



**Board of the National Bank of Ukraine
RESOLUTION**

2 January 2019 Kyiv

No. 4

On Approval of the Regulation on the List of Safeguards and the Procedure and Criteria for Their Implementation, Extension, and Early Termination

Pursuant to Articles 6, 7, 7¹, 15, 25, 44, and 56 of the Law of Ukraine *On the National Bank of Ukraine* and Articles 12 and 16 of the Law of Ukraine *On Currency and Currency Operations*, the Board of the National Bank of Ukraine hereby **resolves** to:

1. Approve the Regulation on the List of Safeguards and the Procedure and Criteria for Their Implementation, Extension, and Early Termination.
2. Following the official publication, the Open Market Operations Department (Serhii Ponomarenko) shall communicate to banks the information on the approval of the Resolution.
3. The Resolution shall take effect on the effective date of the Law of Ukraine *On Currency and Currency Operations*.

Yakiv SMOLII

Governor

Ref. 40

APPROVED
by Resolution of the Board
of the National Bank of Ukraine
No. 4 dated 2 January 2019

Regulation on the List of Safeguards and the Procedure and Criteria for Their
Implementation, Extension, and Early Termination

1. The Regulation has been developed in accordance with Articles 6, 7, 7¹, 15, 25, 44, and 56 of the Law of Ukraine *On the National Bank of Ukraine* and Articles 12 and 16 of the Law of Ukraine *On Currency and Currency Operations* (hereinafter – the Law) and establishes the list of safeguards and the procedure and criteria for their implementation, extension, and early termination.
2. The terms used herein shall be interpreted in the meanings set out in the Law, other laws of Ukraine, and the regulations of the National Bank of Ukraine.
3. The National Bank of Ukraine (hereinafter – the NBU), in case of any indicators of financial instability of the banking system, deterioration in the balance of payments of Ukraine, and threats to the stability of Ukraine’s banking and/or financial system, shall have the right to implement the following safeguards:
 - 1) surrender requirement to sell a part of foreign currency proceeds in the amount stipulated in the NBU regulations
 - 2) setting deadlines for settlements under transactions on export and import of goods
 - 3) setting special requirements for transactions related to the movement of capital
 - 4) introducing permits for and/or limits on specific currency transactions
 - 5) provisioning against currency transactions
 - 6) the measures stipulated in Article 7¹ of the Law of Ukraine *On the National Bank of Ukraine*, namely imposing restrictions or temporary prohibitions to carry out certain currency transactions within Ukraine, including:

in the form of foreign currency purchase by the currency transaction parties provided the purchased currency is used only for the intended purpose within an established period in the cases stipulated in the NBU regulations

in the form of obligatory use of settlement forms, procedures and terms stipulated in the NBU regulations when conducting currency transactions in the course of international economic activity

in the form of the NBU regulations setting requirements as regards currency transactions on debt repayment to nonresidents under loans (including the reimbursable financial assistance) no earlier than on the date set out in the NBU regulations

under current, deposit, correspondent, escrow accounts of the currency transaction parties, through the NBU regulations setting restrictive conditions, procedures, and specifics of currency transactions or setting temporary prohibitions on currency transactions

on purchase, sale, and exchange of foreign currency and investment metals by the currency transaction parties, through the NBU regulations setting restrictive conditions (including terms of foreign currency purchase using funds from certain sources, given the availability of own foreign currency, under the currency transactions provided for by the NBU regulations), procedures, and specifics of currency transactions or setting temporary prohibitions on currency transactions

in the form of the NBU regulations setting restrictive conditions, procedures, and specifics of currency transactions related to investment activities of foreign investors in Ukraine or setting temporary prohibitions on such transactions

on the cross-border movement/transfer of currency valuables and the settlements/transfers under currency transactions within Ukraine, through the NBU regulations setting restrictive conditions, procedures, and specifics of such transactions or setting temporary prohibitions on such transactions.

4. The list of the safeguards provided for by paragraph 3 subparagraph 6 hereof shall be amended through the amendments to the Regulation.

5. A decision on introduction, extension, or early termination of a safeguard shall be adopted in the form of a resolution of the NBU Board in line with the procedure provided for by the Law.

The safeguards introduced by the NBU and the procedure for their implementation (the procedure for currency transactions under the implemented safeguards) are provided for by the NBU regulations approved by the NBU Board resolutions.

The regulations, approved by the NBU Board resolutions, on amendments to the procedure, requirements, terms, or specifics of currency transactions shall not constitute implementation of new safeguards or extension of the effective safeguards as provided for by the Law, if such regulations do not result in tightening of the existing restrictions and/or temporary prohibitions on currency transactions set by the NBU regulations, extension of the scope of entities/transactions subject to the safeguards, and/or prolongation of the safeguards.

6. Safeguards may be introduced under the following criteria:

- 1) major weakening of the hryvnia exchange rate in the foreign exchange market and/or major decrease in the foreign exchange reserves of the NBU
- 2) major decrease in total deposits in the banking system
- 3) major increase in the cost of borrowings in external markets or the impossibility of such borrowings
- 4) escalation of social and political and/or geopolitical tensions posing risk to the stability of the financial sector of Ukraine
- 5) other indicators of major risks to the macroeconomic stability and stability of the financial system.

7. The criteria for extension of the safeguards shall be the continued relevance of the criteria set out in paragraph 6 hereof, as well as the high probability of these criteria arising after the termination of the safeguards.

8. The criteria for early termination of the safeguards by the NBU shall be the total or partial loss of relevance by the criteria set out in paragraph 6 hereof and/or the loss of effectiveness by the respective safeguards.

9. The NBU Board, when making a decision on the implementation, extension, or termination of the safeguards, shall take into account the existence/absence of the criteria set out in paragraphs 6 to 8 hereof.

10. For the purpose of implementation of safeguards (save as provided for by paragraph 11 hereof), the indicators of financial instability of the banking system, as well as the threats to the stability of Ukraine's banking and/or financial system, shall be approved by the relevant decision of the Financial Stability Council.

11. The NBU Board decision on the implementation of a new safeguard, in less than six months after the termination of the last implemented safeguard of a similar kind, or the extension of the last implemented safeguard for no more than six months shall require the NBU Council's approval of the indicators and/or conditions provided for by Article 12 part one of the Law, taking into account the provisions of Article 12 part two of the Law.

Serhii Ponomarenko
Director, Open Market Operations Department

APPROVED
Deputy Governor
of the National Bank of Ukraine
_____ Oleg Churiy

(signature)

Dated: _____ 2018
(date)