

Flash Report

Ukraine • Issue# 9/2015 • 25 February 2015

New advance payment restrictions



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New restrictions for advance payments under import transactions

On 24 February 2015 NBU Resolution No. 124 came into force*. The Resolution introduced additional restrictions that apply to advance payments under import transactions. The rules are not entirely clear and individual banks are likely to treat them differently.

In our view, the Resolution introduces the following restrictions:

- Banks are required to report all requests for advance payments exceeding USD 50,000 to the NBU and cannot perform them for at least three operational days after informing the NBU.
- The NBU may reject such applications, in which case no payment can be made.
- The restriction does not apply to advance payments via a letter of credit, confirmed by a first-grade bank.
- Advance payments under import contracts exceeding USD 500,000 may be performed **only** via a letter of credit.

The Resolution also introduced a ban on purchase of hard currency at the expense of UAH loan funds (except purchase by individuals in order to repay a debt under retail hard currency loans).

The Resolution does not set the term of its validity.

We will continue to monitor the situation and keep you updated on the issue.

*The NBU Resolution No. 124 dated 23 February 2015