

Ukraine's central bank abolishes obligatory sale of foreign currency

The National Bank of Ukraine (NBU) has abolished a rule that required businesses to exchange 30% of their foreign currency earnings into Ukrainian hryvnia (UAH) on the currency exchange market on the day following receipt of foreign currency on their bank account in Ukraine. The new regulation took effect on 20 June 2019.

Just a year ago, businesses had to exchange 50% of foreign currency earnings, and as recently as 2014 all foreign currency earnings had to be exchanged. The requirement had been introduced to prevent hryvnia's devaluation and to provide a vital source of foreign currency to Ukrainian economy during the economic crisis of 2014-2015.

The NBU decision is one more step in the gradual easing of currency restrictions and liberalization of cross-border transactions and international banking in Ukraine.

This new wave of liberalization began with the new law on currency and foreign exchange operations taking force on 7 February 2019, which included the abolishment or substantial relaxing of about thirty different restrictions in the foreign exchange market.

In particular, the [National Bank of Ukraine simplified the procedure for cross-border financing, as reported in our earlier alert.](#)

The changes have been positively received by the business community and also reflect the NBU's confidence in the stabilization and recovery of the Ukrainian economy.

Prepared by:



Taras Tertychnyi
Associate Partner

tertychnyi@hillmont.com.ua
+38 044 277 2447



Oleksii Ozvynchuk
Junior Associate

ozvynchuk@hillmont.com.ua
+38 044 277 2447

The mentioned regulations were approved by the Resolution of the Board of the National Bank of Ukraine №78 “On Amendments to the Regulation on Protection Measures and Determination of the Procedure for Conduct of Particular Foreign Currency Transactions” on 18 June 2019.

For further information, please contact:

Taras Tertychnyi (Email: tertychnyi@hillmont.com.ua; Tel.: +38 044 277 2447);

Oleksii Ozvynchuk (Email: ozvinchuk@hillmont.com.ua; Tel.: +38 044 277 2447).

Disclaimer

Our views and recommendations are based on information obtained from, or are based upon public information sources that we consider to be reliable but for the completeness and accuracy of which we assume no liability. All estimates and opinions included in the report represent the independent judgment of the analysts as of the date of the issue. We reserve the right to modify the views expressed herein at any time without notice. Moreover, we reserve the right not to update this information or to discontinue it altogether without notice.

This information is given without any warranty on an "as is" basis and should not be regarded as a substitute for obtaining individual advice.

Neither Hillmont Partners, nor any of their respective directors, officers or employees nor any other person accepts any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this document or its contents or otherwise arising in connection therewith.

This analysis is being distributed by electronic and ordinary mail to professionals, who are expected to make their own decisions without undue reliance on this publication, and may not be redistributed, reproduced or published in whole or in part for any purpose.