



National Bank  
of Ukraine

## Liberalization of currency regulation

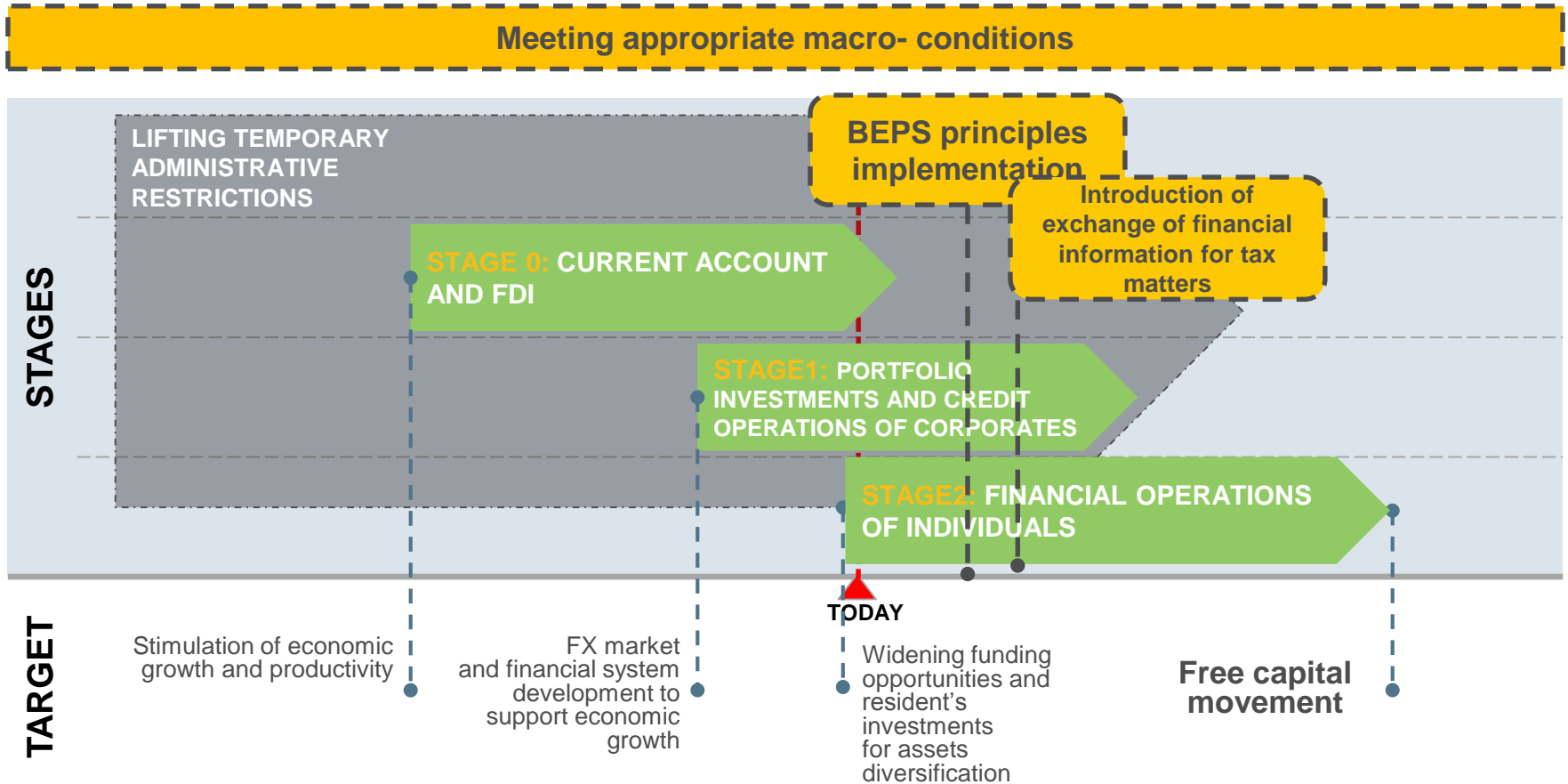
What will change in 2019?

**Oleg Churiy**  
**Deputy Governor**

Kyiv, 28 November, 2018



# Our path: roadmap for currency liberalization

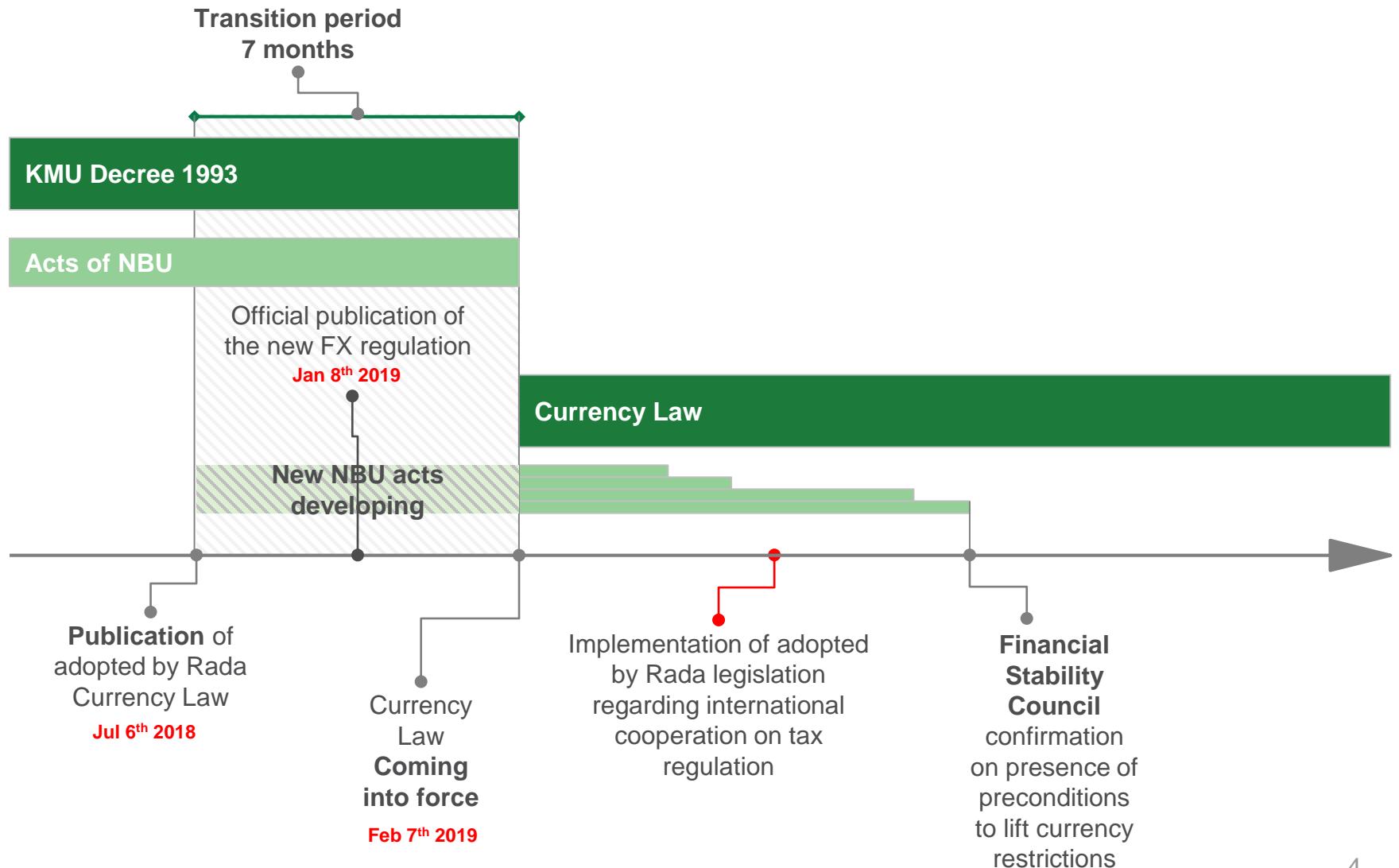


- Transition to the next stage of currency liberalization can be done in case of implementation of OECD recommendations to BEPS resistance and unified standard of automatic exchange of financial information

# New model of currency regulation under the Currency Law

Novation	Comment
<b>1</b> Freedom of currency operations	<ul style="list-style-type: none"><li>▪ All operations are free, except ones directly forbidden in the Law</li></ul>
<b>2</b> Currency values	<ul style="list-style-type: none"><li>▪ National currency</li><li>▪ Foreign currency</li><li>▪ Precious metals</li></ul>
<b>3</b> All payments (for goods&services) in Ukraine – in UAH, except:	<ul style="list-style-type: none"><li>▪ Foreign investments operations</li><li>▪ Banking and financial services</li><li>▪ Non-banking financial companies and Ukrainian Post operations</li><li>▪ Other operations, defined by NBU</li></ul>
<b>4</b> Only 2 types of licenses	<ul style="list-style-type: none"><li>▪ Banking (also includes currency license)</li><li>▪ Currency – for non-banking financial companies</li></ul>
<b>5</b> Currency supervision	<ul style="list-style-type: none"><li>▪ Authorities: NBU, Tax office</li><li>▪ Agents: local banks</li></ul>
<b>6</b> Currency restrictions – temporary safeguard measures	<ul style="list-style-type: none"><li>▪ Reasons for implementation should be confirmed by Financial Stability Council</li><li>▪ Period – up to 6 months with possible prolongation if necessary</li></ul>

# Transition from Decree to the new Currency Law



# The new Law coming into force

## What will change immediately?

1. **Maximum period** of closing export-import operations will be extended to 365 days (from 180 days);
2. **Cancellation of currency supervision** for export/import operations under UAH 150,000 (UAH 300,000 in case of legislative amendments);
3. **Cancellation of individual licenses**, which will be substituted with the E-limits system;
4. **Sanctions cancelling** in forms of external trade activity termination in case of exceeding maximum period of closing export-import operations;
5. **Opening accounts** by nonresident corporates with local banks and by resident corporates outside Ukraine with the provision of information on such residents' accounts (subject to discussion with the State Fiscal Service of Ukraine);
6. **Cancelling external borrowings registration** – to be replaced by reporting;
7. **Online FCY purchases** by individuals, similar to the limit on FCY cash purchases (currently, the equivalent of up to UAH 150,000 per day);
8. **Lifting the ban on payments** in FCY for the purpose of life insurance;
9. **FCY settlements** on public securities denominated in FCY and involving banks.

## New sub-law regulation

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The goal is to develop new FX rules and regulations on the basis of the following principles:

- **Simplicity** – minimizing the number of rules and regulations
- **Clarity** – consolidating these rules and regulations according to the logic of the new currency law
- **Accessibility** – creating a new FX regulation page on the NBU's website (+providing an English translation and links to other laws)

# New Model of the Regulatory Framework

## 7 Key Documents:



## Other separate FX Regulations

- Crimea free economic zone
- Nationalizing currency valuables
- Foreign exchange regulation and controls under special circumstances
- Other regulations (potentially).

## The NBU's existing regulations in related areas:

### Payment Systems and Innovations Department

- Opening/closing accounts (**No.492**),
- Electronic money (**No.481**),
- Electronic means of payments issuance (**No.705**),
- Money transfer documents (**No.216**).

### Legal Department

- The rules for keeping, protecting and disclosing bank secrets (**No. 267**).

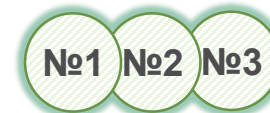
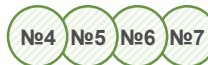
### Financial Monitoring Department

- The regulation on analysis and documentation control on financial operations and their participants by banks (**No.369**)

### Licensing Dept. / Methodology Dept.

- NBF1 licensing (**No.297**)
- on-site/in-office inspections (**No.338**)
- Regulation on FX control (in NBFIs) (**No.49**).

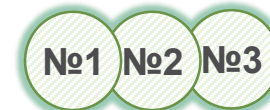
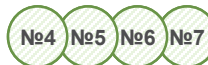
# Key novation of the three first regulations (№1,2,3)



	FX operation	As Is	Will be as of 7 <sup>th</sup> of Feb (draft)	Will be in future (free capital movement regime)
CAPITAL TRANSACTIONS	Investments abroad (legal entities)	\$2m/year (ind. license) Other operations – \$50k/month (ind. license)	€2m/year for all operations (within unified e-limit)	No restrictions
	Investments abroad (individuals)	50 тис. дол./рік (е-ліцензія)	50 тис. євро/рік (е-ліміт)	No restrictions
	Currency of investments	1 <sup>st</sup> group of classifier currency only	1 <sup>st</sup> and 2 <sup>nd</sup> groups	1 <sup>st</sup> and 2 <sup>nd</sup> groups
	FCY T-bills settlement, (on a secondary market)	In UAH only	In FCY possible between banks and client's purchase from banks	No restrictions
	FX SWAP	Between banks only, NBU and IFIs	+ with clients via banks (with possible restrictions)	No restrictions (through banks)
	Setting limits in currencies	UAH, USD, EUR	UAH, EUR	UAH, EUR

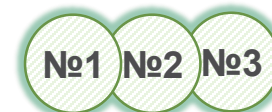


# Key novation of the three first regulations (№1,2,3)



	FX operation	As Is	Will be as of 7 <sup>th</sup> of Feb (draft)	Will be in future (free capital movement regime)
<b>CURRENT TRANSACTIONS</b>	<b>FCY purchase on Interbank market</b>	With obligations and docs, with 10 day limit for usage of the FCY	With obligations and docs (for amounts over UAH 150k, Up to this – with requisites of the contracts in payment order)	No restrictions
	<b>Payments abroad</b>	FX control	With docs (for amounts over UAH 150k)	No restrictions
	<b>Non-residents accounts in local banks</b>	<ul style="list-style-type: none"> <li>- Type «P» (for entrepreneurship)</li> <li>- Type «N»</li> <li>- Account of «investor-non-resident»</li> </ul>	<ul style="list-style-type: none"> <li>- Type «P» (for entrepreneurship)</li> <li>- Type «N» (extended functions)</li> <li>- «Investment account»</li> </ul>	- Type «N»
	<b>Residents - legal entities accounts abroad</b>	Individual license required	No licenses (transfers from Ukraine within e-limit)	No restrictions

# Key novation of the three first regulations (№1,2,3)



	FX operation	As Is	Will be as of 7 <sup>th</sup> of Feb (draft)	Will be in future (free capital movement regime)
<b>OTHER TRANSACTIONS</b>	<b>Precious metals operations</b>	Purchase by legal entities and individuals within <b>UAH 150k/day</b>	<ul style="list-style-type: none"> <li>- Individuals will within FCY cash limit (UAH 150k/day)</li> <li>- Legal entities with relevant business activity – no limits</li> </ul>	No restrictions
	<b>Individual's transfers abroad</b>	<ul style="list-style-type: none"> <li>- Up to UAH 15k per day without account opening and docs</li> <li>- Over UAH 15k per day with account opening and docs</li> </ul>	<ul style="list-style-type: none"> <li>- Up to finmon level (currently UAH 150k) – without account opening</li> <li>- Over – with account opening and docs</li> <li>- Cards operations not restricted</li> </ul>	No restrictions
	<b>Cross-border movement (transportation)</b>	<ul style="list-style-type: none"> <li>- Precious metals: only by banks</li> <li>- Up to 500g without license</li> <li>- FCY cash: only by banks</li> </ul>	<ul style="list-style-type: none"> <li>- Precious metals: any legal entity with relevant activity</li> <li>- Declaration level for precious metals unified with cash FCY (<b>€10k</b>)</li> <li>- FCY cash: any legal entity with relevant activity</li> </ul>	<ul style="list-style-type: none"> <li>- Precious metals: any legal entity with relevant activity</li> <li>- Declaration level for precious metals unified with cash FCY (<b>€10k</b>)</li> <li>- FCY cash: any legal entity with relevant activity</li> </ul>
	<b>Sending by post</b>	Individuals – up to €300, Banks – with declaration	Same as cross-border movement	Same as cross-border movement
	<b>Operations via terminals</b>	Cash FCY sale-purchase by individuals	+ conversion	No restrictions



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