit unions in the forms set forth by the Law of Ukraine *On Credit Unions*

insurers in the forms set forth by the Law of Ukraine *On Insurance*

other entities providing financial and support services in the forms and in the manner set forth by the Law of Ukraine *On Financial Services and Finance Companies*.

## **Article 62. Invalid**

### **Article 63. Restriction on the NBU Requirements**

The NBU shall not be entitled to demand from banks, non-bank financial institutions and other persons who are not financial institutions, but have the right to provide certain financial services, state regulation and supervision of which is exercised by the NBU, to effect transactions and commit other actions which are not envisaged by laws of Ukraine and regulations of the NBU.

## **Section XI. EMPLOYEES OF THE NBU**

### **Article 64. Status of the NBU Employees**

The terms of employment, dismissal, granting leaves, job responsibilities and rights, disciplinary action and social protection of the NBU employees shall be defined by the NBU Board in compliance with the employment laws. Temporarily, to 30 September 2017, during their employment at the NBU the NBU employees will receive 85 percent of the awarded pension amount, if the pension exceeds 150 percent of the minimum living wage set for the disabled, but not less than 150 percent of the minimum living wage set for the disabled. Exceptions to this are disabled people who are assigned to the first or second disability group by Ukrainian law, disabled servicemen who are assigned to the third disability group by Ukrainian law, people who have the status of combatants, and people subject to Article 10 paragraph 1 of the Law of Ukraine *On the Status of War Veterans and Their Guaranteed Social Protection*.

The employees of the NBU shall be professional and support staff of the NBU. The professionals of the NBU shall be deemed the persons directly involved in the exercise of the functions of the NBU and occupying the positions provided for by the Personnel Arrangements.

The NBU Board shall specify the positions of employment with the labor agreements in the form of a contract.

The support staff of the NBU shall consist of the employees whose duties are not directly concerned with the NBU's functions.

Salary conditions for professionals employed at the NBU are set by the NBU Board on the basis of the labor remuneration laws.

Wages of the support staff of the NBU shall be established by the NBU Board according to the provisions of the labor remuneration laws.

### **Article 64<sup>1</sup>. Legal Protection and Guarantees**

NBU Board and Council members, other staff members, and independent experts consulted by the NBU do not bear any responsibility for their actions, or any failure to take action, if they act within the powers and in the manner set forth in the Ukrainian Constitution and laws. Lawsuits filed against such persons shall be considered lawsuits filed against the NBU. The NBU shall provide legal

protection to the NBU Board members, other employees of the NBU, members of the NBU Council, independent experts engaged by the NBU, including after their resignation from the position at the NBU or after the termination of the powers of a member of the NBU Council, or the termination of civil law relations with the NBU, in case of lawsuits against them or their participation in administrative or criminal proceedings related to the exercise of their powers at the NBU or rendering services to the NBU. The NBU shall provide legal protection to the persons specified in this part, including by means of ensuring legal assistance to them by providing lawyers and other legal professionals.

Any damages arising from decisions or actions taken, or any failure to take action, by the NBU (staff members or experts consulted), including damages arising from professional errors made by the NBU staff members and/or experts consulted, are covered by the NBU, as applicable, and by insurance companies on the basis of the relevant insurance agreements, if any.

The NBU has the statutory right to obtain professional liability insurance and disability insurance for the NBU Board members, as well as for other staff members.

Any compensation paid by the NBU, as applicable, or by insurance companies on the basis of the relevant insurance agreements, if any, for damages arising from decisions or actions taken, or any failure to take action, by the NBU (staff members or experts consulted), including damages arising from professional errors made by NBU staff members and/or experts consulted, does not exempt those found guilty from any disciplinary and/or criminal action that may be taken against them, as applicable.

## **Article 65. Prohibited Activity**

The NBU Board members, other NBU officials, and members of the NBU Council shall be subject to the Law of Ukraine *On Corruption Prevention*. The NBU Board members, other NBU officials, and members of the NBU Council shall be obliged to comply with the restrictions after leaving the office, as well as to take measures provided for by the Law of Ukraine *On Corruption Prevention*.

Unless otherwise provided for by law, the NBU employees, their family members, as well as family members of the NBU Board members and the NBU Council members, shall be prohibited from directly or indirectly owning shares (holdings, stakes) in a legal person subject to the NBU's regulation and supervision.

## **Article 65<sup>1</sup>. Responsibilities to Protect the Interests of the NBU**

In the course of discharging their lawful duties, members of the NBU Board, other NBU employees, and members of the NBU Council, in order to protect the interests of the NBU, shall be obliged to:

- 1) act for the benefit of the NBU and put the interests of the NBU above their private interests
- 2) take no advantage of their professional status for their personal benefit
- 3) pursue the communication policy of the NBU
- 4) seek to avoid any situations which may give rise to conflicts of interests
- 5) comply with other responsibilities, requirements, and restrictions set forth in the NBU Employee Code of Ethics."

## **Article 66. Protection of Secrets**

The NBU officials, both during and after their term of office, are prohibited from disclosing the information, which constitutes the state secret, banking secret, or is of confidential nature and which has come to their knowledge in the course of the performance of their official duties, except for the cases specified by the laws of Ukraine.

## **Section XII. ORGANIZATION OF MONETARY AND FINANCIAL STATISTICS, BALANCE OF PAYMENTS STATISTICS, INTERNATIONAL INVESTMENT POSITION, EXTERNAL DEBT, AND STATISTICAL INFORMATION OF FINANCIAL INSTITUTIONS**

### **Article 67. Definition of Reporting**

In order to exercise the regulatory and supervisory functions, the NBU shall define the reporting indicators, the procedure and deadlines of their formation and submission to the NBU, which shall be mandatory for all the business entities, including:

- 1) for (resident and non-resident) banks that are located in the territory of Ukraine, responsible entities of banking groups, banking group members and other financial institutions and legal persons that are not financial institutions but have the right to render certain financial services, and are subject to state regulation and supervision by the NBU, to compile monetary and financial statistics, balance of payments, international investment position, external debt, and financial institutions statistics
- 2) for all (resident and non-resident) economic agents to compile balance of payments, international investment position, and external debt statistics, as well as to carry out currency supervision and financial market infrastructure oversight.

The information provided by banks, non-bank financial institutions, and other economic agents shall not be disclosed except in the cases provided for by Ukrainian law.

The requirements of this Article shall not apply to the consolidated statistical information, which shall be openly published by the NBU.

### **Article 68. Publications**

In order to ensure publicity in the activities of banks and market participants in non-bank financial services, the state regulation and supervision of which is carried out by the NBU, and statistics of the balance of payments, international investment position, and external debt, the NBU shall:

- 1) publish on the official NBU website:

by 30 April of the year following the reporting year - the annual financial statements of the NBU and the annual management report of the NBU, approved by the NBU Council

by the 30th day of the second month following the reporting period - financial statements of the NBU for the first quarter, first half of the year, nine months

- 2) publish on the official NBU website the information on monetary and financial statistics, statistics of the balance of payments, international investment position, external debt, activities of banks, banking groups and subgroups of banking groups, participants in the market of non-bank financial services, state regulation and supervision of which is carried out by the NBU, that does not constitute state, banking secrecy and is not classified information

3) provide for publication information on monetary and financial statistics, statistics of the balance of payments, international investment position, and external debt in accordance with international agreements

4) ensure informing the public on a monthly basis about the decisions of the NBU Board regarding the interest rates and conditions of conducting transactions with banks and other facts important to the financial market participants as well as about the refinancing and exchange rate policy implemented by the NBU, including the following information:

loans granted to banks (for a term of more than 30 calendar days)

currency interventions with obligatory reference to the transaction type (purchase/sale of foreign currency), transaction amount, currency type, and exchange rate of the intervention.

The NBU makes public information about its activity on its official website and in its official publications, via press conferences, radio or TV programs, as well as via other statutory means.

The NBU shall be the owner of the consolidated information on the activities of banks, banking groups and subgroups of banking groups, non-bank financial institutions, and other persons who are not financial institutions, but have the right to provide certain financial services, state regulation and supervision of which is carried out by the NBU, which shall specify the regime of access thereto in accordance with the laws of Ukraine. The use of this official information by other bodies for public publication shall be possible only with the permission of the NBU or with reference to the source of its official publication.

The NBU shall publish, in accordance with the procedure established by the NBU, the following information on the official NBU website:

1) ownership structure of banks and banking groups

2) bank managers

3) managers and qualifying shareholders of the banks liquidated for reasons other than a decision of their owners

4) ownership structure and managers of non-bank financial institutions, the state regulation and supervision of which is carried out by the NBU, the composition of financial groups subject to consolidated supervision by the NBU in accordance with the Law of Ukraine *On Financial Services and Finance Companies*, as well as managers and owners of significant share in non-bank financial institutions whose licenses have been revoked not at the initiative of their owners.

The NBU, in accordance with the procedure it established, shall publish information on the official NBU website, which is related to violations by the bank (foreign bank branch, non-bank financial institution or other entity that is subject to government regulation and supervision by the NBU in the area of counteracting to legalization (laundering) of the proceeds from crime, terrorism financing and financing proliferation of weapons of mass destruction (AML/CTF area)) of Ukrainian laws and/or NBU regulations governing relations in the AML/CTF area, specifying the name of the bank (foreign bank branch, non-bank financial institution or other entity that is subject to government regulation and supervision by the NBU in the AML/CTF area), namely:

general information about the decisions taken with respect to noncompliance of an employee of a bank, non-bank financial institution or other entity that is subject to government regulation and supervision by the NBU in the AML/CTF area with requirements of Ukrainian laws

general information about enforcement measures applied in the form of a warning letter, entering into the written agreement with the bank, non-bank financial institution or other entity that is subject to government regulation and supervision by the NBU in the AML/CTF area, imposing a fine (including its amount), suspension of an employee of the bank, non-bank financial institution or other entity that is subject to government regulation and supervision by the NBU in the AML/CTF area, and general information about the violations that entailed the above enforcement measures

information about the enforcement measures applied in the form of declaring the bank insolvent, revocation of licenses to make money transfers in hryvnias without opening an account and/or NBU licenses to carry out currency transactions from non-bank financial institutions and other entities that are subject to regulation and supervision by the NBU in the AML/CTF area

information on the appeal against the above enforcement measures and on the relevant court decision that has entered into force (if any).

The following information shall not be disclosed pursuant to part six of this Article:

personal data of the employees that were suspended and of those with respect to which decisions were made about their noncompliance with Ukrainian laws

enforcement measures that were applied, if such disclosure may entail a negative effect, inflict damage and/or pose a threat to stability of the banking and/or financial system, or may affect pretrial investigation and/or court proceedings (apart from the generalized information without specifying the names of the banks, non-bank financial institutions or other legal persons that are subject to regulation and supervision by the NBU in the AML/CTF area).

The information about enforcement measures, which was posted (disclosed) pursuant to this Article, shall be available on the official NBU website within five years since it has been placed (disclosed).

## **Section XIII. AUDIT OF THE NBU**

### **Article 69. Internal Auditing**

The NBU shall establish an internal audit department tasked with assessing the effectiveness of risk management, internal controls and governance in NBU structural units, guided by international standards for the professional practice of internal auditing.

The internal audit department will act on the basis of bylaws approved by the NBU Council.

Internal audits of NBU's structural units are carried out in accordance with an annual plan, and in the manner that is approved by the NBU Council, at the suggestion of the Audit Committee.

The NBU Governor may request an unscheduled internal audit of NBU's structural units.

The internal audit department shall maintain independence when auditing the NBU's structural units. The internal audit department must, on a regular basis, report to the NBU Council, the NBU Governor, and the NBU Board about the findings of internal audits of the NBU's structural units.

A chief internal audit executive is appointed by the NBU Council for a period of five years. A chief internal audit executive cannot serve more than two consecutive terms.

A chief internal audit executive must meet the requirements specified in Article 10 part three of this Law, and must have worked in the areas of auditing, accounting, or risk management for at least five years.

A chief internal audit executive is also subject to the restrictions set forth in Article 20 part five of this Law.

A chief internal audit executive is dismissed by the NBU Council on the basis of the reasons specified in Article 20 part ten of this Law.

## **Article 70. External Audit**

The audit of the NBU's annual financial statements that have been produced according to the international financial reporting standards shall be carried out at least once a year by an audit firm that has experience in making audits of central bank financial reporting. Audits of the NBU's annual financial statements shall be carried out in compliance with international auditing standards.

The NBU Council shall approve an audit firm for the audit of the NBU's annual financial statements based on the procurement procedure pursuant to the laws on public procurement.

The same audit firm is not allowed to perform audits of the NBU's annual financial statements for more than 10 consecutive years.

In monitoring how money is received and spent by Ukraine's state budget, the Accounting Chamber exercises public external financial control (audit) on how the targets of NBU administrative expenses are met.

## **Section XIV. SPECIAL PROVISIONS**

### **Article 71. Restrictions on Activities**

The NBU shall be prohibited from:

- 1) being a shareholder or participating member of the banks or other enterprises and institutions, unless otherwise prescribed by law
- 2) effecting transactions with real estate, other than those related to supporting the activities of the NBU and its institutions
- 3) being engaged in the trade, manufacturing, insurance and other activities, which do not relate to the functions of the NBU
- 4) allotting credits, loans to legal persons and individuals except for the cases prescribed herein.

The restrictions specified in part one of this Article shall not apply to:

- 1) acquiring any rights and assets for the purpose of meeting the NBU debts, subject to alienation of them at earliest possible date
- 2) the cases specified in Article 42 hereof
- 3) establishing enterprises and institutions to ensure the discharge of the NBU's activities and performance of its functions specified herein

4) production activity of the Banknote Printing and Minting Works, Paper Mill and State Treasury of Ukraine carried out in accordance with the regulations approved by the NBU Board.

## **Article 72. Taxation**

The NBU shall pay taxes in accordance with the tax laws of Ukraine.

## **Article 73. Preferential and Unconditional Right**

The NBU shall have preferential and unconditional right to satisfy any mature claim stemming from refinancing of a bank which has been executed in accordance with the established legal procedure.

The NBU exercises this right by debiting, without any right to appeal, the money owed to it from the bank's accounts, selling the property used as collateral for NBU loans, as well as by using the net proceeds raised through such sales to satisfy its claims. The NBU may sell the property that it acquired from banks to recover the money it loaned to the banks with the purpose of supporting the NBU's liquidity, without the approval of other public authorities.

The NBU may also exercise its right to write off indisputably the funds on the correspondent account of a bank in favor of the Deposit Guarantee Fund at a request of the Fund in accordance with the procedure established by the Law of Ukraine *On Household Deposit Guarantee System*.

The first and second parts of this Article shall not apply to the banks declared insolvent that are being resolved by the Fund in accordance with the Law of Ukraine *On Households Deposit Guarantee System*.

## **Article 74. Appealing Decisions, Actions or Omissions of the NBU or Its Employees and Officials**

Decisions (regulations or individual acts), actions or omissions of the NBU or its employees and officials may be challenged in the court solely for the purpose of determining their legality. Specifics of appealing against specific NBU decisions are established by law.

Appeals do not suspend the execution of the contested NBU decision or action. Courts may not apply provisional remedies that suspend the execution of NBU decisions or that force or forbid the NBU, its employees and officials to take certain actions.

## **Section XV. FINAL PROVISIONS**

1. This Law shall come into effect from the date of its publication with the exception of parts nine and ten of Article 10 hereof which become effective from the date of appointment of the NBU Council in full by the President of Ukraine and Verkhovna Rada of Ukraine.
2. The NBU Council shall be made up within two months after this Law becomes effective. During the formation of the NBU Council, its functions regarding the monetary policy shall be exercised by the NBU Board.
3. The following shall be deemed void:

Sections II and V of the Law of Ukraine *On Banks and Banking* (Vidomosti Verkhovnoi Rady Ukrayny, 1991, No. 25, p. 281)

Resolution of the Presidium of the Verkhovna Rada of Ukraine *On the Charter of the National Bank of Ukraine* dated 7 October 1991.

4. The requirements as to qualification of the members of the NBU Council and NBU Governor specified herein shall apply to the persons appointed to the positions of Council members and Governor of the NBU after coming into effect of the Law of Ukraine *On Amendments to Certain Laws of Ukraine regarding the National Bank of Ukraine Activities* of 9 July 2010.

The members of the NBU Council appointed to their positions before coming into effect of the Law of Ukraine *On Amendments to Certain Laws of Ukraine regarding the National Bank of Ukraine Activities* of 9 July 2010 shall continue exercising their powers till expiry of their tenure.

5. The NBU shall, during three months from coming into effect of the Law of Ukraine *On Amendments to Certain Laws of Ukraine regarding the National Bank of Ukraine Activities* of 9 July 2010, make up the NBU Board according to the requirements introduced thereby and bring its regulations in line with this Law.

6. The NBU is obliged to allocate money to general reserves, as set forth in Article 5<sup>1</sup> of this Law, until the general reserves in 2014, 2015 and 2016 account for 4%, 7%, and 10% of the NBU's monetary obligations.

The NBU has the right to transfer its profit to the state budget in the first quarter of 2015, but no more than 25% of the annual amount.

7. The requirements specified in Article 10 part five paragraphs 6 and 8 hereof shall not apply to persons who were members of the governing bodies or collegial bodies of the rehabilitation bank established by the Cabinet of Ministers of Ukraine in accordance with the Law of Ukraine *On Banks and Banking*.

8. Article 42 part one paragraph 4 (in part of the purchase of securities from an issuer) and Article 54 of this Law shall be temporarily waived for the duration of a martial law introduced by Presidential Decree No. 64/2022 *On Introducing Martial Law in Ukraine* dated 24 February 2022 and Law of Ukraine No. 2102-IX *On Approval of the Presidential Decree On Introducing Martial Law in Ukraine* dated 24 February 2022.

9. It is established that in 2022, the provisions of this Law on distributable profit shall be applied taking into account the specifics specified in paragraph 10 of this Section.

10. The NBU should, in the first quarter of 2022, before the annual financial statements are verified by an external auditor and approved by the NBU Board, transfer to the state budget the amount of a part of distributable profit determined by the NBU Board in accordance with the amount included in the annual financial statements and submitted to the audit firm for verification.

11. After the Law of Ukraine *On Amendments to Certain Laws of Ukraine Regarding the Improvement of State Regulation of Financial Services Markets* becomes effective, the requirements of the Law of Ukraine *On Principles of State Regulatory Policy in the Field of Economic Activity* shall not be applied to the NBU regulations that have the attributes of regulatory acts.

11<sup>1</sup>. It is established that during martial law imposed in Ukraine by Presidential Decree No. 64/2022 *On Introducing Martial Law in Ukraine* dated 24 February 2022 approved by Law of Ukraine No. 2102-IX *On Approval of the Presidential Decree on Introducing Martial Law in Ukraine* dated 24 February 2022, provisions of Article 71 of this Law shall be applied taking into account the specifics set forth in this paragraph.

The NBU shall have the right to ensure the needs of state in repelling the armed aggression of russia federation against Ukraine, transfer to the Ministry of Defense of Ukraine, free of charge, under the procedure established by the Cabinet of Ministers of Ukraine, property acquired by the NBU as repayment of debt on loans granted to banks to maintain liquidity. After lifting or cancelling the martial law, procedure for the transfer of such property by the NBU, started when the martial law was in effect, shall be completed in accordance with the legislation that was in effect during the martial law rule.

12. It is established that within two months from the date of lifting or cancelling the martial law imposed in Ukraine by Presidential Decree No. 64/2022 *On Introducing Martial Law in Ukraine* dated 24 February 2022 approved by Law of Ukraine No. 2102-IX *On Approval of the Presidential Decree on Introducing Martial Law in Ukraine* dated 24 February 2022, the NBU shall determine which property transferred by it to the Ministry of Defense of Ukraine in accordance with paragraph 11<sup>1</sup> hereto must be returned to the NBU and within what timeframe, as well as which property has been irrevocably transferred to the Ministry of Defense of Ukraine. The Ministry of Defense of Ukraine shall transfer to the NBU, under the procedure established by the Cabinet of Ministers of Ukraine and within timeframes established by the NBU, the property defined by the NBU as subject to return.

13. It is established that the provisions hereof as regards distributable profit shall be applied taking into account the specifics established in paragraph 14 of this Section.

14. The NBU shall have the right in 2024, before the external auditor confirms and the NBU Council approves the annual financial statements for 2023, at the request of the Ministry of Finance of Ukraine, to transfer to the state budget 80 percent of the amount of distributable profit, as determined by the NBU Board in accordance with the amount included in the annual financial statements and submitted to the audit firm for verification. The remaining amount of the part of distributable profit shall be transferred by the NBU to the state budget pursuant to Article 5<sup>1</sup> of this Law.

**President of Ukraine**

**Kyiv**  
**20 May 1999**  
**No. 679-XIV**

**Leonid KUCHMA**