



LAW OF UKRAINE

On the National Bank of Ukraine

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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,
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No. 1131-VI dated 17 March 2009,
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No. 1586-VII dated 4 July 2014,
No. 1702-VII dated 14 October 2014,
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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,*

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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,
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No. 1591-IX dated 30 June 2021, to go into effect on 1 August 2022*

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 which 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 means actions in the area of money supply and credits aimed at ensuring stability of the monetary unit of Ukraine by way of applying the means and techniques specified herein.

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.

Foreign Exchange Policy means the policy of regulating the foreign exchange rate by means of sale and purchase of foreign currency.

Discount Foreign Exchange Policy means the increase or reduction of the rate of interest on credits by the NBU in order to regulate the demand for and the supply of the lending capital.

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.

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 entities 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 Standards for the Professional Practice of Internal Auditing mean the standards adopted by the Internal Auditing Standards Board and approved by the Supervisory Board for Professional Practices.

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 entities 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 shows a relationship between amounts of payments into and out of a country over a specific period of time. The balance of payments covers payments related to international trade, services, noncommercial transactions, revenues from international investments, trade in licenses, freight and service of vessels, tourism, upkeep of diplomatic and trade missions abroad, money transfers of individuals, repayment of loans to other countries, etc. The balance of payments includes the capital flows: investments and loans.

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 (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 (SDR) mean an international reserve asset, created by the IMF in addition to the existing international reserve assets; the value of SDR is based on a basket of five currencies; currency composition of the basket is revised every five years. The value of SDR is calculated on a daily basis.

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, Business Reputation, Qualifying Holding, Credit Register of the National Bank of Ukraine shall have the meaning ascribed to them in the Law of Ukraine *On Banks and Banking*.

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

{This indent of Article 1 in the wording of Law [No. 1591-IX dated 30 June 2021](#) goes into effect on 1 August 2022}

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, Nonfinancial 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 Money of the NBU shall have the meaning ascribed to them in the [Law of Ukraine](#) *On Payment Services*.

{This indent of Article 1, pursuant to Law [No. 1591-IX dated 30 June 2021](#), goes into effect on 1 August 2022}

Article 2. Legal Basis for the NBU Activities

The National Bank of Ukraine (hereinafter referred to 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 have economic independence as an authority using its own revenues and, in cases provided for hereby, the State Budget of Ukraine, to cover its expenses within approved administrative expense budget.

The NBU shall be a legal entity with separated property that is the subject to the public property rights and is allocated to the NBU under the terms of its full economic control.

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.

The NBU shall have the right to establish its enterprises, institutions, stand-alone units (branches and representative offices in Ukraine, as well as NBU representative offices abroad).

The NBU, its enterprises, institutions, stand-alone units (branches and representative offices in Ukraine, as well as NBU representative offices abroad) shall have a seal bearing the Coat of Arms of Ukraine and their respective names.

Article 5. Budget of Administrative Expenses

The NBU shall annually compile an estimate of its administrative expenses.

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

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

The NBU creates general reserves to cover its losses and the revaluation reserves to cover unrealized losses.

In case 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 5¹. 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

2¹) issuing digital money of the NBU in line with law and determining the procedure for issuing and using the NBU's digital money

{Paragraph 2¹ of Article 7, pursuant to Law [No. 1591-IX dated 30 June 2021](#), goes into effect on 1 August 2022}

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) supporting establishment of the system of monetary, crediting and banking statistical data and the balance of payments statistics and creating its methodology

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 determining the procedure for rendering payments services and limited payment services, and supervising the activities of payment market participants

{Paragraph 6 of Article 7 in the wording of Law [No. 1591-IX dated 30 June 2021](#) goes into effect on 1 August 2022}

7) shaping the development of modern electronic banking and payment technologies, establishing payment and accounting systems, promoting their smooth and efficient operation, and ensuring development of payment and record-keeping systems created by the NBU; controlling the creation of payment instruments, systems of automation of banking and payment market activities, facilities for protection of data on banking and payment market activities

{Paragraph 7 of Article 7 in the wording of Law [No. 1591-IX dated 30 June 2021](#) goes into effect on 1 August 2022}

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

8¹) state regulation and supervision on individual and consolidated basis in the nonbank financial services markets over activities of nonbank financial institutions and other entities, other than financial institutions, that are entitled to provide certain financial services within the limits set by the Law of Ukraine *On Financial Services and State Regulation of Financial Services Markets* and other laws of Ukraine

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 National Bank of Ukraine

9¹) keeping the State Register of Financial Institutions, the Register of Debt Collectors, and, in cases defined by the NBU, other registers of entities other than financial institutions that are entitled to provide certain financial services, which are 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

10¹) 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

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

{Paragraph 14 of Article 7 in the wording of Law [No. 1591-IX dated 30 June 2021](#) goes into effect on 1 August 2022}

15) accumulation and safekeeping of the gold and foreign exchange reserves and conducting transactions with reserves 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 collection of funds and transportation of currency valuables; issuing licenses to provide cash collection services to banks, suspending, updating and revoking them, as prescribed by the NBU
- 18) implementing the national policy of state secrets protection within the NBU system
- 19) taking part in the training of personnel for Ukraine's banking system
- 20) defining how Ukraine's banking system operates under a martial law or a state of emergency; emergency preparedness 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) methodological support for keeping, protection, use and disclosure of banking secrets
- 22¹) 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) 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 intending to provide certified electronic trust services, pursuant to the [Law of Ukraine On Electronic Trust Services](#)

{Paragraph 26 of Article 7 in the wording of Law [No. 1591-IX dated 30 June 2021](#) goes into effect on 1 August 2022}

- 26¹) effecting state regulation of electronic identification carried out 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 , for which the NBU shall set the following:

requirements for certified electronic trust service providers included in the Trust List upon the submission of the Certification Authority, including requirements for their software and hardware complexes

the procedure for providing and using electronic trust 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 technical service providers

the procedure for rendering services of transmitting the standard time signals from the Certification Authority to electronic trust service providers included in the Trust List upon the submission of the Certification Authority, and for identifying time synchronization sources

{Paragraph 26¹ of Article 7 in the wording of Law [No. 1591-IX dated 30 June 2021](#) goes into effect on 1 August 2022}

27) authorizing operation in the payment market

{Paragraph 27 of Article 7 in the wording of Law [No. 1591-IX dated 30 June 2021](#) goes into effect on 1 August 2022}

28) establishing and maintaining the Payment Infrastructure Register pursuant to [the Law of Ukraine On Payment Services](#)

{Paragraph 28 of Article 7 in the wording of Law [No. 1591-IX dated 30 June 2021](#) goes into effect on 1 August 2022}

29) performing oversight of the payment infrastructure

{Paragraph 29 of Article 7 in the wording of Law [No. 1591-IX dated 30 June 2021](#) goes into effect on 1 August 2022}

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 branches of foreign banks; 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 entities other than financial institutions according to their legal status but providing certain financial services

{Paragraph 30 of Article 7 in the wording of Law [No. 1591-IX dated 30 June 2021](#) goes into effect on 1 August 2022}

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 on financial services markets, that are subject to state regulation and supervision by the NBU; by payment system operators and/or payment system participants, and 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 on 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

{Paragraph 32 of Article 7 in the wording of Law [No. 1591-IX dated 30 June 2021](#) goes into effect on 1 August 2022}

33) ensuring the formation and maintenance of a list of critical infrastructure objects and register of critical infrastructure objects in Ukraine's banking system, establishing the criteria and procedure for attributing the objects of Ukraine's banking system to critical infrastructure objects and critical information infrastructure objects, providing assessment of the cyber security state and information security audit in Ukraine's banking system;

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 National Bank of Ukraine

34¹) 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)

34²) 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

{Paragraph 34² of Article 7, pursuant to Law [No. 1591-IX dated 30 June 2021](#), goes into effect on 1 August 2022}

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.

{Paragraph 37 of Article 7, pursuant to Law No. 1591-IX dated 30 June 2021, goes into effect on 1 August 2022}

Article 7¹. Measures to Ensure Stability of the Banking System

When banking system shows signs of unsustainability or threats to stability of banking and/or financial system of the country exist, the NBU shall be empowered to determine temporary special mode of regulation and supervision of banks or other entities subject to the NBU inspections, including special regime of liquidity support, application of prudential ratios, formation and use of loan loss provisions; to introduce restrictions on banks' activities, including to limit or ban withdrawals from current and deposit accounts of individuals and legal entities, as well as to limit or temporarily ban foreign exchange transactions in the territory of Ukraine, in particular export, transfer or remittance abroad of foreign exchange assets.

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, 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 over monetary policy implementation

- 3) analyze the effect of the monetary policy of Ukraine on the social and economic development of the country, develop proposals on amending this policy
- 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
- 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 reporting year, approve an audit firm selected to perform the annual audit of the NBU financial statements based on the results of procurement procedure pursuant to the Law of Ukraine *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 the NBU Board progress in implementation of the Monetary Policy Guidelines and in other areas where decisions are binding for the NBU Board; make recommendations to the NBU Board on:
 - methods and forms of forecasting macro-level indicators for economic and social development of Ukraine, as well as monetary policy
 - certain monetary and regulatory measures and their effect on economic and social development of Ukraine
 - the policy of exchange rate formation and foreign exchange regulation
 - development of the banking system and certain normative acts on banking activity
 - improvement of the system of payments
 - other issues which are within the jurisdiction of the NBU Council
- 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 his/her 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

Article 9 part one paragraph 20 was excluded based on Law of Ukraine [No. 1587-IX dated 30 June 2021.](#)

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*.

In case of repeated non-observance or improper fulfillment by the NBU Board of the NBU Council decisions which are binding for the NBU Board according to this Law, the NBU Council is entitled to appeal to the NBU Governor or to the Verkhovna Rada of Ukraine stating its opinion.

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 his/her 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 shall be a citizen of Ukraine permanently residing in Ukraine and having formal 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 on managerial positions in other state authorities and the state agencies ensuring implementation of the state financial, economic or legal policies, or on managerial positions in international financial organizations, or on managerial positions in a banking institution, or else the scientific research experience in the field of finance, economics or laws, and having irreproachable business reputation, in particular having no outstanding conviction, i.e. such that would not have been cancelled and quashed in accordance with the procedure established by the law.

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 entities 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 entity or provide services under civil law contract to such a legal entity, or are direct or indirect shareholders (stakeholders) in such a legal entity subject to the NBU's regulation and supervision.

In order to be appointed the NBU Council members, prospective candidates must prove that they meet the requirements specified in paragraph 3 and 4 of this Article.

The NBU Council members hold office for seven years, except the NBU Governor whose term in office is limited by his/her 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, paragraph 4 of this Law.

A member of the NBU Council whose term of office has expired remains in office until the newly appointed member of the NBU Council takes office.

An NBU Council member is dismissed if his/her term of office has expired, or:

- 1) A resignation letter has been submitted, stating the reasons for the decision.
- 2) A court decided to declare the person legally incapable.
- 3) The NBU Council member's activities do not comply with the law or he/she has lost the irreproachable business reputation.
- 4) He/she has unreasonably failed to attend two consecutive council meetings.
- 5) He/she has 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) Circumstances arise preventing an NBU Council member from fulfilling his/her duties, as set forth in parts 3 and 4 of this Article.

If a council member dies, or if a court declares a council member missing or dead, as applicable, 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 dead 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 his/her 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 acts on the basis of the NBU Council Regulation.

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

The extraordinary sessions of the NBU Council shall be convoked by the Chairman of the NBU Council upon his/her 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 session at least five days in advance. The Procedure of the preparation to the extraordinary session of the NBU Council shall be defined by the NBU Council Regulation.

Six NBU Council members constitute a quorum.

The sessions of the NBU Council shall be presided by the Chairman of the NBU Council or, in case of his/her absence, by the Deputy Chairman according to the Regulations.

The decisions shall be taken by a simple vote of the majority of the total number of attending members of the NBU Council. Each member of the NBU Council shall have one vote.

Representatives of business entities, scientists, and other specialists may be invited to attend meetings of the NBU Council.

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. Chairman and Deputy Chairman of the NBU Council

The Chairman 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 Chairman of the NBU Council.

The Chairman of the NBU Council shall:

- organize sessions of the NBU Council and chair the sessions
- convene extraordinary sessions upon his/her 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

- inform, as set forth in the NBU Council Regulation, the Ukrainian President or the Verkhovna Rada of Ukraine of any reasons for the dismissal of the NBU Council members that they appointed
- exercise other powers and functions according to the NBU Council Regulation.

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

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

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

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

In case of termination of the powers of the Chairman or Deputy Chairman 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 sessions of the NBU Council shall be issued in the form of the Minutes of Meetings and Decisions and signed by the chairman of the session.

The Monetary Policy Guidelines and any decisions taken by the NBU Council regarding the issues specified in Article 9 paragraphs 3, 4, 6, 8–10, 12, 15, 17, and 18 of this Law are binding for the NBU Board.

The recommendations of the NBU Council shall be considered by the NBU Board within five working days. On the basis of such consideration, the NBU Board shall be obliged to send a substantiated reply to the NBU Council.

The NBU Council shall not interfere in the NBU Board exercise of its statutory functions and powers.

The decisions of the NBU Council shall be disclosed, unless these decisions contain national, banking or professional secrets under the 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 13¹. 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

According to the Monetary Policy Guidelines, the NBU Board shall ensure implementation of the monetary policy by means of appropriate monetary instruments and other means of banking regulation, 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

economic means and monetary methods required to implement the Monetary Policy Guidelines according to the decisions of the NBU Council taken with regard to these issues and the necessity to ensure the stability and the purchasing power of the domestic currency

banking regulation and supervision

state regulation and supervision of nonbank financial services markets (except for the securities and derivatives markets and professional activities in the stock market and in the system of contribution pension provisioning)

refinancing system

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

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

{Paragraph 1 indent eight of Article 15 in the wording of Law [No. 1591-IX dated 30 June 2021](#) goes into effect on 1 August 2022}

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

{Part one paragraph 1 indent nine of Article 15 in the wording of Law [No. 1591-IX dated 30 June 2021](#) goes into effect on 1 August 2022}

setting and changing key policy rate and other NBU rates

diversification of the NBU assets and their liquidity

applying corrective 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 other entities that are subject to inspections by the NBU under the Laws of Ukraine [On Banks and Banking](#), [On Financial Services and State Regulation of Financial Services Markets](#), [On Payment Services](#), and other Ukrainian laws

{Part one paragraph 1 indent twelve of Article 15 in the wording of Law [No. 1591-IX dated 30 June 2021](#) goes into effect on 1 August 2022}

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

minimum amount of the gold and foreign exchange reserves of the NBU

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

amount and procedure of creating reserve requirements for banks

applying corrective measures (sanctions) to banks, other financial institutions, and entities engaged in activities in financial services markets, which are subject to state regulation and supervision by the NBU, and other entities that are subject to inspections by the NBU, as set forth in the Law of Ukraine [On Banks and Banking](#), Law of Ukraine [On Financial Services and State Regulation of Financial Services Markets](#), as well as 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 a bank a problem 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 4–6 hereto

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

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

{Paragraph 1 indent thirty of Article 15, pursuant to Law [No. 1591-IX dated 30 June 2021](#), goes into effect on 1 August 2022}

setting prudential standards for nonbank payment service providers

{Paragraph 1 indent thirty-two of Article 15, pursuant to Law [No. 1591-IX dated 30 June 2021](#), goes into effect on 1 August 2022}

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

setting economic ratios for banking groups and subgroups of banking groups

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, the banking system of Ukraine, and nonbank financial services markets for information purposes, which information may be necessary for the performance of the tasks of the NBU Council

{Paragraph 2 of Article 15 in the wording of Laws [No. 1587-IX dated 30 June 2021](#), [No. 1591-IX dated 30 June 2021](#) goes into effect on 1 August 2022}

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

3¹) approve appointments and dismissals of the managers of the NBU core functions

3²) 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 his/her deputies

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

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

8) approve the Regulation on the NBU Board

Article 15 part one paragraph 9 was excluded based on Law of Ukraine [No. 1587-IX dated 30 June 2021.](#)

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 and 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 NBU Board may decide to establish the Committee on Banking Supervision and Regulation and Payment System Oversight, and to charge it with banking regulation and supervision. Among other things, the NBU may allow the committee take action to influence (apply sanctions to) banks and other entities that are subject to inspection by the NBU, apart from the action specified in Article 73, part 1, 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 NBU Board may decide to establish the Committee on Supervision and Regulation of Nonbank Financial Services Markets and to charge it with state regulation and supervision in said markets. Among other things, the NBU may allow the committee to take corrective measures to nonbank financial market participants in line with Ukrainian laws.

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.

The NBU Governor shall be a citizen of Ukraine permanently residing in Ukraine and having formal 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 implementation of the state financial, economic or legal policies, or on managerial positions in international financial organizations, or on managerial positions in a banking institution, or else the scientific research experience in the field of finance, economics or laws, and having irreproachable business reputation, in particular having no outstanding conviction, i.e. such that would not have been cancelled and quashed in accordance with procedure established by the law.

A person cannot be appointed the NBU Governor, if he/she has a representative capacity or is a (former) head of public authorities and other government bodies (if he/she left office less than a year ago); or is a leaders of political party or a member of the governing bodies of a political party, or is a chief or a member of the governing board of a legal entity (except for the NBU), or owns directly or indirectly of shares (stakes) of a legal entity. During his/her tenure the NBU Governor shall suspend membership in any political party.

In order to be appointed the NBU Governor, a candidate for the post shall submit the evidence of his/her compliance with the requirements set forth by the third and fourth parts of this Article.

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) His/her tenure has expired.
- 2) He/she has submitted a resignation letter, stating the reasons for the decision, if the resignation has been approved by the President of Ukraine.
- 3) He/she has been prosecuted and sentenced in a court of law.
- 4) He/she has been declared incapable by a court.
- 5) His/her citizenship is terminated or he/she leaves Ukraine to take up permanent residence abroad.
- 6) His/her business reputation has been compromised.
- 7) The fact of misrepresentation by him/her when appointed the NBU Governor has been discovered.
- 8) his/her death or court declaring him/her dead
- 9) his/her failure to perform duties, including due to poor health, for four months running

10) Circumstances arise that make it impossible for the person to be the NBU Governor (according to parts 3 and 4 of this Article).

The NBU Governor shall continue discharge of duty up to assumption of office by the newly-appointed Governor save the cases prescribed in paragraphs 2–10 of the eighth part of this Article.

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

In case of dismissal of the NBU Governor on the ground specified in paragraphs 2–10 of the eighth part 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 his/her 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, orders and instructions, as well 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 3 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 he/she has a representative capacity or is a (former) head of public authority and other government body (if he/she left office less than a year ago); or is a leaders of political party or a member of the governing bodies of a political party, or is a chief or a member of the governing board of a legal entity (except for the NBU and other legal entities where the participation of NBU representative in governing bodies is required by the law or a portion of shares (stakes) are state-owned), or owns directly or indirectly of shares (stakes) of a legal entity. During his/her tenure the NBU deputy governor shall suspend membership in any political party.

In order to be appointed as deputy governors, candidates must prove that they meet the requirements specified in parts four and five of this Article.

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

An NBU deputy governor shall be dismissed in the following cases:

- 1) His/her tenure has expired.
- 2) A resignation letter has been submitted, stating the reasons for the decision.
- 3) He/she has been prosecuted and sentenced in a court of law.
- 4) He/she has been declared incapable by a court.
- 5) His/her business reputation has been compromised.
- 6) The fact of misrepresentation by him/her when appointed the NBU deputy governor has been discovered.
- 7) his/her death or court declaring him/her dead
- 8) his/her failure to perform duties, including due to poor health, for four months running
- 9) Circumstances arise preventing an NBU deputy governor from fulfilling his/her duties, as set forth in parts four and five of this Article.

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

A deputy governor whose term of office has expired is required to hold office until a new deputy government is appointed.

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 entities 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 1–3, part four paragraphs 1, 2, and 4, and parts five–seven; Articles 43 and 44; Article 45 part 1, 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 and Methods

The major economic instruments and methods of the monetary policy shall be the regulation of money supply through:

- 1) setting and regulating reserve requirements for banks
- 2) interest rate policy
- 3) refinancing of banks
- 4) management of gold and foreign exchange reserves
- 5) open market operations with securities (excluding corporate rights), treasury notes included
- 6) regulating 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) changing the settlement periods for transactions on exports and imports of goods
- 9) issuing own debt instruments and operations with them.

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.

Article 28. Gold and Foreign Exchange Reserves Management

The NBU shall manage the gold and foreign exchange reserves of the state through currency interventions (purchase and sale of currency in foreign exchange markets) in order to regulate the domestic currency exchange rate against foreign currencies, as well as the total money demand and supply in Ukraine.

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.

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

1¹) store banknotes and coins directly or in banks authorized by it to keep them and carry out transactions with them

1²) 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, safekeeping, collection, transporting, withdrawal from circulation and destruction of cash

5¹) set rules for funds transferring

{Paragraph 5¹ of Article 33, pursuant to Law [No. 1591-IX dated 30 June 2021](#), goes into effect on 1 August 2022}

6) set cash operations rules for banks, other financial institutions, enterprises and organizations

7) set [the requirements to technical safety and organization of security measures for banks' premises](#) and their standalone units, nonbank financial institutions and postal service providers having a NBU's license for carrying out currency operations and/or a license for funds transferring without opening accounts, and legal entities that have a license for rendering cash collection services to banks and are engaged in cash processing and storage.

{Paragraph 7 of Article 33 in the wording of Law [No. 1591-IX dated 30 June 2021](#) goes into effect on 1 August 2022}

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.

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 money exclusively in a non-cash form pursuant to the [Law of Ukraine On Payment Services](#).

{Part four of Article 34, pursuant to Law [No. 1591-IX dated 30 June 2021](#), goes into effect on 1 August 2022}

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 entities 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 entities for carrying out payment transactions and settlements only in cases provided for in laws of Ukraine.

{Article 35 in the wording of Law [No. 1591-IX dated 30 June 2021](#) goes into effect on 1 August 2022}

Article 36. Hryvnia Exchange Rate

The NBU shall set and publish the official exchange rate of hryvnia against foreign currencies.

In order to regulate the exchange rate of hryvnia against foreign currencies, the NBU shall use the gold and foreign exchange reserves, purchase and sell securities, establish and change the refinancing rate and make use of other instruments of regulating the money supply in circulation

Article 37. Convertibility of Hryvnia

The conditions and the procedure of conversion (exchange) of 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 entities, and individuals in the economic turnover of Ukraine by using paper and electronic documents, payment instruments, and cash, as well as coordinate organization of settlements.

{Part one of Article 40 in the wording of Law [No. 1591-IX dated 30 June 2021](#) goes into effect on 1 August 2022}

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 banking system the binding standards and rules of accounting and financial reporting complying with the requirements of the laws of Ukraine and international accounting standards.

Section VII. OPERATIONS OF THE NBU

Article 42. Types of 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) 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 paragraph 3, Part 2, Article 71 hereof
- 5) open its own correspondent and metal accounts with foreign banks and keep correspondent accounts of banks
- 5¹) 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 the gold and foreign exchange reserves directly or through banks, authorized by the NBU to conduct foreign exchange transactions, to perform operations with gold and foreign exchange reserves of Ukraine with the banks, whose rating according to the classification of international rating agencies meets the requirements to the top banks not lower than category A
- 9) Article 42 part one paragraph 9 was excluded.
- 10) Article 42 part one paragraph 10 was excluded based on Law of Ukraine [No. 1587-IX dated 30 June 2021.](#)
- 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
- 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

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](#).

{Paragraph 24 of Article 42, pursuant to Law [No. 1591-IX dated 30 June 2021](#), goes into effect on 1 August 2022}

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 corrective measures to authorized institutions for violations of currency laws.

{Paragraph 5 of Article 44 in the wording of Law [No. 1591-IX dated 30 June 2021](#) goes into effect on 1 August 2022}

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. Discount and Foreign Exchange Policy

The NBU shall implement the discount and foreign exchange policy and apply the foreign exchange restrictions, if necessary.

The NBU shall pursue the discount policy by altering the key policy rate of the NBU to regulate the flow of capital and to balance the payment liabilities, as well as to adjust the exchange rate of Ukraine's currency against the foreign currencies.

The NBU shall pursue the exchange rate policy on the basis of regulation of the exchange rate of Ukraine's currency to foreign currencies by means of purchase and sale of the foreign currency in the financial markets.

Article 47. Composition of the Gold and Foreign Exchange Reserve

To ensure the internal and external stability of Ukraine's monetary unit, the NBU shall have the gold and foreign exchange reserve consisting of the following 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) the income from transactions with foreign currencies, investment metals and other internationally recognized reserve assets
- 3) the foreign exchange funds received from international financial institutions, other central banks and other creditors.

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 foreign exchange transactions, monetary metals, other internationally recognized reserve assets, as well as transactions that support the NBU's operation and not exceeding estimates of the NBU's administrative expenses
- 3) repayment of foreign exchange funds to international financial organizations, other central banks and other creditors by the NBU including interest for the use of such funds and other respective charges
- 4) participation in capital and activities of international organizations according to Article 43 hereof.

The gold and foreign exchange reserve shall not be used for granting credits and guarantees and other commitments to residents and nonresidents of Ukraine.

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) The NBU informs the President of Ukraine and the Verkhovna Rada of Ukraine on the situation in the money market twice a year.

The NBU shall, on the quarterly basis, inform the President of Ukraine, the Cabinet of Ministers of Ukraine and the Parliamentary Committee on Finance and Banking about the non-cash money issued during the respective 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, the NBU shall submit to the President of Ukraine, the Verkhovna Rada of Ukraine, and the Cabinet of Ministers of Ukraine the following:

by 1 March, preliminary information about the calculation of the part of projected distributable profit to be transferred to the state budget, for the next three years

by 15 March, monetary indicators and exchange rate policy indicators (including the average exchange rate of the hryvnia for the year and at the end of the year) estimated for the next three years

by 15 April, up-to-date information about the calculation of the part of projected distributable profits to be transferred to the state budget, for the next three years.

Article 52. Relations with the Cabinet of Ministers of Ukraine

The NBU and the Cabinet of Ministers of Ukraine shall consult each other on the issues of the monetary policy, development and implementation of the National Economic and Social Development Program.

Upon the request of the Cabinet of Ministers of Ukraine, the NBU shall provide the information about monetary processes and money market.

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 shall support the economic policy of the Cabinet of Ministers of Ukraine, provided that such a policy is not detrimental to the stability of the monetary unit of Ukraine.

The NBU Governor or, by his/her 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 entities 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

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

Section X. BANKING REGULATION AND BANKING SUPERVISION. STATE REGULATION OF NONBANK 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, bank unions, representative offices and branches of the foreign banks in Ukraine as well as by other legal entities and individuals, the requirements of banking laws as well as the regulations and economic ratios issued or established by the NBU. 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 55¹. Objective of State Regulation of Nonbank Financial Services Markets

The main objective of the state regulation of nonbank 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 nonbank financial services, and prevention of crisis developments.

The NBU shall perform functions of state regulation and supervision of nonbank financial services markets (except for activities in the securities and derivatives market and professional activities in the stock market and in the system of contribution pension provisioning) on individual and consolidated basis within the scope and according to the procedure established by this Law, Law of

Ukraine *On Financial Services and State Regulation of the Financial Services Markets*, and other laws on regulation of financial services markets.

The state regulation of nonbank 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 entities, and individuals.

The administrative documents issued by the NBU include internal orders and administrative enactments that are not regulations. Internal orders and administrative enactments are made public and come into force in accordance with the procedure specified by the NBU.

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 regulations (except for the regulations containing restricted information) that are legislative enactments are drawn up and approved as set forth in the Law of Ukraine *On State Policies Regulating Business Activity*.

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: *Ofitsiynyi Visnyk Ukrainy* (Official Herald of Ukraine), *Uriadovyi Kurier* (Government Gazette), *Holos Ukrainy* or posted on the official web site of the NBU.

The NBU regulations that contain restricted information must not be published, and are communicated to the legal entities 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 entities that have obtained a license from the NBU, 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 State Regulation of the Financial Services Markets*, 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. Economic Ratios

In order to protect interests of depositors and creditors, and ensure the financial reliability of the banks and other financial institutions the NBU shall, within the scope of its powers, establish for them the mandatory economic ratios according to the procedure specified by it. These ratios shall ensure the control over the risks related to the capital, the liquidity, granting credits, capital investments, as well as over the interest rate and currency risks.

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' activities in the forms specified in the Law of Ukraine *On Banks and Banking* both directly and through a banking supervision authority established by it.

Article 62. Invalid

Article 63. Restriction on the NBU Requirements

The NBU shall not be entitled to demand from banks to effect transactions or 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 64¹. Legal Protection

NBU Board and Council members, as well as other staff members, must comply with the NBU Code of Ethics, and seek to avoid conflicts of interests.

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*. To avoid and resolve conflicts of interest, the NBU Board members, other NBU officials, and members of the NBU Council are obliged to take measures provided by the Law of Ukraine *On Corruption Prevention*.

Unless otherwise provided for by law, the NBU officials and their family members are prohibited from being a qualifying holder (directly or indirectly) in banks, other financial institutions, and legal entities other than financial institutions that are entitled to provide certain financial services, which are subject to state regulation and supervision by the NBU.

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. MONETARY, FINANCIAL, BALANCE OF PAYMENTS, INTERNATIONAL INVESTMENT POSITION, EXTERNAL DEBT, AND BANKING STATISTICS

Article 67. Definition of Reporting

In order to exercise the regulatory and supervisory functions, the NBU shall define the forms of reporting (including the consolidated one), as well as the procedure of its compilation and presentation to the NBU, being mandatory for all the business entities, including:

- 1) for (resident and non-resident) banks that are located in Ukraine, banking groups, banking group members to compile monetary, financial, balance of payments, international investment position, external debt, and banking 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
- 3) for nonbank financial institutions and legal entities other than financial institutions that are entitled to provide certain financial services, which are subject to state regulation and supervision by the NBU.

The information provided by banks, nonbank 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 the transparency in the banking business and statistics of the balance of payments, the NBU shall:

- 1) publish on the pages of the official website of the NBU:

by April 30 of the year following the reporting year, the NBU's annual financial statements and the NBU's annual management report, approved by the NBU Board

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

- 2) issue monthly statistical bulletins, as well as other publications in an electronic or printed form
- 3) publish in the official publications the current banking information and data on the monetary and banking statistics, provided that such information does not constitute the state or banking secret
- 4) provides information on the monetary and banking statistics and statistics of the balance of payments for publication pursuant to the international agreements
- 5) ensure informing of 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 for the financial market participants as well as about the refinancing and exchange rate policy implemented by the NBU, including:

the loans granted to banks (for a term of more than 30 calendar days) with obligatory reference to the bank's name, loan amount and type, collateral type and date of the respective decision of the NBU

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

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

The data to be published in the mass media shall be determined by the State Statistics Committee of Ukraine in accordance with the laws of Ukraine.

The NBU shall be the owner of the consolidated information on the monetary and banking activities and specify the regime of access thereto in accordance with the laws of Ukraine. The official banking information shall be possible to use by other bodies in their publications only upon authorization of the NBU or with reference to its official source.

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

- 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.

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, nonbank financial institution or other legal 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, nonbank financial institution or other legal 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, nonbank financial institution or other legal 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 corrective measures applied in the form of a warning letter, entering into the written agreement with the bank, nonbank financial institution or other legal 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, nonbank financial institution or other legal 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 corrective measures

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

information on the appeal against the above corrective 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

corrective 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, nonbank financial institutions or other legal entities that are subject to regulation and supervision by the NBU in the AML/CTF area).

The information about corrective 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 3, 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 5, 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 8, of this Law.

Article 70. External Audit

Audits of NBU annual financial statements, which have been produced according to international financial reporting standards, must be carried out at least once a year by an audit firm that has experience in delivering central bank audits. Audits of NBU annual financial statements must be delivered in compliance with international auditing standards.

Prior to delivering an audit of NBU annual financial statements, the audit firm must be approved by the NBU Council in accordance with a procurement process, as set forth in the Law of Ukraine *On Public Procurement*.

An audit firm cannot audit NBU's annual financial statements for more than five consecutive years.

In monitoring how money is received and spent by Ukraine's state budget, the Accounting Chamber checks 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) participating in the capital of other enterprises and institutions supplementing the activities of the NBU
- 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 Ukrainy, 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 5¹ 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.

President of Ukraine

Leonid KUCHMA

Kyiv

20 May 1999

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