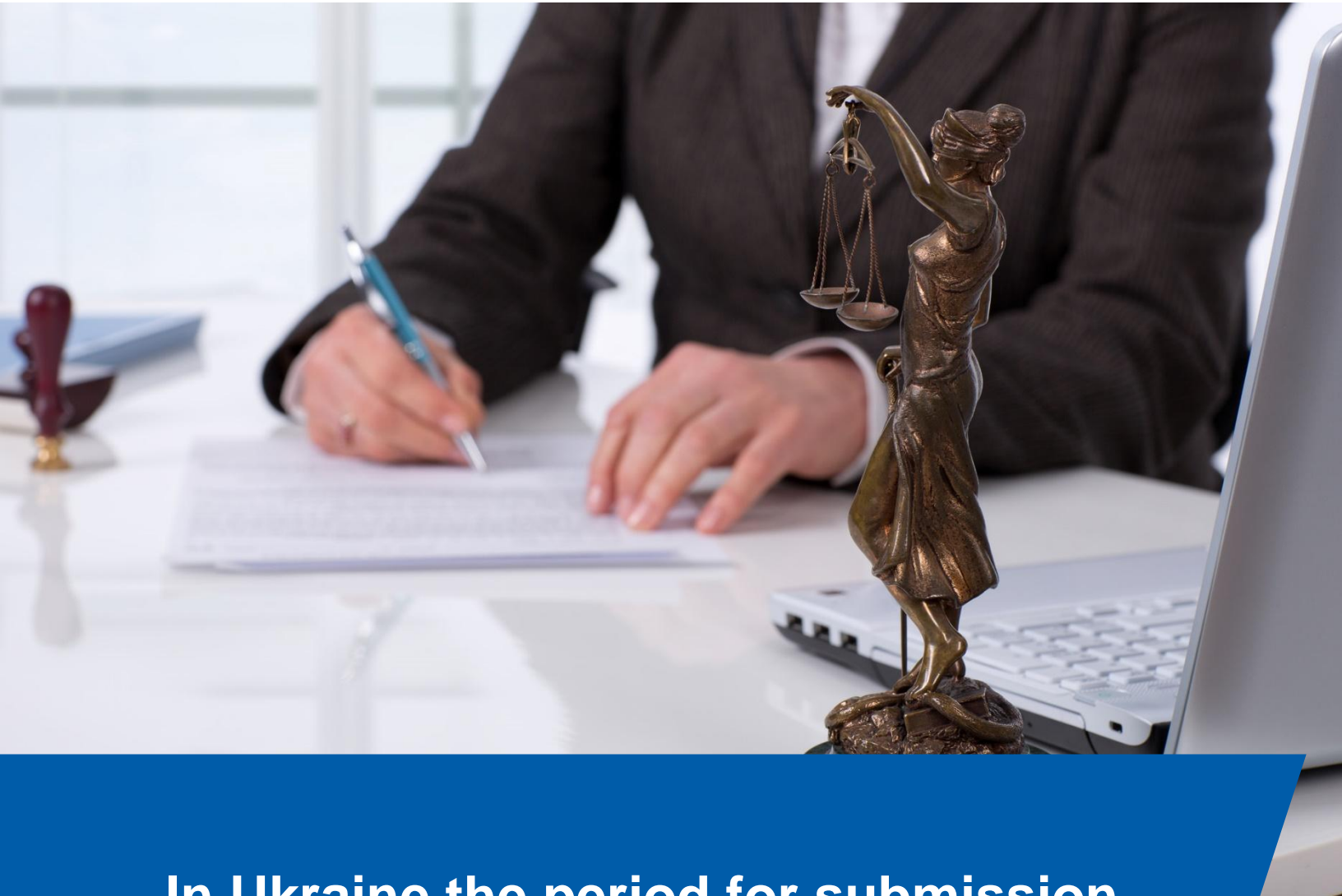


News Flash

August, 2015



**In Ukraine the period for submission
of information on beneficiaries
extended**

New term for submission of information on companies' ultimate beneficiaries

The Law of Ukraine 475-VIII, which provides prolongation for four months the term for submission of the data on the ultimate beneficial owners (controllers) by the legal entities registered before November 25, 2014, entered into force.

Submission of evidence on ultimate beneficiary owners

According to the Law of Ukraine No.475-VIII of May 21, 2015 the deadline for legal entities to submit information on ultimate beneficiary owners or about their absence is extended **by September 25, 2015**.

The Law stipulates that the information about beneficiaries shall not be submitted by:

- political parties, creative unions, their territorial units, lawyer associations, chambers of commerce, religious organizations, and public utilities;
- legal entities, whose members are exclusively individuals, if final beneficial owners (controllers) of such legal persons coincide with their participants (members). In this case, the participants-individuals are the beneficial owner (controllers) of such legal entities;
- legal entities which have submitted information to the state registrar of their ultimate beneficial owner (beneficiary).

Administrative and financial liability

All legal entities are obliged to submit information about their ultimate beneficial persons, otherwise they may hold liable to penalties under the applicable laws.

According to paragraph 5 of Article 166¹¹ of the Administrative Violations Code the legal entity which has not submitted to the state registrar the information on its beneficiaries, stipulated by the Law on state registration of legal entities and individuals – entrepreneurs - entails imposition

of fine on the head or person authorized to act on behalf of the legal entity (the executive body) in the amount from 300 to 500 tax-exemption minimums (that is UAH 5100 - 8500).

Financial monitoring

All legal entities are required to submit information about their ultimate beneficiaries to the bank for financial monitoring.

The banks and other financial institutions are liable for the implementation of illegal foreign exchange transactions in the form, as follows:

1. a fine in the amount equal to the amount of currency values being the subject of illegal foreign exchange transactions;
2. taking bank off the Bank Register, their branches and representative offices, currency exchanges and financial institutions.

Only after the bank receives a positive result of financial monitoring, it will conduct currency transactions for a legal person – the resident of Ukraine.

If legal entity refuses to submit information about its ultimate beneficiaries, the bank has the right to terminate cooperation with such legal entity.

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