



Global Rewards Update

Ukraine – New Decree Impacting License Requirements for Ukrainian Residents

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On February 23, 2017, the National Bank of Ukraine (“NBU”) issued Decree No. 14, which became enforceable on February 25, 2017. The decree amends previous NBU decrees and updates licensing requirements regarding the acquisition of foreign shares and the holding of funds or investments in foreign accounts.

Overview

Prior to these changes, Ukrainian residents were required to obtain an individual license in order to remit funds outside of the Ukraine. In the context of an employee share plan, this meant that Ukrainian residents were required to obtain a license if they were acquiring foreign shares in exchange for consideration (e.g., shares acquired via a stock option exercise or employee stock purchase plan). Additionally, Ukrainian residents were required to obtain an individual license in order to place shares or cash in a foreign account.

In practice it was often difficult for individuals to obtain these licenses, and as a result it was typically impractical for non-Ukrainian companies to grant share-based awards to Ukrainian resident employees.

As a result of the issuance of NBU Decree No. 14, Ukrainian residents are no longer required to obtain an individual license to place funds or investments outside of the Ukraine. However Ukrainian residents are still required to obtain an individual license in order to acquire foreign shares in exchange for consideration or to place cash in a foreign account, if funds are remitted from the Ukraine.

As a result of these changes, companies may now grant share-based awards that do not require consideration to be remitted outside of the Ukraine (e.g., restricted stock and restricted stock units) to Ukrainian resident employees without triggering the obligation to obtain an individual license. It may, however, remain impractical for foreign companies to offer employee share purchase plans and stock options to Ukrainian resident employees.

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Deloitte's view

NBU Decree No. 14 is a welcome amendment to previous legislation. Under the new rules, it is more practical for foreign companies to issue restricted stock and restricted stock units to Ukrainian resident employees. However it remains impractical to award stock options or employee stock purchase plans if consideration is remitted by participants outside of the Ukraine, as the individual would still be required to obtain a license.

Contacts

Viktorina Chornovol
Partner
Deloitte & Touche USC
+38 444 909000 (ext 2649)
vchornovol@deloitte.ua

Svitlana Tutovska
Manager
Deloitte & Touche USC
+38 444 909000 (ext 8647)
stutovska@deloitte.ua

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