

LAW OF UKRAINE

ON PREVENTION AND COUNTERACTION TO THE LEGALIZATION (LAUNDERING) OF THE PROCEEDS FROM CRIME

(With amendments introduced by the Laws of Ukraine
dated 24 December 2002 # 345-IV,
dated 6 February 2003 # 485-IV,
dated 18 May 2004 # 1726-IV,

dated 1 December 2005 # 3163-IV)

This Law shall regulate the relations in the area of prevention and counteraction to the infiltration into the legal turnover of the proceeds from crime, and this Law shall be aimed at fight against the financing of terrorism.

Section 1. GENERAL PROVISIONS

Article 1. Definitions

The following definitions shall be used in this Law:

proceeds shall mean any economic benefit resulting from the commitment of a socially dangerous illicit act that precedes the legalization (laundering) of proceeds and consisting of material property, or titles, also movable or immovable property, and legal papers that confirm the title to such property or a share in it;

socially dangerous illicit act that precedes the legalization (laundering) of proceeds shall mean the act punishable under the Criminal Code of Ukraine by imprisonment for three years or more (except under Articles 207 and 212 of the Criminal Code of Ukraine), or the act which is a criminal offence punishable under the criminal law of a foreign state and for which criminal liability is prescribed by the Criminal Code of Ukraine, if such act resulted in obtaining the proceeds from crime;

legalization (laundering) of the proceeds shall mean any actions, specified by Article 2 of this Law, taken to disguise as legal the possession, use or disposal of the proceeds, or the actions taken to conceal the sources of origin of such proceeds;

financial transaction shall mean any transaction involving the processing or securing of any payment through an entity of initial financial monitoring, including:

- making or withdrawing a deposit;
- money transfer from one account to another;
- currency exchange;
- services related to the issuing, purchase or sale of securities and other kinds of financial assets;
- granting or receiving a loan or a credit;
- insurance (reinsurance);
- provision of financial guarantees and liabilities;
- trust management of securities portfolio;
- financial leasing;
- issue, circulation, payment (dissemination) of the state and other kinds of cash lottery;
- services related to the issue, purchase, sale or servicing of checks, bills of exchange, credit cards, postal money transfer orders and other payment instruments;
- opening of an account.

compulsory financial monitoring shall mean the measures taken by the specially authorized executive agency for financial monitoring in order to analyze the information on financial operations submitted by the entities of initial financial monitoring, as well as the measures on checking such information pursuant to the laws of Ukraine;

internal financial monitoring shall mean the activity of entities of initial financial monitoring on detection, pursuant to this Law, of financial operations subject to compulsory financial monitoring, also other financial operations that may be connected with legalization (laundering) of the proceeds.

Article 2. Acts related to the legalization (laundering) of proceeds

According to this Law, the legalization (laundering) of proceeds shall mean any acts taken to conceal or disguise the illegal origins of money or any other property, or possession thereof, titles to such money and property, their sources, location or movement, and shall also mean the acquiring, possession or use of money or any other property provided a person realizes that they were the proceeds.

Article 3. Scope of the Law

This Law shall apply to the citizens of Ukraine, foreigners and stateless persons, also the legal entities, their branches, offices and other separate units that are engaged in financial transactions both in Ukraine and abroad pursuant to the international treaties of Ukraine.

Section II. THE SYSTEM OF FINANCIAL MONITORING

Article 4. The system of financial monitoring and financial monitoring entities

The system of financial monitoring shall consist of two levels: the initial and state level.

The following shall be the entities of initial financial monitoring:

banks, insurance and other kinds of financial institutions;

payment organizations, members of payment systems, acquiring and clearing institutions;

commodity, stock and other exchanges;

professional operators in securities market;

joint investment institutions;

gambling and pawn institutions and legal entities holding any kinds of lottery;

enterprises, institutions that manage investment funds or non-governmental pension funds;

communication companies and associations, other non-crediting institutions that transfer funds;

other legal entities that process financial transactions according to law.

The following shall be the entities of state financial monitoring:

central executive authorities and the National Bank of Ukraine which, pursuant to the law, regulate and supervise the activity of legal entities engaged in financial transactions;

specially authorized executive agency for financial monitoring: the state executive body functioning within the Ministry of Finance of Ukraine, hereinafter referred to as the Authorized Agency;

Specially Authorized Agency of executive power on financial monitoring – central agency of executive power with special status (further – the Authorized Agency).

Article 5. Tasks and duties of the entities of initial financial monitoring

In pursuance of this Law, an entity of initial financial monitoring shall:

- identify the person engaged in the financial transaction subject to financial monitoring pursuant to this Law; or the person who opens an account (including a deposit account) on the basis of documents submitted in accordance with the established procedure or if there are reasons to believe that the information regarding person's identification should be clarified;

- detect and register financial transactions subject to financial monitoring pursuant to this Law;

- submit to the Authorized Agency the information on a financial transaction subject to compulsory financial monitoring within three working days from the moment of its registration;

- assist the personnel of the Authorized Agency in analysis of transactions subject to compulsory financial monitoring;

- provide, according to the laws, additional information at the Authorized Agency's request related to the financial transactions that have become the object of financial monitoring, including the information that is classified as bank and commercial secret, not later than within three working days from the moment of receiving the request;

- assist the entities of state financial monitoring in analyzing the financial transactions subject to financial monitoring;

- take measures to prevent disclosure (including disclosure to persons whose financial transactions are being checked) of information that is submitted to the Authorized Agency, also any other kinds of information on financial monitoring (including the facts of submission of such information);

- keep the documents on identification of the persons who carried out the financial transaction subject to financial monitoring pursuant to this Law, as well as all documents on financial transactions for five years after conducting such financial transaction.

An entity of initial financial monitoring in accordance with the requirements of current legislation and regulations of the Authorized Agency shall establish the rules for conducting the internal financial monitoring and assign an employee in charge of the monitoring.

Such employee shall be independent in his/her activity and accountable only to the head of an entity of initial financial monitoring; at least once in a month, the employee shall inform his/her superior about uncovered financial transactions subject to financial monitoring and measures taken, including those related to:

- Elaboration and permanent updating of internal financial monitoring regulations and programs of monitoring implementation allowing for the laws in force and resolutions of the Authorized Agency;
- Training of personnel to detect the financial transactions subject to financial monitoring pursuant to this Law through proper education and practical studies;
- Application of internal financial monitoring.

Article 6. Identification of the persons engaged in financial transactions

An entity of initial financial monitoring shall, on the basis of submitted original documents or their duly certified copies, identify the persons engaged in financial transactions subject to financial monitoring pursuant to this Law.

The following data shall be established for the purposes of identification:

- for physical persons: surname, first name, patronymic, date of birth, series and number of passport (or other identification document), date of its issue and issuing agency, place of residence and identification number from the State Register of Natural Persons – Payers of Taxes and Other Compulsory Payments;

- for legal entities: name, legal address, state registration documents (including statutory documents, information about officers and their functions, etc.), identification code from the Unified State Register of Enterprises and Organizations of Ukraine, references of the bank which opened the account and account number.

The following information shall be provided for the purpose of identification of nonresidents:

- for physical persons: surname, first name, patronymic (if any), date of birth, passport series and number (or other identification document), date of its issue and issuing agency, citizenship, place of residence or temporary stay;

- for legal entities: full name, location and references of the bank that opened the account and account number.

An entity of initial financial monitoring shall also be provided with a copy of legalized quotation from trade, banking or judicial register or proof of registration by local authorities of foreign state regarding registration of the legal entity, certified by a notary.

Identification of persons shall not be required in the following cases:

financial transaction is conducted by previously identified persons;

making of agreements between the banks registered in Ukraine.

In case when a person represents another person or if an entity of initial financial monitoring has doubts about whether a person acts in its own name or a beneficiary is another person, an entity of initial financial monitoring shall identify, according to the provisions of this Article and other laws that regulate such procedure, the person, on behalf of which the financial transaction is executed, or the beneficiary.

Article 7. The right of an entity of initial financial monitoring to refuse financial transaction

Prior or after a financial transaction, an entity of initial financial monitoring shall determine whether the financial transaction is subject to financial monitoring pursuant to this Law. If such financial transaction is detected, it shall be registered by a relevant entity of initial financial monitoring. To do this, the person performing the financial transaction, the type of financial transaction and the reasons for it, its date and amount shall be entered in the register. The procedure of registration of the financial transaction subject to financial monitoring pursuant to this Law shall be established for banks by the National Bank of Ukraine, for other entities of financial monitoring by the Cabinet of Ministers of Ukraine.

An entity of initial financial monitoring shall have the right to refuse financial transaction if such entity finds that the financial transaction is subject to financial monitoring pursuant to this Law; in such case, an entity of initial financial monitoring shall identify the persons engaged in the financial transaction, its nature and submit this information to the Authorized Agency.

Article 8. Submission of the information about financial transaction

The procedure of submission of information on financial transactions subject to compulsory financial monitoring to the Authorized Agency shall be established for banks by the National Bank of Ukraine, and for other entities of initial financial monitoring by the Cabinet of Ministers of Ukraine.

Submission of the information by the entities of initial financial monitoring to the Authorized Agency shall not represent a violation of bank or commercial secret.

The entities of initial financial monitoring, their officials and other personnel shall not be disciplinary, administratively and criminally liable or subject to civil penalties for submission of information about a financial transaction to the Authorized Agency, if they acted pursuant to this Law, even if such actions caused damage to legal entities or individuals, as well as for other actions related to implementation of this Law.

It is prohibited for employees of the entities of initial financial monitoring who have submitted to the Authorized Agency information on any financial transaction subject to financial monitoring pursuant to this Law, to inform about it the persons engaged in financial transactions or any other third persons.

Violation of paragraph 4 of this Article by employees of entities of initial financial monitoring shall be subject to liability pursuant to the laws of Ukraine.

If employees of the entity of initial financial monitoring engaged in financial transaction have any reasonable doubts that a certain financial transaction is carried out to legalize (launder) the proceeds, this entity shall inform the Authorized Agency of such transaction.

If the entities of initial financial monitoring engaged in financial transactions suspect or should have suspected that such financial transactions are related with or intended for financing of terrorist activity, terrorist acts or terrorist organizations, they shall immediately inform the Authorized Agency and the law-enforcement bodies defined by the laws about such financial transactions.

The information submitted under this Law shall be restricted. This information shall be exchanged, disclosed and protected in accordance with the laws by the Authorized Agency, entities of initial financial monitoring, and the executive agencies and the National Bank of Ukraine responsible for regulation and supervision of entities of initial financial control in accordance with the laws.

The Authorized Agency shall not transfer to anybody the information that contains commercial or bank secret, which has been submitted by the entities of initial financial monitoring with the exception of cases, provided by the Article 13 of this Law.

Article 9. Registration of financial transaction subject to compulsory financial monitoring

A financial transaction subject to compulsory financial monitoring, concerning which the information was submitted, shall be registered by the Authorized Agency. The registration procedure shall be established by the Cabinet of Ministers of Ukraine.

Article 10. Powers of central executive bodies and the National Bank of Ukraine with regard to financial monitoring

The entities of state financial monitoring (with the exception of the Authorized Agency), which, pursuant to the laws, perform the functions of regulation and supervision of the entities of initial financial monitoring, shall include the National Bank of Ukraine, the State Securities and Stock Exchange Commission and a specially authorized executive body that regulates the financial services markets.

The entities of state financial monitoring indicated in paragraph 1 of this Article shall:

- demand that the entities of initial financial monitoring fulfill the tasks and duties as per this Law;

- check the quality of professional training of the employees and heads of units in charge of internal financial monitoring, also take due measures specified by this Law;

- check, during supervision, the observance of legislation on prevention and counteraction to the legalization (laundering) of the proceeds, financing of terrorism, take due measures according to the established procedure and this Law;
- inform the Authorized Agency on detected cases of violation of relevant legislation by the entities of initial financial monitoring;
- ensure storage of the information submitted by the entities of initial and state financial monitoring and by law-enforcement bodies;
- coordinate with the Authorized Agency all regulations relating to implementation of this Law;
- submit to the Authorized Agency information and documents essential for fulfillment of its tasks and duties (with the exception of the information on private life of citizens) according to the procedure prescribed by the laws.

Section III. FINANCIAL TRANSACTIONS SUBJECT TO COMPULSORY AND INTERNAL FINANCIAL MONITORING

Article 11. Financial transactions subject to compulsory financial monitoring

A financial transaction shall be subject to compulsory financial monitoring if its amount equals or exceeds UAH 80,000, or equals or exceeds the sum in foreign currency equivalent to UAH 80,000 if such financial transaction also has one or more indications specified in this Article:

- transfer of funds to anonymous (numbered) account abroad and transfer of funds from anonymous (numbered) account from abroad, as well as transfer of funds to account opened with a financial institution in a country included into the list of offshore zones by the Cabinet of Ministers of Ukraine;

- purchase (sale) of checks, traveller's checks or other similar payment facilities for cash;

- placement or transfer of funds, granting or receiving a credit (loan), performing financial transactions with securities when at least one of the parties is a physical or legal entity that is registered, located or resident in a country (territory) that does not take part in international cooperation in the area of prevention and counteraction of the legalization (laundering) of the proceeds from crime and financing of terrorism, or if one of the parties has an account with a bank registered in such country (territory). The list of such countries (territories) shall be fixed in accordance with the procedure established by the Cabinet of Ministers according to lists, approved by the international organizations engaged in counteraction to the legalization (laundering) of the proceeds from crime and financing of terrorism. The said list shall be published.

- transfer of funds in cash abroad with a request to give the recipient the funds in cash;

- placement of funds to an account in cash with their subsequent transfer to another person during the same or the next trading day;

- placement of funds to an account or writing off the funds from an account of the legal entity which period of activity does not exceed three months from the day of registration of such entity, or placement of funds to an account or writing off the funds from an account of the legal entity provided the transactions on such account were not conducted from the date of its opening;

- opening an account with placing the funds to it for the benefit of a third person;

- transfer of funds abroad by a person in cases when no foreign economic contract was concluded;

- exchange of banknotes, particularly of foreign currency, for banknotes of another nominal value;
- carrying out financial transactions with bearer securities not placed in depositaries;
- purchase of securities for cash;
- payment of insurance compensation to a person or receipt of insurance premium;
- payment of lottery, casino or other gambling winnings;
- placement of precious stones, metals and other valuables to a pawn shop.

Article 12. Financial transactions subject to internal financial monitoring

A financial transaction shall be subject to internal financial monitoring provided it has one or more indications specified by this Article:

1. Nonstandard or excessively complicated financial transaction that has no evident economic sense or obvious legal aim, including:

a) receipt by an entity of initial financial monitoring of funds from a person that proposes or agrees to receive the interest on deposit, which is significantly lower than the current interest rate fixed by the bank, or payment of commission (payment for conducting financial transactions with this person's funds) in the amount that is higher than that the one fixed by the entity of initial financial monitoring in terms of similar deposits and financial transactions;

b) a person insists on conducting a transaction according to rules that differ from those established by the laws and internal documents of the entity of initial monitoring relating to the essence of such transaction or the terms of carrying out such transaction;

c) a person introduces considerable changes into the previously agreed pattern of financial transaction right before its conduction, especially changes pertaining to the movement of funds or other kinds of property, including repeated changes of bank references of beneficiary after the first order for transfer of funds was issued or payment documents endorsed, as well as issuing order for transfer of funds to beneficiary using two or more bank accounts of other persons;

d) a person submits unverifiable information;

e) impossibility to identify person's counteragents, acceptance of funds (payment documents for payment of such funds) from a person that transfers the funds to another party of a civil law agreement, which results in return of funds without conducting of a financial transaction due to the failure to locate such other party or due to the refusal of such party to accept the funds;

f) person's (customer's) refusal to provide the information specified by the laws and internal documents of an entity of initial financial monitoring;

g) regular conclusion of short-term agreements by a person or the use of other derivative financial instruments, particularly those that do not envisage the provision of basic assets, pertaining to the financial transactions with one or several counteragents resulting in permanent profit or permanent losses of the customer;

h) acceptance of funds (or payable financial instruments) by an entity of initial financial monitoring from a person who repeatedly exchanges securities for other securities within the same year without receiving or providing cash indemnity related to such exchange;

i) emergence of insured accident within a short period of time established by the specially authorized executive body that regulates the financial services markets, after conclusion of an insurance contract;

2. Noncompliance of a financial transaction with the activity of legal entity defined by statutory documents of such entity, including:

a) sudden increase of the account balance amount not directly connected with the person's activity with further transfer of such amount to another entity of initial financial monitoring or if the balance amount is used for purchase of foreign currency (with transfer in favor of a nonresident) or bearer securities;

b) absence of clear connection between the nature and kinds of a person's activities with the services for which the customer applies to an entity of initial financial monitoring;

c) regular presentation of checks issued by a nonresident bank and endorsed by a nonresident, for collection payment provided such practice is inconsistent with the customer's activity which is known to an entity of initial financial monitoring;

d) placement to a person's account of a large number of payments from natural persons in the amount not exceeding the sum indicated in Article 11 of this Law, including those through the cash department of an entity of initial monitoring, provided that the person's activity does not involve rendering services to population or collection of compulsory and voluntary payments.

e) considerable increase of the amount of cash being transferred to account of the person provided the person usually effected cashless settlements.

f) placement to the account of a considerable amount of cash by a person whose income or activity make it impossible to conduct a financial transaction in such amount;

g) single-time sale (purchase) by a person of a large block of shares that do not freely circulate at organized market provided the person is not a professional operator at securities market and the securities are not given to the person as compensation for the arrears of a counteragent.

3. Repeated financial transactions, the nature of which gives grounds to believe that their aim is to evade the procedures of compulsory financial monitoring established by this Law, including:

a) regular placement of cash to a person's account (if the person is a legal entity and such placement is not connected with its main activity), with further transfer of the entire sum or its bigger part within one trading day or the next day to a customer's account opened at another entity of initial financial monitoring, or in favour of third persons, including non-residents;

b) a person orders to conduct a financial transaction through a representative (intermediary), if such representative (intermediary) fulfils the person's order without direct (personal) contact with an entity of initial financial monitoring.

Internal financial monitoring can also be applied to other financial transactions, when an entity of initial financial monitoring has grounds to believe that a financial transaction is aimed at legalization (laundering) of proceeds.

Article 12¹. Prevention and counteraction to terrorist financing

Entity of initial financial monitoring is obliged to suspend execution of financial transaction if its participant or beneficiary is enlisted to the list of persons, related to terrorist activity, and within the same day to report about it to the Authorized Agency. Such suspension of financial transactions shall be performed for a period up to two working days.

The procedure for suspension of financial transactions shall be established within its competence by the entities of financial monitoring which provide regulation and supervision over entities of initial financial monitoring.

The Authorized Agency can take a decision on further suspension of such transaction up to five working days and is obliged to inform immediately about it the entity of initial financial monitoring and also law enforcement authorities, determined by the legislation. If the Authorized Agency takes no relevant decision during the period, envisaged by the part one of this Article, the entity of initial financial monitoring shall recommence execution of financial transaction.

The procedure for composition of the list of persons related to terrorist activity shall be determined by the Cabinet of Ministers of Ukraine. The reasons for enlisting of a legal or physical person to the relevant list shall be the following:

sentence of court in force, concerning conviction of the physical person for committing crimes, envisaged by the Article 258 of the Criminal Code of Ukraine;

information on organizations and physical persons related to terrorist organizations or terrorists, prepared by the UN Security Council;

sentences of courts (court decisions), decisions of other competent agencies of foreign states concerning organizations and physical persons, related to execution of terrorist activity, acknowledged by Ukraine according to the international agreements of Ukraine.

List of persons, related to execution of terrorist activity, shall be introduced to the entities of initial financial monitoring by the Authorized Agency within procedure agreed with other entities of state financial monitoring".

Section IV. TASKS, FUNCTIONS AND RIGHTS OF THE AUTHORIZED AGENCY

Article 13. Tasks and functions of the Authorized Agency

The following shall be the tasks of the Authorized Agency:

- collection, processing and analysis of the information on the financial transactions subject to compulsory financial monitoring;

- participation in implementation of the state policy in the domain of prevention and counteraction to the legalization (laundering) of the proceeds and financing of terrorism;

- creation and support of operation of a single state information system on prevention and counteraction to the legalization (laundering) of the proceeds and financing of terrorism;

- cooperation, interaction and information exchange with the state authorities, competent bodies of other countries and international organizations in the said domain;

- representation of Ukraine, according to the established procedure, in international organizations dealing with prevention and counteraction to the legalization (laundering) of the proceeds and financing of terrorism.

In accordance with the tasks assigned to it, the Authorized Agency shall:

- make proposals on elaboration of legislative acts, take part, according to the established procedure, in elaboration of other regulations relating to prevention and counteraction to the legalization (laundering) of the proceeds and financing of terrorism;

- receive, at its request, the information essential for fulfilment of its tasks from the executive bodies, local self-government authorities and business entities;
- clear with the executive bodies, other state authorities engaged in prevention and counteraction to the legalization (laundering) of the proceeds and financing of terrorism;
- submit, within its jurisdiction, relevant materials to law-enforcement bodies, in accordance with their competence, given the proofs that a financial transaction may involve the legalization (laundering) of the proceeds and financing of terrorism;
- take part in international cooperation in the sphere of prevention and counteraction to the legalization (laundering) of such proceeds and financing of terrorism;
- analyze the methods and financial patterns of the legalization (laundering) of the proceeds and financing of terrorism;
- provide the coordination and guidance of activity of entities of initial financial monitoring in the sphere of prevention and counteraction to the legalization (laundering) of the proceeds and financing of terrorism;
- analyze the efficiency of measures taken by the entities of initial financial monitoring to prevent and counteract to the legalization (laundering) of the proceeds and financing of terrorism;
- assist detection of indications of using the proceeds in financial transactions;
- register financial transactions subject to financial monitoring in the manner prescribed by the laws;

- participate, on the instruction of the Cabinet of Ministers of Ukraine, in elaboration of relevant international treaties of Ukraine;
- perform other functions pursuant to the tasks assigned to it.

Article 13¹. Political independence of the Authorized Agency.

The Head of the Authorized Agency shall be appointed and discharged according to the procedure established by the laws.

The use of the Authorized Agency for party, group or personal interests shall be forbidden.

The activities of parties, movements and other civic unions having political purposes shall be forbidden within the Authorized Agency.

The membership of officials and personnel of the Authorized Agency in such unions shall be withdrawn for the term of their service or work under labor contract.

As an exception, personnel of the Authorized Agency working under labor contract may participate in trade unions.

Article 14. Rights of the Authorized Agency

The Authorized Agency shall have the right:

- to engage experts of central and local executive bodies, enterprises and institutions (with the consent of their heads) in consideration of the issues within its jurisdiction;

- to receive, according to the procedure established by the laws, the information (including the information containing bank or commercial secret) required for fulfillment of its tasks from executive bodies, local self-government authorities, enterprises and institutions;
- to receive, according to the procedure established by the laws, the information on elaboration and implementation of relevant measures from the state executive bodies and the National Bank of Ukraine which, pursuant to this Law, obtain generalized materials on financial transactions from the Authorized Agency;
- provide access (including automatic access) to databases of other entities of state financial monitoring and state executive bodies in the manner prescribed by the laws;
- conclude, in accordance with the procedure fixed by the law, international interdepartmental cooperation agreements with relevant bodies of other countries;
- issue regulations necessary for performing its tasks and functions as per Article 13 of this Law.

Section V. INTERNATIONAL COOPERATION IN THE DOMAIN OF PREVENTION OF THE LEGALIZATION (LAUNDERING) OF THE PROCEEDS

Article 15. The principles of international cooperation in the domain of prevention and counteraction to the legalization (laundering) of the proceeds and financing of terrorism

International cooperation for the prevention and counteraction (laundering) of the proceeds and financing of terrorism shall be carried out in accordance with the procedures established by the Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime (1990), other international treaties of Ukraine, this Law and other laws and regulations.

A request for international cooperation in the domain of prevention and counteraction to the legalization (laundering) of the proceeds and financing of terrorism may be refused or delayed only on the basis and with due observance of the provisions of the Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime (1990).

Article 16. Competence of state authorities concerning international cooperation in the area of prevention and counteraction to the legalization (laundering) of the proceeds and terrorist financing

The Authorized Agency, according to the international agreements in force or the reciprocity principle, shall conduct international cooperation with relevant agencies of foreign states in the area of exchange of experience and information, related to prevention and counteraction to legalization (laundering) of the proceeds from crime and terrorist financing.

The Authorized Agency shall disclose information with restricted access to the relevant agency of foreign state on the conditions of ensuring by the latter of its protection at the level of the national standards and its use exclusively for the purposes of criminal justice in cases on legalization (laundering) of the proceeds or terrorist financing.

Execution by the Authorized Agency of a request of the relevant agency of foreign state shall constitute grounds for demand of information, needed for execution of the request (including banking or commercial secrecy), from state authorities, companies, institutions and organizations. Demand of the Authorized Agency for submission of information, needed for execution of a request of relevant agency of foreign state, shall contain reference to the number and date of registration of the request in the relevant register of the Authorized Agency.

The Ministry of Justice of Ukraine shall be entrusted with performance of international cooperation in the part of execution of

court decisions concerning confiscation of the proceeds, while the General Prosecutor's Office of Ukraine shall be entrusted with execution of procedural actions in the framework of investigation of criminal cases on legalization (laundering) of the proceeds and terrorist financing.

Entities of state financial monitoring (except the Authorized Agency) shall on the grounds of international agreements of Ukraine conduct international cooperation with relevant agencies of foreign states concerning exchange of experience and information on regulation and supervision over the activity of financial institutions in the area of prevention and counteraction to the legalization (laundering) of the proceeds and terrorist financing.

The Authorized Agency and other entities of state financial monitoring shall within their competence cooperate with the Financial Action Task Force (FATF), the Egmont group and other international organizations, activity of which is directed on performance of international cooperation in the area of prevention to legalization (laundering) of the proceeds and terrorist financing.

Section VI. LIABILITY FOR VIOLATION OF THIS LAW AND REINSTATEMENT OF RIGHTS AND LEGITIMATE INTERESTS

Article 17. Liability for violation of provisions of this Law

The persons guilty of violation of provisions of this Law shall be subject to criminal, administrative, disciplinary and civil liability pursuant to the law. They may be deprived of the right to conduct certain kinds of activity pursuant to the laws.

The legal entities that conducted financial transactions for legalization (laundering) of the proceeds or financed terrorism may be liquidated by a court ruling.

A fine up to one thousand untaxed minimal incomes may be imposed on any entity of initial financial monitoring for its failure to comply with the requirements set by this

Law. Provided no agreement on payment of fine has been reached, the decision on imposition of fine or denial of such imposition shall be made by court at the request of the authority that regulates the activity of a subject of initial financial monitoring and issues licenses or other kinds of special permits.

Repeated violation of this Law by entities of initial financial monitoring shall result, by court ruling, in restriction, suspension or termination of a license or any other special permit for certain kinds of activity in the manner prescribed by the laws.

Article 18. Reinstatement of rights and legitimate interests

Upon a court order, the proceeds shall be confiscated by the State or returned to their owner whose rights and legitimate interests were violated, or their cost shall be compensated.

The agreements aimed at the legalization (laundering) of the proceeds and financing of terrorism shall be considered null and void in accordance with the procedure prescribed by the law.

The entities of initial financial monitoring, their executives and other employees shall not be liable for the damage inflicted on physical and legal entities as a result of performance of their official duties during financial monitoring, provided they did so within the limits of their duties and in the manner prescribed by this Law.

The damage, inflicted on a legal entity or a natural person by illegal actions of the state bodies as a result of taking actions to counteract the legalization (laundering) of the proceeds and financing of terrorism, shall be compensated from the State Budget of Ukraine.

Section VII. FINAL PROVISIONS

1. This Law shall come into force after six months from the date of its publication.

2. Until the laws of Ukraine and other regulations are brought in line with this Law, they shall apply only in the part not running counter to this Law.

3. Before the entry of this Law into force, the Cabinet of Ministers of Ukraine shall:
 - submit proposals to the Verkhovna Rada of Ukraine on making necessary amendments ensuing from this Law to other legislative acts;
 - harmonize its own regulations with this Law;
 - decide on the matters ensuing from this Law;
 - provide that the ministries and other central executive authorities revise their regulations that run counter to this Law;

- 4 . The National Bank of Ukraine shall harmonize its regulations with this Law and submit its proposals regarding amendments ensuing from this Law and other legislative acts for review by the Verkhovna Rada of Ukraine.

5. Articles 5, 6, 7 and 8 of this Law shall apply to casinos, gambling houses and pawnshops after approval of relevant procedures by the Cabinet of Ministers of Ukraine, but no later than on 1 January 2004, and shall apply to other entities of initial financial monitoring from the moment of entry of this Law into force.

6. The Administrative Code of Ukraine shall be amended as follows:

1) The Code shall be supplemented by Article 166⁹ of the following wording:

“Article 166⁹. Violation of legislation on the prevention and counteraction to legalization (laundering) of the proceeds from crime

Violation of requirements on identification of any person who conducts a financial transaction, violation of the procedure for registration of financial transactions subject to primary financial monitoring, failure to submit, untimely submission or submission of false information on such financial transactions to the specially authorized executive body in charge with financial monitoring, as well as failure to comply with the requirements for safekeeping of the documents related to identification of the persons that conduct financial transactions, and the documents related to financial transactions conducted by them,

shall be punishable by a penalty of fifty to one hundred untaxed minimum incomes of citizen imposed on officials of the entities of initial financial monitoring.

Disclosure of information submitted to the specially authorized executive body in charge of financial monitoring and of the fact that such information was submitted,

shall be punishable by penalty of one hundred to three hundred untaxed minimum incomes of citizens.”

2) In Article 221 and paragraph 1 of Article 294, numbers “166⁷ and 166⁸” shall be replaced with numbers “166⁷ to 166⁹”.

3) Subparagraph 1 of paragraph 1 of Article 255 shall be supplemented by the following sentences:

“Specially authorized executive body in charge of financial monitoring (Article 166⁹);

the State Commission for Securities and Stock Exchange (Article 166⁹)”,

and, in subparagraph "The National Bank of Ukraine" (Articles 164¹¹, 166⁷, 166⁸), the numbers “166⁷ and 166⁸” shall be replaced with the numbers “166⁷ to 166⁹”.

7. The Law of Ukraine on Banks and Banking shall be amended as follows:

1) In Article 62:

the following subparagraph shall be added to paragraph 1:

“5) to the Specially authorized executive body in charge of financial monitoring at its request in writing in matters related to financial transactions subject to financial monitoring pursuant to the legislation on the prevention and counteraction to the legalization (laundering) of the proceeds from crime.”

the words “to the special anti-organized crime units” in paragraph 8 shall be replaced by the words “to the Specially authorized executive body in charge with financial monitoring.”