

Tax & Fiscal Alert

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NBU bans the Ukrainian banks from operating in the Crimea

On May 6, 2014 the National Bank of Ukraine by its Resolution No. 260 has banned Ukrainian banks from operating in the territory of the Crimea and city Sevastopol until the end of occupation due to inability to exercise supervision, provide banking regulation, financial monitoring of the operation of separate banks and divisions located in the Crimea as well as due to the fact that such banks and divisions cannot fully meet the requirements of the applicable laws of Ukraine under Russian occupation.

In particular, the NBU Resolution establishes the following restrictions on banking operations in the Crimea and Sevastopol:

- cancellation of bank licenses and general licenses for carrying out foreign currency transactions and ceased participation in the NBU's electronic payment system of CHERNOMORSKYI BANK OF RECONSTRUCTION AND DEVELOPMENT, PJSC and MORSKOY BANK, PJSC;
- Ukrainian banks which entered into agency agreements with legal entities (commercial agents) are prohibited to provide financial services to its clients on the territory of the Crimea and city Sevastopol;
- Ukrainian banks shall terminate correspondent relations with Ukrainian and foreign banks, other credit and financial agencies located and/or operating in the territory of the Crimea and city Sevastopol;
- Ukrainian banks are prohibited to open separate divisions in the Crimea and city Sevastopol;
- the banks listed in the attachment to the Resolution shall cease activity of the separate divisions located in the Crimea and city Sevastopol.

Contact

Tetiana Bagmet

Corporate Services Consultant

Tetiana.Bagmet@accace.com

www.accace.com

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