

# Beneficial Ownership (BO) in Ukraine

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# Background:

- *Ukraine was not among the pilot countries*
- *November 2013 – February 2014 - the Revolution of Dignity in Ukraine*
- *Changing all the vertical of power + strong pressing from the side of civil society*
- *Parliament of Ukraine had to adopt the legislation about BO and some other anticorruption laws*

# Legislation:



- *Economic Code of Ukraine*
- *Law «On prevention and counteraction of legalization (laundering) of incomes to be obtained through criminal actions, terrorism financing and financing distribution of weapons of mass destruction»*
- *Law of Ukraine «On the State Registration of Legal Entities and Natural Persons-Entrepreneurs»*

# Implementation of BO legislation in Ukraine

- *May of 2015 - the information about beneficial owners became open for public. Ukraine became the first country in the world where such register began to work*
- *The information is located in a special register with information about different kinds of enterprises, institutions and organizations which effect their activity in Ukraine*
- *Information may be obtained free or on a paid basis*



# Beneficial owner: Petro Poroshenko, President of Ukraine

Name of the legal entity and abbreviated if available	Public Joint Stock Company "Kiev confectionery "Roshen"" (PJSC "Kiev confectionery "Roshen" )
The list of founders (participants) of the legal entity, including first and last name, if the founder - a natural person; name, address and identification number of legal entity, if the founder - legal entity	<ul style="list-style-type: none"><li>• Total number of persons according to the Register - <b>2246</b></li><li>• The contribution to the authorized capital (UAH): <b>175833098.00</b></li><li>• <b>Ultimate beneficial owner (Controller) - Petro Poroshenko</b>, 01021, Ukraine, Kyiv, Pecherskiy district, Hrushevskogo, 9, apartment number 37</li></ul>

# Beneficial owner: Oleksandr Yanukovich, son of the former President of Ukraine

Name of the legal entity and abbreviated if available	Private Joint Stock Company "MAKO Holding" (PJSC "MAKO Holding")
The list of founders (participants) of the legal entity, including first and last name, if the founder - a natural person; name, address and identification number of legal entity, if the founder - legal entity	<ul style="list-style-type: none"><li>• <b>Oleksandr Yanukovich</b></li><li>• Amount of the contribution to the charter capital (UAH): <b>2800000000.00</b></li><li>• <b>Ultimate beneficial owner (Controller)</b> - <b>Oleksandr Yanukovich</b>, Ukraine, 83047, Donetsk region, Donetsk, Budionovskiy district, 65 "D", Rainis str.</li></ul>



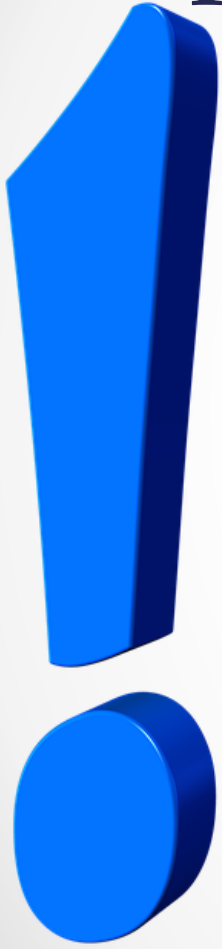
# Beneficial owner: Rinat Akhmetov, the richest person in Ukraine

Name of the legal entity and abbreviated if available	Private Joint Stock Company "System Capital Management" (JSC "SCM")
The list of founders (participants) of the legal entity, including first and last name, if the founder - a natural person; name, address and identification number of legal entity, if the founder - legal entity	<ul style="list-style-type: none"><li>• The shareholders according to the register of securities</li><li>• Amount of the contribution to the charter capital (UAH): 30000000.00</li><li>• <b>Ultimate beneficial owner (Controller)</b> – <b>Rinat Akhmetov</b>, Ukraine, 83077, Donetsk region, Donetsk, Kuibyshev region, 16, Udarna str</li></ul>

**EXAMPLE**

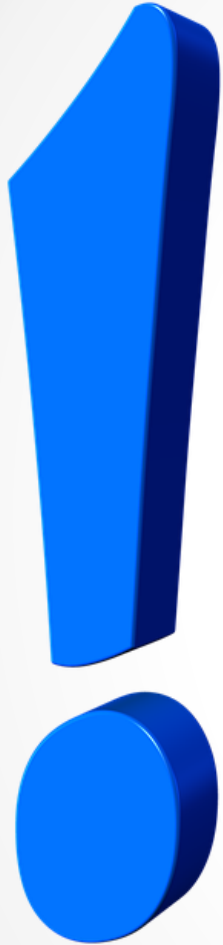


# Main problems with implementation of BO legislation



- Not everybody presents information for Register (about 60% of enterprises)
- Low level of penalty (max size - about 300 dollars)
- Poor level of search in the Register
- Absence of similar registers in other countries, especially in offshores.  
Because of this it is impossible to verify the information





- Different transliteration of the names of beneficial owners in different registers (potential problem)
- No clear mechanism for beneficiaries verification
- The law gives us a possibility to identify the fact that the beneficiary cannot be identified (for example, trusts or venture funds)

# **Mechanisms for influence on those who do not submit information about beneficial owners**

- Penalties
- The enterprises which did not give the information about beneficiaries cannot take part in tenders for the state money
- The information about beneficial owners is collected by banks. They may address with the request to the State Inspection of Finance Monitoring for some investigation + the bank can block the account of this client

Thank you for your  
attention!