

LAW OF UKRAINE

On the Household Deposit Guarantee Scheme

as amended by the Laws of Ukraine
of 2 October 2012 N 5411-VI,
of 16 May 2013 N 245-VII,
of 10 April 2014 N 1197-VII,
of 4 July 2014 N 1586-VII,
of 28 December 2014 N 78-VIII,
of 2 March 2015 N 218-VIII,
of 16 July 2015 N 629-VIII
(amendments introduced by paragraph 2 section II of the Law of Ukraine of 16
July 2015 N 629-VIII,
take effect from 1 January 2016;
amendments introduced by paragraph 3 section II of the Law of Ukraine of 16 July
2015 N 629-VIII,
take effect from 1 July 2016),
of 26 November 2015 N 835-VIII,
of 14 June 2016 N 1414-VIII,
of 15 November 2016 N 1736-VIII,
of 16 November 2017 N 2210-VIII,
of 6 February 2018 N 2277-VIII
*(amendments introduced by paragraph 3 section I of the Law of Ukraine
of 6 February 2018 N 2277-VIII, take effect from 4 May 2018),*
of 5 July 2018 N 2491-VIII
*(amendments introduced by subparagraph 2 paragraph 6 section I of the Law of
Ukraine
of 5 July 2018 N 2491-VIII, take effect from 9 February 2019),*
Bankruptcy Code of Ukraine
of 18 October 2018 N 2597-VIII,
Laws of Ukraine
of 20 September 2019 N 132-IX,
of 6 December 2019 N 361-IX,
of 13 May 2020 N 590-IX,
of 17 June 2020 N 720-IX,
of 19 June 2020 N 738-IX
*(amendments introduced by subparagraph 'b' of subparagraph 5, subparagraphs
9 - 12, 14 - 16 and subparagraph 'a' of subparagraph 18 of paragraph 40 of
section III of the Law of Ukraine of 19 June 2020 N 738-IX, take effect from 16
August 2020),*
of 13 April 2021 N 1382-IX,
of 30 June 2021 N 1587-IX,
of 30 June 2021 N 1588-IX
of 01 April 2022 N 2180-IX

Section I.

GENERAL PROVISIONS

Article 1. Scope and Purpose of the Law

1. This Law establishes the legal, financial, and organizational principles of the operation of the deposit guarantee scheme, mandate of the Deposit Guarantee Fund (hereinafter - the DGF), procedures for deposit payout and regulates the relations between the DGF, banks and the National Bank of Ukraine; and also sets out the powers and functions of the DGF to resolve insolvent banks and liquidate banks.

2. The purpose of this Law is to protect the rights and legitimate interests of bank depositors, strengthen the public trust in the Ukrainian banking system, stimulate investments in the Ukrainian banking system, and ensure an efficient procedure of insolvent bank resolution and liquidation of banks.

3. Relations that arise in connection with establishment and operation of the household deposit guarantee scheme, resolution of insolvent banks and liquidation of banks are governed by this Law, other laws of Ukraine, regulations of DGF and the National Bank of Ukraine.

4. Relations arising due to resolution or liquidation of the insolvent banks that have liabilities emanating from transactions in financial instruments or foreign currency, or constitute a party to one or more derivative contracts, are governed by this Law, considering the specificities stipulated in the capital market and organized commodity markets law.

(article 1 supplemented with part 4 pursuant to the Law of Ukraine of 19.06.2020 N 738-IX)

5. If a bank is a bond issuer or a party providing collateral to back-up bonds (hereinafter - the bank having a bond liability), and the bonds of this issue are administered by a designated administrator, the relationship of liquidation of such bank is governed by this Law, the Law of Ukraine 'On Capital Markets and Organized Commodity Markets'.

(article 1 supplemented with part 5 pursuant to the Law of Ukraine of 19.06.2020 N 738-IX)

Article 2. Definition of terms

1. In this Law, the terms hereunder have the following meaning:

1) agent bank refers to a bank via which the DGF pays out a guaranteed amount of deposit reimbursement subject to this Law;

2) insolvent bank resolution refers to measures applied by the DGF to a bank classified as insolvent to resolve this bank by using one of the methods specified in Article 39 hereof;

(paragraph 2 of part 1 of article 2 in the wording of the Law of Ukraine of 04.07.2014 N 1586-VII)

2¹) open auction shall be understood as a method of selling property (assets), under which a qualified bidder who submitted the highest price bid and undertook to fulfill the tender obligation becomes the successful bidder (buyer) or, in case of restricted objects of civil rights - may also own this property or have it on the basis of another proprietary right, and holds appropriate licenses and permits;

(part 1 of article 2 supplemented with paragraph 2¹ pursuant to the Law of Ukraine of 16.07.2015 N 629-VIII)

2²) adjusted capital refers to the exceeding amount of asset book value, reduced by the amount of intangible assets, over the book amount of liabilities without taking into account the expected costs provisions associated with deposit reimbursements due to bank insolvency;

(part 1 of article 2 supplemented with paragraph 2² pursuant to the Law of Ukraine of 01.04.2022 N 2180-IX)

3) deposit refers to cash or non-cash funds in the currency of Ukraine or in foreign currency, raised by a bank from a depositor (or received for the depositor) under the terms of a bank account, bank deposit (except for funds raised with the bank savings certificate), including interests accrued thereon. Funds raised by the bank from the issuance of the bank savings certificate or the bank certificate of deposit are not considered a deposit;

(paragraph 3 of part 1 of article 2 in the wording of the Law of Ukraine of 30.06.2021 N 1588-IX and Law of Ukraine of 01.04.2022 N 2180-IX)

4) depositor refers to an individual (including individuals-private entrepreneurs/sole traders), who entered into or for the benefit of whom there has been executed a bank account agreement, a bank deposit agreement, except for an individual (individuals-private entrepreneurs/sole traders), who is a holder only of a bank savings certificate;

(paragraph 4 of part 1 of article 2 as amended by the Law of Ukraine of 16.07.2015 N 629-VIII, in the wording of the Laws of Ukraine of 30.06.2021 N 1588-IX, of 01.04.2022 N 2180-IX)

5) investor refers to the state represented by the Ministry of Finance of Ukraine or the bank where the state holds over 75 percent of shares – in the event the Cabinet of Ministers of Ukraine decides to take part in the bank failure resolution, or an entity that stated its intent and committed in writing to the DGF to purchase shares of the

insolvent bank or the bridge bank in the course of the insolvent bank resolution;

(paragraph 5 of part 1 of article 2 as amended by the Law of Ukraine of 16.07.2015 N 629-VIII, in the wording of the Law of Ukraine of 13.05.2020 N 590-IX)

5¹) asset consolidation shall be understood as measures aimed to collect, group, analyze, record, prepare, and sell assets of different banks that undergo resolution or liquidation on the other grounds specified in this Law;

(part 1 of article 2 supplemented with paragraph 5¹ pursuant to the Law of Ukraine of 04.07.2014 N 1586-VII, paragraph 5¹ of part 1 of article 2 in the wording of the Law of Ukraine of 16.07.2015 N 629-VIII)

5²) consolidated sale shall be understood as alienation of property (assets) of different banks undergoing resolution or liquidation on the other grounds specified in this Law, that is carried out by way of centralizing (consolidating) individual sales procedures by the DGF;

(part 1 of article 2 supplemented with paragraph 5² pursuant to the Law of Ukraine of 16.07.2015 N 629-VIII)

5³) funds deposited by a person receiving deposit interest from the bank on an individual basis under contracts concluded on the terms not matching the current market conditions shall be understood as funds lodged by a depositor to a deposit:

that does not meet the public offer terms;

under a contract concluded on the conditions other than current market conditions as stipulated in Article 52 of the Law of Ukraine 'On Banks and Banking', by decision of individual bank officers and/or bank governance bodies not empowered to set such conditions;

(part 1 of article 2 supplemented with paragraph 5³ pursuant to the Law of Ukraine of 16.07.2015 N 629-VIII)

5⁴) creditor shall be understood as a legal entity or an individual holding documented claims to the bank on property liabilities thereof, as well as the bonds issue administrator acting under the Law of Ukraine 'On Capital Markets and Organized Commodity Markets' in the interests of bondholders having documented claims to the bank on property liabilities thereof;

(part 1 of article 2 supplemented with paragraph 5⁴ pursuant to the Law of Ukraine of 16.07.2015 N 629-VIII, paragraph 5⁴ of part 1 of article 2 as amended by the Law of Ukraine of 19.06.2020 N 738-IX)

5⁵) auction increment shall be understood as an increment (decrement) amount, by

which the initial (starting) price and each subsequent price of a lot offered for sale is increased/decreased;

(part 1 of article 2 supplemented with paragraph 5⁵
pursuant to the Law of Ukraine of 16.07.2015 N 629-VIII)

6) liquidation of a bank shall be understood as the procedure of bank termination in accordance with legislation;

6¹) lot shall be understood as a unit of assets of a bank (several banks) offered for sale at an auction;

(part 1 of article 2 supplemented with paragraph 6¹
pursuant to the Law of Ukraine of 16.07.2015 N 629-VIII)

6²) paragraph 6² of part one of article 2 removed;

(part 1 of article 2 supplemented with paragraph 6²
pursuant to the Law of Ukraine of 16.07.2015 N 629-VIII,
paragraph 6² of part 1 of article 2 removed
pursuant to the Law of Ukraine of 13.05.2020 N 590-IX)

7) paragraph 7 of part one of article 2 removed;

(paragraph 7 of part 1 of article 2 in the wording of the Law of Ukraine
of 04.07.2014 N 1586-VII, removed pursuant to the Law
of Ukraine of 16.07.2015 N 629-VIII)

7¹) 'independent appraisal' shall be understood as appraisal of the value of property or shares of a bank carried out by an appraisal entity;

(part 1 of article 2 supplemented with paragraph 7¹
pursuant to the Law of Ukraine of 16.07.2015 N 629-VIII)

8) insolvent bank refers to a bank classified as insolvent by the National Bank of Ukraine under the procedure stipulated in the Law of Ukraine 'On Banks and Banking';

8¹) investor association shall be understood as several legal entities and/or individuals who stated their shared intention, submitted a joint tender bid and provided the DGF with a joint written undertaking to buy shares of the very same insolvent bank or a bridge bank in the course of resolving this insolvent bank;

(part 1 of article 2 supplemented with paragraph 8¹
pursuant to the Law of Ukraine of 16.07.2015 N 629-VIII)

8²) pre-sale preparation shall be understood as measures applied by DGF to a bank or the property of a bank (several banks) to prepare the bank or the property of the bank (several banks) for sale to enhance their investment appeal and value;

(part 1 of article 2 supplemented with paragraph 8²
pursuant to the Law of Ukraine of 16.07.2015 N 629-VIII)

9) bridge bank means a bank established in the course of preparing the resolution/resolving an insolvent bank, whose sole shareholder is the DGF until the date this bank is sold to an investor (investor association);

(paragraph 9 of part 1 of article 2 as amended by the laws of Ukraine of
04.07.2014 N 1586-VII, of 16.07.2015 N 629-VIII,
in the wording of the Law of Ukraine of 30.06.2021 N 1588-IX)

10) resolution plan refers to a decision of the DGF that specifies the manner, economic justification, time frames, and terms for resolution of an insolvent bank;

11) assuming bank means a bank not classified as problem or insolvent, which takes part in resolving an insolvent bank by way of accepting all or a part of property (assets) and liabilities from this insolvent bank in the course of its resolution;

(paragraph 11 of part 1 of article 2 as amended by the laws of Ukraine
of 04.07.2014 N 1586-VII,
of 16.07.2015 N 629-VIII,
in the wording of the Law of Ukraine of 13.05.2020 N 590-IX)

12) problem bank refers to a bank classified as problem by the National Bank of Ukraine under the procedure stipulated in the Law of Ukraine 'On Banks and Banking' and regulatory acts of the National Bank of Ukraine;

13) bank sale refers to the sale to an investor of all the shares in a bridge bank or an insolvent bank, that this investor does not hold;

(paragraph 13 of part 1 of article 2 as amended by the Law of Ukraine
of 04.07.2014 N 1586-VII,
in the wording of the Law of Ukraine of 13.05.2020 N 590-IX)

14) Register of the DGF members (hereinafter - DGF Members Register) means a register maintained by the DGF and containing details of the membership of a bank in the mandatory household deposit guarantee scheme;

15) household deposits guarantee scheme refers to a totality of the relations regulated by the Law herein among the DGF, the Cabinet of Ministers of Ukraine, the National Bank of Ukraine, banks and depositors;

15¹) paragraph 15¹ of part one of article 2 removed;

(part 1 of article 2 supplemented with paragraph 15¹ pursuant to the Law of Ukraine
of 04.07.2014 N 1586-VII, paragraph 15¹ of part 1 of article 2 removed
pursuant to the Law of Ukraine of 30.06.2021 N 1588-IX)

15²) a timeframe for reaching DGF's target level refers to the period during which the size of adjusted capital shall reach the amount not less than the size of the target fund, taking into account the established value of the DGF's target level;

(part 1 of Article 2 supplemented with paragraph 15² pursuant to the law of Ukraine of 01.04.2022 N 2180-IX)

16) provisional administration refers to a bank resolution procedure undertaken by the DGF with regard to an insolvent bank in the manner set forth in this Law;

17) DGF authorized officer refers to an employee of DGF who, on behalf of DGF and within the scope of authority stipulated in this Law and/or delegated by DGF, takes actions to ensure resolution of a bank during the provisional administration exercised in the insolvent bank and/or during liquidation of the bank.

(paragraph 17 of part 1 of article 2 as amended by the Law of Ukraine of 16.07.2015 N 629-VIII)

18) target level for the DGF refers to the level of deposit guarantee system's security required for the DGF to perform its functions and powers, sufficient to cover the DGF's expected costs, taking into account the likelihood of future crises regarding DGF's member banks deposits within the deposit coverage amount for the relevant period;

19) target fund refers to the required amount of adjusted capital on a certain date, defined as the product of deposit amounts guaranteed by the DGF to the depositors of member banks within the reimbursement amount on a certain date and the target ratio.

(part 1 of Article 2 supplemented with paragraphs 18 and 19 pursuant to the Law of Ukraine of 01.04.2022 N 2180-IX)

2. Terms 'bonds issue administrator' and 'party providing collateral' are used herein in the meanings stipulated in the Law of Ukraine 'On Capital Markets and Organized Commodity Markets'.

Terms 'qualified holding' and 'bank related party' are used herein in the meaning defined in the Law of Ukraine 'On Banks and Banking'.

Term 'ultimate beneficiary owner' is used herein in the meaning defined in the Law of Ukraine 'On the Prevention and Counteraction to Legalization (Laundering) of Proceeds from Crime, Financing of Terrorism and Financing of Proliferation of Mass Destruction Weapons'.

(article 2 supplemented with part 2 pursuant to the Law of Ukraine of 19.06.2020 N 738-IX, part 2 of article 2 in the wording of the Law of Ukraine of 30.06.2021 N 1588-IX)

Section II

LEGAL STATUS OF DGF AND THE DGF GOVERNANCE BODIES

Article 3. Legal Status of DGF

1. The DGF is an institution performing special functions in the area of household deposit guarantee, insolvent bank resolution and bank liquidation in the cases set in this Law.

(part 1 of article 3 as amended by the Law of Ukraine of 16.07.2015 N 629-VIII)

2. DGF is a public law entity having its own property that is the item in state ownership held by DGF on economic basis. DGF is the manager of its property, it independently owns, uses and administers the property held thereby and takes in respect of such property any action (including alienation, granting on lease, liquidation) that does not contravene the legislation and the objective of DGF.

(part 2 of article 3 as amended by the laws of Ukraine of 04.07.2014 N 1586-VII, of 16.07.2015 N 629-VIII)

3. DGF is economically independent, has independent accounting books, current and other accounts with the National Bank of Ukraine, including escrow accounts, as well as securities accounts with depository institutions that are banks of Ukraine.

The DGF is a not-for-profit institution.

(paragraph 1 of part 3 of article 3 as amended by the Law of Ukraine of 16.07.2015 N 629-VIII, in the wording of the Law of Ukraine of 30.06.2021 N 1588-IX)

4. The DGF has a seal with the national coat of arms and the name of DGF; does accounting and generates reports as provided for in the law.

5. In its activities, the DGF shall be governed by the Constitution of Ukraine and the laws of Ukraine.

6. The DGF shall be located in Kyiv.

7. Government agencies and the National Bank of Ukraine shall have no right to interfere with the DGF's activities intended to exercise its functions and powers assigned to it by the law. Co-operation of the DGF with the National Bank of Ukraine and other state authorities shall be exercised within the scope specified in this Law and other acts of legislation.

8. The governance bodies of the DGF are the Administrative Board and the Executive Directorate.

9. The reorganization and liquidation of the DGF shall be exercised as provided for by a special law. In case of reorganization or liquidation of DGF, the assets of DGF shall be transferred to one or more non-for-profit organizations, whose powers include household deposit guarantee, or shall be credited to the state budget revenues if DGF is terminated.

(part 9 of article 3 as amended by the Law of Ukraine of 05.07.2018 N 2491-VIII)

Article 4. Functions of DGF

1. The major objective of the DGF is to ensure the functioning of the household deposit guarantee scheme, resolution of insolvent banks and liquidation of banks.

(part 1 of article 4 in the wording of the Law of Ukraine of 30.06.2021 N 1588-IX)

2. To pursue its main objective, the DGF under procedure set out by the Law herein exercises the following functions:

- 1) maintains the register of DGF members;
- 2) accumulates funds from the sources determined in Art. 19 of this Law, and controls the completeness and the timeliness of premium payments by each member of DGF;
- 3) invests the DGF funds in the government securities of Ukraine and in the bonds of international financial organizations located in the territory of Ukraine;

(paragraph 3 of part 2 of article 4 as amended by pursuant to the Law of Ukraine of 19.06.2020 N 738-IX)

3¹) issues corporate bonds under the procedure and in the areas of fund-raising set in this Law, and issues promissory notes in cases provided for in the law on the State Budget of Ukraine for the appropriate year;

(part 2 of article 4 supplemented with paragraph 3¹ pursuant to the Law of Ukraine of 04.07.2014 N 1586-VII, paragraph 3¹ of part 2 of article 4 in the wording of the Law of Ukraine of 16.07.2015 N 629-VIII, as amended by the Law of Ukraine of 19.06.2020 N 738-IX)

4) takes measures to arrange for deposit payouts within the time frame set in this Law;

(paragraph 4 of part 2 of article 4 as amended by pursuant to the Law of Ukraine of 16.07.2015 N 629-VIII)

- 5) regulates the membership of banks in the household deposit guarantee scheme;
- 6) takes part in inspections of problem banks upon proposal of the National Bank of Ukraine;

7) applies financial sanctions and imposes administrative fines to banks and their managers;

8) takes measures to

prepare for implementing a bank resolution procedure including the organizational arrangements to hold an open bidding and determine the least cost bank resolution scenario;

exercise the insolvent bank resolution procedure including by way of implementing the bank resolution plan, exercising provisional administration and liquidation;

(paragraph 8 of part 2 of article 4 as amended by pursuant to the Law of Ukraine of 16.07.2015 N 629-VIII, in the wording of the Law of Ukraine of 13.05.2020 N 590-IX)

9) inspects banks in accordance with this Law;

(paragraph 9 of part 2 of article 4 as amended by pursuant to the Law of Ukraine of 04.07.2014 N 1586-VII)

10) provides financial support to a bank in accordance with this Law;

(paragraph 10 of part 2 of article 4 as amended by pursuant to the Law of Ukraine of 04.07.2014 N 1586-VII)

11) analyzes the financial position of banks in order to identify risks in their operation and project potential expenses of DGF associated with insolvent bank resolutions and reimbursement of depositors;

(paragraph 11 of part 2 of article 4 as amended by pursuant to the Law of Ukraine of 04.07.2014 N 1586-VII)

12) paragraph 12 part two of article 4 removed

(part 2 of article 4 supplemented with paragraph 12 pursuant to the Law of Ukraine of 04.07.2014 N 1586-VII, paragraph 12 of part 2 of article 4 as amended by pursuant to the Law of Ukraine of 16.07.2015 N 629-VIII, removed pursuant to the Law of Ukraine of 13.05.2020 N 590-IX)

12¹) addresses customers, depositors, and other creditors of a bank with requests in accordance with the procedure set by the DGF.

(part 2 of article 4 supplemented with paragraph 12¹ pursuant to the Law of Ukraine of 16.07.2015 N 629-VIII)

13) carries out public outreach activities about the operation of deposit guarantee scheme and protection of rights and legally protected interests of depositors; raises

financial literacy of the public in accordance with this Law;

(part 2 of article 4 supplemented with paragraph 13 pursuant to the Law of Ukraine of 04.07.2014 N 1586-VII)

14) studies and analyzes development trends at the market of funds raised from depositors by the DGF member banks.

(part 2 of article 4 supplemented with paragraph 14 pursuant to the Law of Ukraine of 04.07.2014 N 1586-VII)

3. DGF exercises other functions within the scope of its powers defined in this Law and other legislation.

Article 5. Accountability of the DGF

1. DGF is accountable to the Verkhovna Rada of Ukraine, the Cabinet of Ministers of Ukraine and the National Bank of Ukraine.

(paragraph 1 of part 1 of article 5 as amended by pursuant to the Law of Ukraine of 16.07.2015 N 629-VIII)

Accountability of the DGF means the following:

1) the Cabinet of Ministers of Ukraine delegates and recalls its representative in the DGF Administrative Board;

2) the National Bank of Ukraine delegates and recalls its representatives in the DGF Administrative Board;

3) the Verkhovna Rada of Ukraine delegates and recalls its representative in the DGF Administrative Board;

(part 1 of article 5 supplemented with new paragraph 5 pursuant to the Law of Ukraine of 16.07.2015 N 629-VIII, in connecton wth thihs, paragraph shall be deemed to be paragraph 6)

DGF shall submit its annual report together with the auditor's opinion to the Verkhovna Rada of Ukraine, the Cabinet of Ministers of Ukraine and the National Bank of Ukraine by 1 July of the year following the reporting one.

(paragraph 5 of part 1 of article 5 as amended by the Law of Ukraine of 16.07.2015 N 629-VIII)

Article 6. Regulations of the DGF

1. DGF regulates the household deposit guarantee scheme and insolvent banks resolution within the scope of its functions and powers.

2. DGF enacts the regulations on issues pertaining to its powers, that are binding

upon all banks, legal entities and individuals.

3. The DGF issues such regulations as instructions, policies, and rules.
4. The DGF regulations shall be subject to state registration as provided by law.

Article 7. DGF Reports

1. The DGF shall compile an annual report comprising the DGF performance report for the reporting year and the financial statements.
2. The reliability of the DGF's financial statements shall be verified by an independent auditor selected by the DGF Administrative Board.
3. Financial statements of DGF shall be published in the Uriadovy Courier (Government Herald) or Holos Ukrayiny ('Voice of Ukraine') newspapers no later than 1 July of the year following the reporting one.
4. The annual report shall be published on the DGF official Internet page by 1 July of the year following the reporting one.

Article 8. DGF Administrative Board Composition and Formation Procedure

1. The DGF Administrative Board shall consist of five persons: one representative of the Cabinet of Ministers of Ukraine, two representatives of the National Bank of Ukraine, one representative of the area committee of the Parliament of Ukraine and the DGF Managing Director (ex officio).
2. The DGF Administrative Board shall be chaired by the Chairman elected annually by the Administrative Board from among its members. The DGF Managing Director is not eligible to be elected as a Chairman of the DGF Administrative Board.
3. To be eligible for membership in the DGF Administrative Board, an individual shall be a Ukrainian citizen permanently residing in Ukraine with complete higher education in economics, finances or law, and at least five years of relevant work experience, impeccable business reputation, and with no outstanding convictions for commitment of acquisitive crimes. A member of the DGF Administrative Board shall not be a manager, member or related party of any bank.

(part 3 of article 8 as amended by the Law of Ukraine
of 17.06.2020 N 720-IX)

4. A term of office of a member of DGF Administrative Board, except for the Managing Director of DGF, shall be four years and may be extended but only for one consecutive term.
5. In case the term of office of a DGF Administrative Board member expires, the appropriate authority or organization, which delegated that member, shall within a month delegate a new representative to serve on the DGF Administrative Board or decide to extend the term of office of the DGF Administrative Board member.

6. The powers of a member of the DGF Administrative Board can be terminated early on request of the delegating authority. The powers of a member of the DGF Administrative Board are also terminated by initiative of the DGF Administrative Board in the following cases:

(paragraph 1 of part 6 of article 8 as amended by, the Law of Ukraine of 02.10.2012 N 5411-VI)

- 1) an application on voluntary termination of powers has been filed;
- 2) the member cannot discharge his/her duties, including for health reasons;
- 3) employment relations with the delegating authority have been terminated;
- 4) judgment of conviction of this member has taken effect;
- 5) death, or a court judgment has been passed declaring the individual incapable or impaired, missing or deceased;

(paragraph 5 of part 6 of article 8 as amended by the Law of Ukraine of 02.10.2012 N 5411-VI)

- 6) loss of citizenship of Ukraine;

(part 6 of article 8 supplemented with paragraph 6 pursuant to the Law of Ukraine of 02.10.2012 N 5411-VI)

- 7) absence at three or more consecutive meetings of the DGF Administrative Board with no valid reason.

(part 6 of article 8 supplemented with paragraph 7 pursuant to the Law of Ukraine of 02.10.2012 N 5411-VI)

7. The authority that delegated the DGF Administrative Board member whose powers have been terminated early pursuant to part 6 of this Article shall be required, within one month after such early termination, to delegate a new representative to serve on the DGF Administrative Board.

8. The powers of the Managing Director of DGF as a member of the DGF Administrative Board shall be terminated upon his/her dismissal from the office of the DGF Managing Director.

9. Members of the DGF Administrative Board shall perform their functions pro bono. Members of the DGF Administrative Board shall be compensated for the expenses incurred while exercising their powers under this Law and the rules of procedure of the DGF Administrative Board.

10. Organizational arrangements for the operation of the DGF Administrative Board and document management shall be set forth in the rules of procedure subject to approval at the Board meeting.

11. Premises and necessary supplies for the DGF Administrative Board shall be provided by the DGF from its budget expenses.

Article 9. Powers of the DGF Administrative Board and the Chairperson of the DGF Administrative Board

1. The DGF Administrative Board shall exercise the following powers:

- 1) approve the rules of procedure of the DGF Administrative Board;
- 2) approve the expense budget of DGF;
- 3) approve the DGF development strategy and its annual action plan;
- 4) approve the DGF investment policy principles and the DGF annual investment plan;
- 5) appoint and dismiss the DGF Managing Director;
- 6) approve the membership list of the DGF Executive Directorate proposed by the DGF Managing Director;
- 6¹) endorse the Executive Directorate's decision to issue corporate bonds or issue promissory notes of DGF, and the areas to use the funds raised through the issue;

(part 1 of article 9 supplemented with paragraph 6¹ pursuant to the Law of Ukraine of 04.07.2014 N 1586-VII, paragraph 6¹ of part 1 of article 9 as amended by the Law of Ukraine of 16.07.2015 N 629-VIII, in the wording of the Law of Ukraine of 19.06.2020 N 738-IX)

6²) endorse the report of the DGF Executive Directorate justifying the least-cost resolution method for a bank classified as insolvent, and the progress in implementing the resolution plan in the previous quarter by the end of the first month following the reporting quarter;

(part 1 of article 9 supplemented with paragraph 6² pursuant to the Law of Ukraine of 16.07.2015 N 629-VIII)

6³) endorse the report of the DGF Executive Directorate on the progress in disposing assets (property) of the banks subject to license withdrawal and liquidation for the previous quarter - by the end of the first month following the reporting quarter;

(part 1 of article 9 supplemented with paragraph 6³ pursuant to the Law of Ukraine of 16.07.2015 N 629-VIII)

7) endorse the decision of the DGF Executive Directorate to have membership in the international deposit guarantee (insurance) organizations;

8) approve the DGF Executive Directorate's decision on setting a special premium to DGF or differentiated risk-based premiums paid by banks to the DGF;

9) approve the DGF Executive Directorate's decision on raising a non-refundable contribution from the state;

(paragraph 9 of part 1 of Article 9 in the wording of the Law of Ukraine of 01.04.2022 N 2180-IX)

- 10) annually select an auditor to audit the DGF;
- 11) approve the annual report of DGF;
- 12) decide on conducting an extraordinary audit of DGF and select an auditor for this purpose;
- 13) approve the charter of the internal audit function of DGF endorses the appointment and the dismissal of the Chief Internal Auditor;

(paragraph 13 of part 1 of article 9 as amended by the Law of Ukraine of 04.07.2014 N 1586-VII)

- 14) approve requirements to the disclosure of activities of the DGF;
- 15) approve the remuneration scheme for the DGF Executive Directorate members;
- 16) approve the list of the DGF positions subject to the requirements in Article 16(2) of this Law;

(paragraph 16 of part 1 of article 9 as amended by the Law of Ukraine of 16.07.2015 N 629-VIII)

- 16¹) approve the procedure to select members of the DGF Executive Directorate and the DGF authorized officers;

(part 1 of article 9 supplemented with paragraph 16¹ pursuant to the Law of Ukraine of 16.07.2015 N 629-VIII)

- 17) decide on:
increase of the deposit reimbursement ceiling;

establishment of a temporary deposit reimbursement ceiling in accordance with paragraphs 2-4 of part 1 of Article 26 of this Law;

(paragraph 17 of part 1 of article 9 in the wording of the Laws of Ukraine of 02.10.2012 N 5411-VI and of 01.04.2022 N 2180-IX)

- 18) approve the DGF Executive Directorate's decision on establishing the baseline annual rate of the regular premium, higher than the one established by part 1 of Article 22 of this Law;

- 19) approve the DGF Executive Directorate's decision on establishing the DGF's target level and timeframes for reaching it, taking into account the Financial Stability Board's recommendations.

(part 1 of Article 9 supplemented with paragraphs 18 and 19 pursuant to the Law of Ukraine of 01.04.2022 N 2180-IX)

2. The Chairman of DGF Administrative Board shall exercise the following powers:

- 1) organize meetings of the DGF Administrative Board and chair the meetings;
- 2) sign meeting minutes of the DGF Administrative Board;
- 3) allocate responsibilities among the members of the DGF Administrative Board;
- 4) exercise other powers and functions under the rules of procedure of the DGF Administrative Board.

Article 10. Operational procedures of the DGF Administrative Board

1. Operational procedures of the DGF Administrative Board are set in its rules of procedure.
2. The DGF Administrative Board shall hold regular meetings at least once a quarter.
3. The DGF Administrative Board may hold extraordinary (ad hoc) meetings upon initiative of the Chairman or at the request of at least three of its members, or at the request of the DGF Executive Directorate.
4. Decisions of the DGF Administrative Board require a simple majority of votes provided that at least four members attend the meeting. In the event of a tie vote, the Chairman of the Administrative Board casts the tie-breaking vote.
5. The DGF Administrative Board can make decisions by polling opinions of its members in compliance with the rules of procedure of the DGF Administrative Board.
6. When the DGF Administrative Board decides on the appointment, dismissal of the DGF Managing Director, such Managing Director shall not take part in voting.

Article 11. The DGF Executive Board

1. The DGF Executive Board manages day-by-day operation of DGF.
2. The DGF Executive Board consists of seven members. The DGF Managing Director and his/her deputies are included in the Executive Directorate ex officio.

(part 2 of article 11 as amended by the Law of Ukraine of 16.07.2015 N 629-VIII)

3. To be eligible for the membership in the DGF Executive Directorate, a person shall be a Ukrainian citizen permanently residing in Ukraine, have complete higher education in economics, finances or law, and at least five years of relevant work experience, impeccable business reputation, and have no outstanding convictions for commitment of acquisitive crimes, and be a full-time employee of DGF. A chief executive officer, a shareholder or a related party of a bank or any legal entity having current contractual relationship with DGF or with a bank undergoing resolution by DGF, is not eligible to serve on the DGF Executive Directorate.

(part 3 of article 11 as amended by

4. The Managing Director of DGF appoints and dismisses his/her deputies subject to endorsement by the DGF Administrative Board. The number of deputy managing directors of DGF shall be specified in the staffing table, but shall not exceed four persons.

5. Decisions of the DGF Executive Directorate are taken at its meetings by a simple majority of votes provided that at least four members of the Executive Directorate are in attendance. In the event of a tie vote, the DGF Managing Director shall have the tie-breaking vote.

6. The organizational arrangements for operation and meetings of the DGF Executive Directorate are set in its rules of procedure.

Article 12. Powers of the DGF Executive Directorate

1. To secure the operation of DGF, the DGF Executive Directorate shall have the following powers:

- 1) decide on expelling a bank from the DGF members;
- 2) prepare a draft expense budget of the DGF and submit it to the DGF Administrative Board for approval;
- 3) submit an annual report of the DGF to the DGF Administrative Board for approval;
- 4) call extraordinary (ad hoc) meetings of the DGF Administrative Board;
- 5) annually make proposals to the DGF Administrative Board about selecting an auditor to exercise an audit of DGF;
- 6) set the DGF structure and approve the charters of DGF structural units;
- 7) decide on the staffing plan of DGF, as well as terms and forms of remuneration of the DGF employees other than members of the DGF Executive Directorate;
- 8) decide on the membership of DGF in the international deposit guarantee (insurance) organizations subject to further endorsement by the DGF Administrative Board;
- 9) decide on supplies and staffing needs of the DGF within the DGF expense budget approved by its Administrative Board;
- 9¹) decide to meet the creditor claims of the DGF by using property (assets) of a bank, except for the property (assets) transferred by the bank to secure its liabilities;

- 10) approve regulations of the DGF;
- 11) approve the rules of procedure of the DGF Executive Directorate;
- 12) submit the draft charter of the internal audit function to the Administrative Board for approval, and submits proposals on the appointment (dismissal) of the Chief Internal Auditor for endorsement;

(paragraph 12 of part 1 of article 12 as amended by the Law of Ukraine of 04.07.2014 N 1586-VII)

- 13) make decisions on the property in management by DGF (including the cases of alienation, granting on lease, liquidation);

(part 1 of article 12 supplemented with paragraph 13 pursuant to the Law of Ukraine of 04.07.2014 N 1586-VII, paragraph 13 of part 1 of article 12 as amended by the Law of Ukraine of 16.07.2015 N 629-VIII)

- 14) make decision to raise credits from non-banking financial institutions or a foreign creditor subject to approval of this decision by the DGF Administrative Board.

(part 1 of article 12 supplemented with paragraph 14 pursuant to the Law of Ukraine of 04.07.2014 N 1586-VII)

2. The DGF Executive Directorate shall have the following powers in terms of funding sources of DGF:

- 1) decide on setting a special premium to DGF or differentiated risk-based premiums of banks to the DGF;

1¹) decide on issue of corporate bonds or promissory notes, and submit this decision to the DGF Administrative Board for approval. This issue may be carried out solely for the purpose of fund-raising by the DGF or in cases set in this Law;

(part 2 of article 12 supplemented with paragraph 1¹ pursuant to the Law of Ukraine of 04.07.2014 N 1586-VII, paragraph 1¹ of part 2 of article 12 in the wording of the Law of Ukraine of 16.07.2015 N 629-VIII, as amended by the Law of Ukraine of 19.06.2020 N 738-IX)

- 2) decide on the need to raise loans from the Cabinet of Ministers of Ukraine, the National Bank of Ukraine and/or a non-refundable contribution from the state;

(paragraph 2 of part 2 of Article 12 in the wording of the Law of Ukraine of 01.04.2022 N 2180-IX)

- 3) submit the DGF investment plan to the DGF Administrative Board for approval;
- 4) decide on investing the DGF's funds in accordance with the investment plan;

- 5) decide on accruing and collecting the penalty for late payment of premiums to DGF by a bank;
- 6) decide to postpone the payment deadline for regular premiums to the DGF incases set in this Law;

(part 2 of article 12 supplemented with paragraph 6 pursuant to the Law of
Ukraine of 04.07.2014 N 1586-VII)

- 7) decide on establishing the baseline annual rate of the regular premium to the DGF, higher than the established one in the part 1 of Article 22 of this Law;
- 8) decide on establishing the DGF's target level and timeframes for reaching it;
- 9) decide on payments to the State Budget of Ukraine in accordance with this Law,
- 10) decide on increasing the baseline annual rate of the regular premium to the DGF for the relevant period, if the Financial Stability Board makes recommendations in accordance with part 3 of Article 19 of this Law.

(part 2 of Article 12 supplemented with paragraphs 7-10 pursuant to the Law of
Ukraine of 01.04.2022 N 2180-IX)

3. The DGF Executive Directorate has the following powers in the area of securing reimbursement of depositors:

- 1) set the procedure of maintaining the DGF Members Registry;
- 2) set the procedure of depositor reimbursement by DGF pursuant to this Law and regulations of DGF;

(paragraph 2 of part 3 of article 12 as amended by the Law of Ukraine
of 16.07.2015 N 629-VIII)

3) determine the procedure for banks to maintain the depositor databases and for the DGF to maintain the respective consolidated database;

3¹) appoint employees empowered to monitor the compliance of a bank with the procedure of setting up and maintaining depositor databases, the performance of banking transactions by a bank, including the collection of information and copies of documents required to draft a resolution plan, ensuring the appraisal of bank's assets under the procedure set by the DGF (including the loan debt to the bank, the availability and value of collateral securing the liabilities under loan agreements, the debt under securities held by the bank, the bank's claims to a client under the written-off uncollectable debt, and the existence and value of the security backing up liabilities related to such debt, etc.);

(part 3 of article 12 supplemented with paragraph 3¹)

pursuant to the Law of Ukraine of 16.07.2015 N 629-VIII)

4) make decisions on deposit payouts under this Law and approves the registers of deposit payouts under the procedure and in tiers set by the regulatory documents of the DGF;

(paragraph 4 of part 3 of article 12 in the wording of the Law of Ukraine of 16.07.2015 N 629-VIII)

5) approve the procedure of selecting agent banks and exercise the selection of agent banks under this procedure;

6) decide about paying the bank resolution expenses within the DGF expense budget as approved by the DGF Administrative Board;

7) set forth requirements to the content of bank deposit agreements and bank account agreements in respect of the issues concerning the operation of the household deposit guarantee scheme;

(part 3 of article 12 supplemented with paragraph 7 pursuant to the Law of Ukraine of 04.07.2014 N 1586-VII)

8) set additional requirements to the procedure for banks to disclose to depositors the information about terms of bank deposit services.

4. The DGF Executive Directorate shall have the following powers in the regulatory area:

1) approve the procedure of bank inspection by the DGF and participation of DGF employees in the inspections of problem banks carried out by the National Bank of Ukraine;

1¹) set specific requirements for the banks classified as insolvent in terms of compliance with legislation on prevention of and counteraction to legalization (laundering) of proceeds from crime, terrorist financing and financing of proliferation of mass destruction weapons, and approve the procedure for DGF to exercise control over insolvent banks in this area;

(part 4 of article 12 supplemented with paragraph 1¹ pursuant to the Law of Ukraine of 06.12.2019 N 361-IX)

2) decide on conducting scheduled and extraordinary (ad-hock) bank inspection by the DGF and participation of DGF employees in the inspections of problem banks carried out by the National Bank of Ukraine;

3) approve inspection plans and results thereof;

4) approve the reporting procedure and forms to be filed by banks to the DGF;

5) decide for a bank to file information, other than reports, under this Law.

5. DGF Executive Directorate has the following powers in the course of provisional administration and liquidation of banks:

(paragraph 1 of part 5 of article 12 in the wording of the Law of Ukraine of 30.06.2021 N 1588-IX)

1) define conditions and the procedure of insolvent bank resolution and liquidation of banks under this Law;

(paragraph 1 of part 5 of article 12 as amended by the Law of Ukraine of 16.07.2015 N 629-VIII)

1¹) establish collegiate bodies tasked with the consolidation and sales of assets of various banks, and approve their charters;

(part 5 of article 12 supplemented with paragraph 1¹ pursuant to the Law of Ukraine of 16.07.2015 N 629-VIII)

2) delegate and revoke its powers in full or in part to/from collegiate bodies and/or the authorized officer (several authorized officers) of DGF within the scope set forth in this Law;

(paragraph 2 of part 5 of article 12 in the wording of the Law of Ukraine of 16.07.2015 N 629-VIII)

3) determine additional requirements to the authorized DGF officer and rules to control the avoidance of conflict of interests;

4) approve the DGF's expense budget for provisional administration and/or liquidation of a bank within the expense budget of the DGF as approved by the Administrative Board;

5) approve the bank's expense budget associated with provisional administration and/or liquidation of this bank;

(paragraph 6 of part five of article 12 removed (pursuant to the Law of Ukraine of 16.07.2015 N 629-VIII)

6) approve the resolution plan and amendments thereto;

7) endorse the terms of alienating property (assets) in full or in part and liabilities in full or in part, in tiers set in article 52 of this Law, to an assuming bank, the terms of selling the insolvent bank to an investor or incorporating a bridge bank, transferring to this bank the property (assets) in full or in part and liabilities in full or in part in tiers set in Article 52 hereof, and its sale to an investor;

(paragraph 8 of part 5 of article 12 in the wording of the laws of Ukraine of 16.07.2015 N 629-VIII, of 13.05.2020 N 590-IX)

8¹) decide about investing temporarily free balances of a bank in liquidation in government securities (provided the sufficiency of funds to ensure liquidation);

(part 5 of article 12 supplemented with paragraph 8¹ pursuant to the Law of Ukraine of 04.07.2014 N 1586-VII, paragraph 8¹ of part 5 of article 12 in the wording of the Law of Ukraine of 30.06.2021 N 1588-IX)

9) endorse the decision on providing an assuming bank with financial support;

9¹) decide on granting a loan to a bridge bank in accordance with part 12, article 41¹ of this Law;

(part 5 of article 12 supplemented with paragraph 9¹ pursuant to the Law of Ukraine of 13.05.2020 N 590-IX)

10) approve the resolution plan implementation report of the DGF authorized officer and make the decision to terminate provisional administration in a bank;

11) propose to the National Bank of Ukraine to revoke a banking license and liquidate a bank;

12) determine the compilation procedure and approve the register of accepted creditor claims;

13) approve the outcomes of the asset stock taking in a bank and building the bank's liquidation pool;

14) determine the procedure and methods of selling assets of a bank in liquidation;

15) approve the liquidation balance sheet and the DGF authorized officer's report on completion of the liquidation procedure;

(paragraph 15 of part 5 of article 12 in the wording of the Law of Ukraine of 13.05.2020 N 590-IX)

16) paragraph 16 of part five of article 12 removed

(paragraph 16 of part 5 of article 12 as amended by the Law of Ukraine of 16.07.2015 N 629-VIII, removed pursuant to the Law of Ukraine of 16.07.2015 N 629-VIII)

17) decide on arranging and exercising measures to detect and document facts, decisions, actions or omissions that caused damage (losses) to an insolvent bank or a bank subject to revocation of the banking license and liquidation on the grounds stipulated in article 77 of the Law of Ukraine 'On Banks and Banking', and approve

the opinion (report) on the detected facts, decisions, actions or omissions of bank related parties and other parties taken in relation to this bank, which caused damage (losses) to the bank, and the amount of damage (loss) caused by these parties.

(part 5 of article 12 supplemented with paragraph 17 pursuant to the Law of Ukraine of 02.10.2012 N 5411-VI, paragraph 17 of part 5 of article 12 as amended by the Law of Ukraine of 04.07.2014 N 1586-VII, in the wording of the Law of Ukraine of 30.06.2021 N 1588-IX)

6. The DGF Executive Directorate takes decisions on other issues pertaining to this Law and the objective of DGF, which do not fall under the competence of the DGF Administrative Board.

Article 13. Appointment and Dismissal of the DGF Managing Director

1. The DGF Managing Director is appointed and dismissed by the majority of the DGF Administrative Board members.

2. To be eligible to become the DGF Managing Director, a person shall be a Ukrainian citizen permanently residing in Ukraine with complete higher education in economics, finances or law, and at least five years of relevant work experience, impeccable business reputation, and with no outstanding convictions for commitment of acquisitive crimes. A chief executive officer, a shareholder or a bank related party is not eligible to be appointed as the DGF Managing Director.

(part 2 of article 13 as amended by the Law of Ukraine of 17.06.2020 N 720-IX)

3. The DGF Managing Director shall be appointed for a five-year term with possible reappointment for not more than one term.

4. The DGF Managing Director may be dismissed early by the DGF Administrative Board in the following cases:

- 1) application for voluntary termination of powers has been filed;
- 2) lack of possibility to discharge his/her responsibilities, including for health reasons;
- 3) judgment of conviction of this individual takes effect;
- 4) death, or a court judgment is passed declaring the individual incapable, missing or deceased;
- 5) finding the facts evidencing that DGF Managing Director fails to meet the requirements set in part 2 of this Article.

Article 14. Powers of the DGF Managing Director

1. The DGF Managing Director shall exercise the following powers:

- 1) manage the daily operation of the DGF;
 - 2) act on behalf of the DGF and represent its interests without a power of attorney in relations with the government authorities, the National Bank of Ukraine, banks, international organizations, other legal entities and individuals;
 - 3) preside at the meetings of the DGF Executive Directorate and manage its activities;
 - 4) sign meeting minutes, decisions of the DGF Executive Directorate and agreements concluded by DGF;
 - 5) allocate duties among deputy managing directors of DGF;
 - 6) issue administrative documents (orders, resolutions, instructions) binding on all the staff of DGF;
 - 7) appoint and dismiss staff members of the DGF under the labor legislation of Ukraine;
2. The DGF Managing Director enjoys the right to delegate some of his/her responsibilities to other employees of the DGF under the regulations of the DGF.
3. The DGF Managing Director shall be personally liable for the operation of DGF and implementation of its vested tasks.

Article 15. Internal audit

1. The Internal Audit function shall be set up in the DGF and operate based on the charter proposed by the DGF Executive Directorate and approved by the DGF Administrative Board. In its activities, the Internal Audit shall be accountable to the DGF Administrative Board. The Chief Internal Auditor shall be appointed and dismissed in concurrence with the DGF Administrative Board.

(part 1 of article 15 as amended by the Law of Ukraine
of 04.07.2014 N 1586-VII)

2. Internal Audit shall exercise the following functions:

- 1) periodically review the DGF operations for their compliance with the requirements of legislation, regulations and by-laws of the DGF, as well as decisions of the DGF governance bodies;
- 2) audit the financial and investment results of the DGF;
- 3) perform other functions in line with the Internal Audit Charter.

3. The Internal Audit shall regularly (as of by the first day of each quarter) submit reports to the DGF Administrative Board with the opinions and proposals on the issues of its competence. Reports of the Internal Audit are subject to approval by the DGF Administrative Board. Opinions and proposals of the Internal Audit are binding on DGF.

(part 3 of article 15 as amended by the Law of Ukraine of 02.10.2012 N 5411-VI)

Article 16. DGF Staff Members

1. For the purposes of this Law, the DGF staff shall be understood as individuals holding their positions provided for in the staffing plan.

2. The DGF staff included in the list of positions subject to approval by the DGF Administrative Board shall be prohibited from:

1) acting in the capacity of a chief executive officer, participant or related party of a bank (except for a bridge bank);

(paragraph 2 of part two of article 16 removed);

3) having labor relations with banks;

(pursuant to the Law of Ukraine of 16.07.2015 N 629-VIII)

4) carrying on business, having side jobs, except for teaching, academic endeavor and other creative activities.

3. The DGF staff and members of the DGF Administrative Board shall be protected by law while performing their professional functions:

(paragraph 1 of part 3 of article 16 in the wording of the Law of Ukraine of 30.06.2021 N 1588-IX)

1) DGF staff, including resignees, and members of the DGF Administrative Board, including resignees, are not liable for any acts or omissions if they acted based on, within the authority and in the manner provided for by the Constitution of Ukraine and laws of Ukraine. Lawsuits filed against the DGF staff, including resignees, and against members of the DGF Administrative Board, including resignees, provided that the lawsuits are related to the exercise of their powers in DGF, shall be deemed to be filed against the DGF;

(paragraph 2 of part 3 of article 16 in the wording of the Law of Ukraine of 30.06.2021 N 1588-IX)

2) any insult of a DGF staff member, resistance to his/her legitimate actions and/or claims/demands and/or other actions that obstruct his/her professional functions; threat of homicide and/or destruction/damage to his/her property; as well as threat to his/her relatives associated with the performance of his/her duties shall entail the

liability set forth in law.

DGF may insure against pecuniary liability, including liability for damage resulted from a professional error by DGF employees.

DGF insures accidents and professional liability of members of the DGF Executive Directorate and DGF authorized officers pursuant to the legislation, regulations of DGF and insurance contracts.

(paragraph 5 of part 3 of article 16 in the wording of the Law of Ukraine of 30.06.2021 N 1588-IX)

Damage caused by decisions, actions and/or omissions of DGF (its employees), including the damage caused by a professional error of members of the DGF Executive Directorate and/or authorized officers shall be restituted by DGF in accordance with the legislation and under insurance contracts (if any).

DGF ensures legal protection of the DGF employees, including after their resignation from the DGF, in particular by providing them with legal assistance by attorneys in law and other legal specialists, in case of lawsuits filed against them or in case they take part in administrative or criminal proceedings related to their exercise of powers in DGF; the legal protection is provided at the cost of DGF.

(part 3 of article 16 supplemented with paragraph 7 pursuant to the Law of Ukraine of 30.06.2021 N 1588-IX)

4. The DGF staff shall be prohibited from disclosing restricted information (including bank secrets), of which they became aware in connection with the exercise of their job (service) duties, also in case of the termination of the employment relations with the DGF, except for cases specified by law.

5. Provisions of items 1 and 2 of parts three and four of this article shall apply to consultants and/or auditors, other persons involved by the DGF and/or the DGF authorized officer in accordance with this Law and regulatory acts of DGF for the performance of functions of DGF.

(article 16 as amended by the Law of Ukraine of 02.10.2012 N 5411-VI, in the wording of the Law of Ukraine of 04.07.2014 N 1586-VII)

SECTION III. MEMBERSHIP IN DGF

Article 17. DGF Members

1. The DGF members are banks. The membership in DGF is mandatory for banks. The specifics of a bridge bank's membership in the DGF shall be set forth in this Law and regulations of the DGF.

2. A bank acquires a DGF member status on the date when this bank obtains the banking license.
3. A bank is obliged to pay premiums to the DGF as set forth herein, and comply with other requirements of this Law and regulations of the DGF.
4. DGF enjoys the right to receive information for free from a bank about operations of this bank, explanation of selected issues, any documents necessary for the examination and other functions of DGF provided for in this Law. Bank is obliged to provide DGF at its request or in accordance with legislative requirements the documents and other information necessary for the DGF to perform the functions provided for in this Law. Banks provide bank secrecy information in the manner prescribed in the Law of Ukraine ‘On Banks and Banking’.
5. The DGF expels from its members a bank subject to revocation of the banking license and liquidation.
6. The DGF shall maintain the register of DGF members as prescribed by the regulations of DGF.
7. A DGF member is obliged to maintain the depositor database in the manner proscribed by DGF, enabling the daily generation of depositor information taking into account the data on household deposit interest (net of tax amount).

(article 17 supplemented with part 7 pursuant to
the Law of Ukraine of 16.07.2015 N 629-VIII)

Article 18. Information for Depositors

1. A bank is obliged to:
 - 1) disclose information on the compulsory deposit guarantee scheme and the bank’s membership in DGF in all premises of the bank where the bank provides banking services to depositors;
 - 2) take other measures to inform depositors as prescribed in this Law and regulations of the DGF.
2. DGF member, making in its advertisements the references to its membership in DGF, shall specify the guaranteed deposit reimbursement ceiling, and the number and date of the DGF member certificate.
3. DGF shall inform the public of its activities by publishing information on its official web site, holding press conferences, making presentations on the radio and the television and otherwise.

The DGF shall measure the public awareness level at the time intervals set by the DGF Executive Directorate.

(article 18 supplemented with new part 3 pursuant to the Law of Ukraine of

04.07.2014 N 1586-VII, in connection with this, part 3 shall be deemed to be part 4)

4. The DGF is obliged to post once a year the list of DGF members as of January 1 on its official web site no later than one month after the deadline. The DGF shall be obliged to additionally publish on its official website the information about changes in the DGF membership list no later than 14 days after recording these changes in the DGF Members Registry, as well as publish the DGF membership list.

(part 4 of article 18 as amended by the Law of Ukraine of 04.07.2014 N 1586-VII, in the wording of the Law of Ukraine of 16.07.2015 N 629-VIII)

5. Within 10 business days from the date prescribed by the legislation for the execution of a document and/or the provision of information, the DGF shall be required to place the following information about an insolvent bank and a bank in liquidation on its official website and the website of the insolvent bank or the bank in liquidation:

- 1) annual financial statements as required by legislation;
- 2) quarterly financial statements as required by legislation;
- 3) asset appraisal results for the bank, showing the breakdown of assets by type, the independent appraiser, the method of appraisal, and the date of appraisal;
- 4) outcomes of the bank's property stock taking and building its liquidation pool;
- 5) decision of DGF to approve the method, the procedure, the composition, and the conditions to alienate property of the bank, endorsed by the DGF Executive Directorate, and all other decisions of DGF regarding the insolvent bank;
- 6) the DGF expense budget for provisional administration and/or liquidation of the bank;
- 7) on agreements concluded between DGF and the third parties to maintain and preserve assets of the bank, appraise and sell property of the bank, exercise audit, physical security of the property and premises of the bank.

(article 18 supplemented with part 5 pursuant to the Law of Ukraine of 16.07.2015 N 629-VIII)

6. DGF under its procedure posts on its official website and on the website of the bank in liquidation the information on debtors who have past due liabilities (on principal and interest) to this bank, as well as on the bank's claims against such debtors. Posting of such information does not require the consent of the retail debtor.

(article 18 supplemented with part 6 pursuant to the Law of Ukraine of 30.06.2021 N 1587-IX)

Section IV

DGF FUNDING

Article 19. DGF Funding Sources

1. Funding sources of DGF are.

- 1) initial premiums of the DGF members;
- 2) regular premiums of the DGF members;
- 3) special premium to DGF;
- 4) income from investing the funds of DGF in the government securities of Ukraine and bonds of international financial organizations located in Ukraine;

(paragraph 4 of part 1 of article 19 as amended by the Law of Ukraine of 19.06.2020 N 738-IX)

4¹) funds raised by DGF by issuing corporate bonds and/or issuing promissory notes of DGF;

(part 1 of article 19 supplemented with paragraph 4¹ pursuant to the Law of Ukraine of 04.07.2014 N 1586-VII, paragraph 4¹ of part 1 of article 19 in the wording of the Law of Ukraine of 16.07.2015 N 629-VIII as amended by the Law of Ukraine of 19.06.2020 N 738-IX)

5) income received as interest accrued by the National Bank of Ukraine on the balance on DGF's accounts held with the National Bank of Ukraine;

6) loans, raised from the National Bank of Ukraine in the cases provided for the part 2 of Article 25 of this Law;

(paragraph 6 of part 1 of Article 19 in the wording of the Law of Ukraine of 01.04.2022 N 2180-IX)

7) forfeits (fines, penalties) enforced pursuant to this Law;

8) funds contributed by the National Bank of Ukraine in the amount of UAH 20 million as of the DGF foundation date;

9) funds from the state budget of Ukraine (including domestic treasury bonds);

(paragraph 9 of part 1 of article 19 as amended by the Law of Ukraine of 16.07.2015 N 629-VIII)

10) paragraph 10 of part one of article 19 removed

(paragraph 10 of part 1 of article 19 in the wording of the Law of Ukraine of 04.07.2014 N 1586-VII, removed pursuant to the Law of Ukraine of 16.07.2015 N 629-VIII)

10¹) paragraph 10 of part one of article 19 removed

(part 1 of article 19 supplemented with paragraph 10¹ pursuant to the Law of Ukraine of 04.07.2014 N 1586-VII, paragraph 10¹ of part 1 of article 19 removed pursuant to the Law of Ukraine of 13.05.2020 N 590-IX)

11) charity contributions, grants, technical assistance in pecuniary or non-pecuniary form, including those provided by foreign entities;

(paragraph 11 of part 1 of article 19 as amended by the Law of Ukraine of 04.07.2014 N 1586-VII)

11¹) credits raised from non-banking financial institutions and foreign creditors;

(part 1 of article 19 supplemented with paragraph 11¹ pursuant to the Law of Ukraine of 04.07.2014 N 1586-VII)

12) funds obtained from the implementation of measures in the resolution plan, in particular, from sale of the insolvent bank or the bridge bank, or from liquidation of the bank;

13) income from the financial support granted by DGF to assuming bank or bridge bank in the form of a loan;

(part 1 of article 19 supplemented with paragraph 13 pursuant to the Law of Ukraine of 04.07.2014 N 1586-VII in the wording of the Law of Ukraine of 01.04.2022 N 2180-IX)

13¹) income from granting a bridge bank with a loan pursuant to part twelve, article 411 of this Law;

(part 1 of article 19 supplemented with paragraph 13¹ pursuant to the Law of Ukraine of 13.05.2020 N 590-IX)

14) security deposits transferred by bidders of an open tender in cases specified in this Law;

(part 1 of article 19 supplemented with paragraph 14 pursuant to the Law of Ukraine of 04.07.2014 N 1586-VII)

15) funds obtained from managing assets of the DGF (including alienation, lease, etc.);

(part 1 of article 19 supplemented with paragraph 15 pursuant to the Law of Ukraine of 16.07.2015 N 629-VIII)

16) funds arrived from the banks where provisional administration or liquidation is exercised by DGF, under expense budgets to reimburse the costs incurred by DGF for

their resolution.

(part 1 of article 19 supplemented with paragraph 16 pursuant to the Law of Ukraine of 30.06.2021 N 1588-IX)

2. The DGF may be funded from other sources not prohibited by the laws of Ukraine.

3. The DGF's target level shall not be less than 2.5 percent of the covered deposit in DGF member banks.

In order to determine the target fund size, taking into account the likelihood of future crises, the DGF shall calculate its target level and timeframes for achieving it (including the stress testing results of the deposit guarantee system, pursuant to Article 31 of this Law).

If the DGF's target level exceeds the minimum, the DGF shall submit the issue of establishing the DGF's target level and timeframes for achieving it to the Financial Stability Board for recommendations and decision-making by the DGF Administrative Board pursuant to Article 19.1. of this Law, but not more often than once a year.

The DGF's accumulation of adjusted capital shall ensure the target fund size.

The adjusted capital of the DGF should cover the projected amount of risks in the banking system in case of future crises (except for cases when there are signs of unstable financial condition of the banking system, as well as circumstances threatening the stability of the banking and/or financial system of Ukraine confirmed by the relevant decision of the Financial Stability Board).

In case of the DGF's failure to reach the established target level, the DGF shall have the right to take measures to accumulate the DGF's capital for the relevant period at the expense of:

increase of baseline rate of regular premiums from the DGF's members pursuant to Article 22 of this Law;

establishment of a special premium to the DGF pursuant to Article 23 of this Law.

In case of the urgent need to maintain liquidity to ensure functioning of the households deposit guarantee system, the DGF shall have the right:

raise loans from the National Bank of Ukraine pursuant to Article 25 of this Law;

raise a loan and/or contribution on a non-refundable basis from the state pursuant to Article 25 of this Law.

The procedure, conditions and period for calculating indicators (target level, target fund size, liquidity risk, adjusted capital, etc.) shall be established by the DGF's

regulations.

(part 3 of Article 19 as amended by the laws of Ukraine of 04.07.2014 N 1586-VII, of 16.07.2015 N 629-VIII, of 19.06.2020 N 738-IX; in the wording of the Law of Ukraine of 01.04.2022 N 2180-IX)

Article 20. Management of the DGF funds

1. The DGF shall be the sole administrator of funds accumulated in the course of its operation.

2. Funds of the DGF are not included into the state budget of Ukraine, shall not be seized and may be used by the DGF only for the following purposes:

1) paying out the guaranteed deposit amounts to depositors in accordance with this Law;

2) covering the cost associated with exercise of the functions and responsibilities vested in the DGF, in particular those associated with resolving an insolvent bank, within the expense budget approved by the DGF Administrative Board;

(paragraph 2 of part 2 of article 20 in the wording of the Law of Ukraine of 02.10.2012 N 5411-VI, as amended by the laws of Ukraine of 04.07.2014 N 1586-VII, of 13.05.2020 N 590-IX)

2¹) redeeming bonds and paying out yield on these bonds (payment of promissory notes), factoring in the cost of their placement (issuance);

(part 2 of article 20 supplemented with paragraph 2¹ pursuant to the Law of Ukraine of 04.07.2014 N 1586-VII, paragraph 2¹ of part 2 of article 20 in the wording of the Law of Ukraine of 16.07.2015 N 629-VIII)

2²) covering the cost of credit raising by DGF;

(part 2 of article 20 supplemented with paragraph 2² pursuant to the Law of Ukraine of 16.07.2015 N 629-VIII)

3) running daily operations of the DGF, maintenance of its headquarters, development of its physical infrastructure within the expense budget approved by the DGF Administrative Board;

4) providing financial support to an assuming or bridge bank;

(paragraph 4 of part two of article 20 as amended by the Law of Ukraine of 16.07.2015 N 629-VIII)

5) paragraph 5 of part two of article 20 removed

(pursuant to the Law of Ukraine of 16.07.2015 N 629-VIII)

6) paragraph 6 of part two of article 20 removed

(pursuant to the Law of Ukraine of 16.07.2015 N 629-VIII)

7) granting a loan to a bridge bank established for the purpose set in paragraph 2 part 20 article 42 of this Law based on the decision of the Cabinet of Ministers of Ukraine on the state involvement in resolving an insolvent bank under the scenario set in paragraph 4 part 2 article 39 of this Law under the procedure and on the terms set in regulatory acts of DGF;

(part two of article 20 supplemented with paragraph 7 pursuant to the Law of Ukraine of 04.07.2014 N 1586-VII, paragraph 7 part two of article 20 in the wording of the Law of Ukraine of 13.05.2020 N 590-IX)

8) building the authorized capital of a bridge bank;

(part 2 of article 20 supplemented with paragraph 8 pursuant to the Law of Ukraine of 04.07.2014 N 1586-VII, paragraph 8 of part 2 of article 20 as amended by the Law of Ukraine of 13.05.2020 N 590-IX)

9) paragraph 9 of part 2 of article 20 removed

(part 2 of article 20 supplemented with paragraph 9 pursuant to the Law of Ukraine of 04.07.2014 N 1586-VII, paragraph 9 of part 2 of article 20 removed pursuant to the Law of Ukraine of 16.07.2015 N 629-VIII)

10) refunding the security deposits transferred by bidders of an open tender in cases specified in this Law.

(part 2 of article 20 supplemented with paragraph 10 pursuant to the Law of Ukraine of 04.07.2014 N 1586-VII)

11) transfers to the State Budget of Ukraine by the DGF Executive Directorate's decision pursuant to this Law.

(part 2 of Article 20 supplemented with paragraph 11 pursuant to the Law of Ukraine of 01.04.2022 N 2180-IX)

3. DGF enjoys the right to invest funds in the government securities of Ukraine and bonds of the international financial organizations located in the territory of Ukraine.

(part 3 of article 20 as amended by pursuant to the Law of Ukraine of 19.06.2020 N 738-IX)

4. DGF makes investments pursuant to the investment plan approved by the DGF Administrative Board based on the need to secure the exercise of DGF functions.

5. The property (including funds) of DGF may not be attached, nor any methods to secure a claim may be applied thereto.

(article 20 supplemented with part 5 pursuant to the Law of Ukraine of 16.07.2015 N 629-VIII)

6. The funds received by the DGF through recovery of damages (losses) claimed by DGF as provided for in parts five and ten of article 52 hereof, shall be channeled to meet the claims of creditors of an insolvent bank or a bank subject to revocation of the banking license and liquidation on the grounds stipulated in article 77 of the Law of Ukraine 'On Banks and Banking' in the tiers and under the procedure set in parts one and four of article 52 hereof after the DGF is reimbursed for the costs incurred in connection with the recovery of damages (losses).

(article 20 supplemented with part 6 pursuant to the Law of Ukraine of 30.06.2021 N 1588-IX)

Article 21. Initial premium to the DGF

1. A DGF member bank must pay to the DGF an initial premium at the rate of 1 percent of its authorized capital within thirty calendar days from the day of its banking license, unless otherwise is provided for in this Law.

(part 1 of article 21 as amended by the Law of Ukraine of 16.07.2015 N 629-VIII)

2. A DGF member bank established through reorganization shall be exempt from the initial premium if such initial premium was paid to the DGF by the reorganized banks, and shall assume all rights and obligations arising from its membership in the DGF.

3. A bridge bank shall be exempt from initial premium to the DGF.

Article 22. Regular premium to the DGF

1. A DGF member is obliged to accrue regular premiums to the DGF as of the last day of each quarter. The basic annual premium rate is 0.5 per cent of the accrual base in local currency and 0.8 per cent in foreign currencies.

The Executive Directorate shall have the right to decide on increasing the baseline annual rate of the regular premium to the DGF for the relevant period pursuant to the requirements specified in part 3 of Article 19 of this Law.

(part 1 of Article 22 supplemented with a new paragraph pursuant with Law of Ukraine of 01.04.2022 N 2180-IX)

If the National Bank of Ukraine decides to revoke the banking license and liquidate a bank, such bank on the date of this decision is obliged to accrue a regular premium to DGF for the period from the date following the last reporting period through the day preceding the starting date of liquidation procedure, and make this payment to DGF within 15 days.

(the paragraph of part 1 of Article 22 as amended by the Law of Ukraine of 16.07.2015 N 629-VIII)

The accrual base shall be equal to the arithmetic average of daily balances on deposit accounts and accrued interest for the measurement period.

(paragraph 3 of part 1 of article 22 as amended by the Law of Ukraine of 02.10.2012 N 5411-VI)

The DGF enjoys the right to issue regulations setting the measurement method for regular premiums to the DGF in the form of differentiated premiums. The measurement of a differentiated premium is based on risk-based weighting of the basic annual premium rate. The differentiated premium rate shall be not less than the basic annual premium rate.

The bank risk assessment methodology for the measurement of differentiated premiums is set forth in the DGF regulations subject to endorsement by the National Bank of Ukraine.

2. DGF member shall measure deposit balances in foreign currencies and the national currency of Ukraine at the official exchange rate of UAH to foreign currencies set by the National Bank of Ukraine on the measurement day.

3. A DGF member must pay regular premium to DGF on a quarterly basis by the 15th day of the month that follows the quarter for which such payment is due.

(part 3 of article 22 as amended by pursuant to the Law of Ukraine of 02.10.2012 N 5411-VI)

If the National Bank of Ukraine decides to alter the deadlines for banks to file reports with the National Bank of Ukraine, the DGF Executive Directorate shall enjoy the right to alter the deadlines for banks to pay regular premium to the DGF.

(part 3 of article 22 supplemented with paragraph 2 pursuant to the Law of Ukraine of 04.07.2014 N 1586-VII)

4. A bridge bank established in accordance with paragraph 1 of part 20 of article 42 of this Law shall be exempt from regular premium to DGF.

(paragraph 1 of part 4 of article 22 as amended by, the Law of Ukraine

of 13.05.2020 N 590-IX)

If a bank established in accordance with paragraph 1 of part twenty of article 42 of this Law loses its bridge-bank status, this bank shall be obliged to pay the regular premium on general basis starting from the day when it loses its bridge bank status;

(paragraph 2 of part 4 of article 22 as amended by, the Law of Ukraine of 13.05.2020 N 590-IX)

(article 22 supplemented with part 4 pursuant to the Law of Ukraine of 16.07.2015 N 629-VIII)

Article 23. Special premium to DGF

1. The DGF enjoys the right to decide about setting a special premium to DGF in the conditions referred to in part 3 Article 19 or in order to repay its outstanding loans.

(part 1 of article 23 in the wording of the Law of Ukraine of 04.07.2014 N 1586-VII)

2. A DGF member must pay a special premium to the DGF within the time-frame and subject to conditions prescribed by regulations of the DGF.

3. The total amount of the special premium paid by a DGF member over a year must not exceed the amount of the regular member premium paid by this DGF member for the previous year.

4. A DGF member classified as insolvent as of the date when the special premium is introduced, and a bridge bank shall be exempt from paying the special premium to DGF.

(article 23 supplemented with part 4 pursuant to the Law of Ukraine of 04.07.2014 N 1586-VII)

Article 24. Penalty for the failure to pay or late payment of premiums to DGF, fines for administrative offenses

1. For failure to pay or incomplete payment of premiums to the DGF, a bank, other than a bank classified as insolvent, shall pay an interest penalty at double discount rate of the National Bank of Ukraine on the outstanding amount for each day of the delay (including the date of payment).

(part 1 of article 24 as amended by the Law of Ukraine of 16.07.2015 N 629-VIII)

2. The DGF enjoys the right to apply to:

1) the National Bank of Ukraine demanding the direct debiting of premiums that have not been paid to the DGF in due time, as well as accrued interest penalty if the DGF member has been in default on these amounts for one month from the payment due date set forth in this Law;

2) the court with a lawsuit to recover from the DGF member the overdue amount of initial, regular or special premiums, as well as the accrued interest penalty.

3. The DGF imposes administrative fines on senior bank managers in compliance with the Code of Ukraine on Administrative Offenses.

(subparagraph one of article 24 in the wording of the Law of Ukraine of 02.10.2012 N 5411-VI)

Subparagraph two of part three of article 24 removed

(pursuant to the Law of Ukraine of 02.10.2012 N 5411-VI)

The administrative offense reports are drawn up by the DGF employees. Proceedings on the administrative offenses stipulated in this article shall be carried out in accordance with the Code of Ukraine on Administrative Offenses.

Article 25. Crediting the DGF and funding the deposit guarantee system with non-refundable state contribution

1. Pursuant to the Part 3 of Article 19 of this Law, the DGF shall periodically calculate adjusted capital, target fund size and liquidity risk (projected deficit of funds impossible to be overcome without additional funding) in order to determine the funding required for the deposit guarantee system from the sources specified in paragraphs 6 and 9 of part 1 of Article 19 of this Law.

2. In case of urgent need for liquidity support in order to fulfil DGF's objective to ensure the functioning of the households deposit guarantee system, avoid threats to the stability of the banking and/or financial system of Ukraine and protect the interests of bank depositors, the DGF shall have the right to request the NBU to provide a loan (up to one year) and/or buy-out Ukrainian government securities. The NBU shall decide on granting or refusing a loan to the DGF, including by opening a credit line, on buying out or refuse to buy out Ukrainian government securities according to the terms and in the manner prescribed by the NBU's regulations.

3. Provided the DGF has exhausted other opportunities to replenish funds from the sources specified in part 1 (except paragraph 9) of Article 19 of this Law, and if there is a need for liquidity support, it shall have the right to apply to the Ministry of Finance of Ukraine for funds, indicating the amount, from the state budget in the form of:

1) a loan in which the interest rate is set equal to the market rate on Ukrainian sovereign securities of comparable maturities issued by the Cabinet of Ministers of Ukraine at the time;

2) state contribution on a non-refundable basis.

4. In case of urgent need for liquidity support due to signs of unstable financial condition of the banking system, as well as circumstances threatening the stability of the banking and/or financial system of the country, confirmed by the relevant decision of the Financial Stability Board, the DGF shall have the right to receive funding from the state in the form of a non-refundable contribution.

5. The state may grant the DGF a loan and/or contribution on a non-repayable basis in the form of funds or sovereign bonds of Ukraine.

6. The state may provide a loan to the DGF by exchanging Ukrainian sovereign bonds for the DGF's promissory notes.

7. In the event of the circumstances provided for in part 3 of this Article, the Ministry of Finance of Ukraine shall:

provide a loan and/or state contribution on a non-refundable basis to the DGF within the appropriate amount pursuant to law on the State Budget of Ukraine for the year within 14 working days from the date of receiving the application;

in case of no budget allocations within the required amount provisioned by the Law on the State Budget of Ukraine for the current year draft and initiate submission of a relevant draft law by the Cabinet of Ministers of Ukraine to the Verkhovna Rada of Ukraine, including the DGF's proposals, within one month from the date of receiving the DGF's application, and provide the necessary funding within 14 calendar days since the law enters into force.

8. The procedure for granting a loan and/or state contribution on a non-refundable basis shall be determined by the Cabinet of Ministers of Ukraine.

(Article 25 as amended by the Law of Ukraine of 02.10.2012N 5411-VI; in the wording of the Law of Ukraine of 04.07.2014 N1586-VII; as amended by the Law of 16.07.2015 N 629-VIII; in the wording of the Law of 01.04. N 2180-IX)

Section V

DGF GUARANTEES AND DEPOSIT PAYOUTS

Article 26. Deposit guarantees

1. DGF guarantees to pay out deposits to every bank depositor. DGF shall reimburse funds in the deposited amount gross up interest as at the end of the day preceding the starting date of the bank resolution by DGF, but the amount in question shall not exceed the deposit reimbursement ceiling set as of this date, regardless of the number of deposits held with one bank. The deposit reimbursement ceiling shall not be less than 600 thousand hryvnias and can be increased by the DGF Administrative Board's decision.

(paragraph 1 of part 1 of article 26 in the wording of the Law of Ukraine of 02.10.2012 N 5411-VI, as amended by the laws of Ukraine of 04.07.2014 N 1586-VII, of 16.07.2015 N 629-VIII, of 30.06.2021 N 1588-IX of 01.04.2022 N 2180-IX)

(The third sentence of the paragraph 1 of part 1 of the Article 26 pursuant to the Law of Ukraine of 01.04. N 2180-IX will be amended in three months after the termination or cancellation of martial law in Ukraine – see paragraph 1 of section II)

Should there be signs of unstable financial condition of the banking system, as well as circumstances threatening the stability of the banking and/or financial system of the country, confirmed by the relevant decision of the Financial Stability Board, the DGF Administrative Board shall have the right to decide on:

(part 1 of the Article 26 supplemented with new paragraph pursuant with the Law of 01.04.2022 N 2180-IX)

temporary, for a certain period, increase of deposit reimbursement ceiling;

(part 1 of the Article 26 supplemented with new paragraph pursuant with the Law of 01.04.2022 N 2180-IX)

gradual, over a period of time, reduction of the increased deposit reimbursement ceiling to the amount established by the DGF Administrative Board before the decision on temporary increase of the amount is made.

(part 1 of the Article 26 supplemented with new paragraph pursuant with the Law of 01.04.2022 N 2180-IX)

The DGF's Administrative Board shall not have the right to make a decision on reducing the deposit reimbursement amount in cases other than those specified in this part.

(part 1 of the Article 26 supplemented with new paragraph pursuant with the Law of 01.04.2022 N 2180-IX)

The DGF shall fulfil its obligations to depositors in agreement with the least cost for the DGF and depositors principal in the manner prescribed by this Law, including by transferring bank assets and liabilities to the assuming bank or bridge bank, sale of the bank during the provisional administration or deposit payouts within the period established by this Law.

(paragraph of part 1 of article 26 as amended by the Law of Ukraine of 16.07.2015 N

629-VIII; of 01.04.2022 N 2180-IX
paragraph of part 1 of article 26 removed pursuant to the Law of Ukraine of
16.07.2015 N 629-VIII)

The guarantees of DGF do not extend to the deposits in the cases stipulated in this Law.

2. A depositor enjoys the right to receive the guaranteed amount on deposits at the expense of DGF up to the guaranteed deposit reimbursement ceiling.

During provisional administration, a depositor acquires the right to receive the guaranteed deposit reimbursement amount at the expense of DGF up to the guaranteed deposit reimbursement ceiling under the agreements that are mature as of the starting date of the bank resolution by DGF as well as under the bank account agreements subject to the requirements set in part four of the article herein.

DGF enjoys the right not to include in the estimation the guaranteed amount of reimbursement under bank account agreements until it receives full information about the transactions exercised by the payment system (domestic and international).

Payment of the guaranteed amount of reimbursement under bank account agreements is made only after DGF receives full information about the transactions exercised by the payment system (domestic and international).

(part 2 of article 26 in the wording of
the Law of Ukraine of 16.07.2015 N 629-VIII)

3. DGF guarantees reimbursement of a deposit held in a bank, which has been reorganized by way of transformation, on the same terms as before such reorganization.

4. DGF shall not pay out any funds:

- 1) put into trust management of a bank;
- 2) on a deposit of less than UAH 10;

(paragraph 3 of part 4 removed pursuant to the Law
of Ukraine of 01.04.2022 N 2180-IX)

4) funds lodged to a bank deposit by a person, who is or has been a bank related party within one year prior to the date the National Bank of Ukraine decides to classify this bank as insolvent (or, in case the National Bank of Ukraine decides to revoke the banking license and liquidate this bank on the grounds specified in part two article 77 of the Law of Ukraine 'On Banks and Banking' — within one year prior to the date of such decision);

(paragraph 4 of part 4 of article 26 in the wording of
the Law of Ukraine of 16.07.2015 N 629-VIII)

5) funds lodged to a bank deposit by a person, who rendered to the bank professional services as an auditor, an appraiser, provided that less than one year has passed from the date of the termination of services till the date of the decision of the National Bank of Ukraine to classify the bank as insolvent (or, in case the National Bank of Ukraine decides to revoke the banking license and liquidate the bank on the grounds referred to in part two of article 77 of the Law of Ukraine ‘On Banks and Banking’ — one year prior to the date of such decision);

(paragraph 5 of part 4 of article 26 in the wording of the Law of Ukraine of 16.07.2015 N 629-VIII)

6) deposited with a bank by a qualified shareholder of this bank;

7) bank deposits, under which depositors individually receive interest from the bank on agreements concluded on the terms other than the current market terms defined in article 52 of the Law of Ukraine ‘On Banks and Banking’ or enjoy other financial privileges from the bank;

(paragraph 7 of part 4 of article 26 in the wording of the Law of Ukraine of 16.07.2015 N 629-VIII)

8) deposit in a bank, if this deposit is used by the depositor to secure another liability before the same bank, in the full amount on the deposit until the date these liabilities are honored;

(paragraph 8 of part 4 of article 26 in the wording of the Law of Ukraine of 04.07.2014 N 1586-VII)

9) on deposits held with foreign bank branches;

10) on deposits in banking metals;

11) funds placed on accounts garnished by court judgment;

12) on a deposit where the claims are suspended in pursuance of the Law of Ukraine ‘On Prevention and Counteraction to Legalization (Laundering) of Proceeds from Crime, Terrorist Financing and Financing of Proliferation of Mass Destruction Weapons’.

(part 4 of article 26 supplemented with paragraph 12 pursuant to the Law of Ukraine of 06.12.2019 N 361-IX)

5. Reimbursement of foreign currency deposits shall be made in the national currency of Ukraine after the amount of a deposit is recalculated at the official foreign exchange rate of UAH set by the National Bank of Ukraine as at the end of the day preceding the starting day of bank resolution procedure and provisional administration by DGF pursuant to Article 36 of this Law.

(part 5 of article 26 as amended by
the laws of Ukraine of 04.07.2014 N 1586-VII,
of 30.06.2021 N 1588-IX)

6. In case the National Bank of Ukraine decides to revoke the banking license and liquidate a bank on the grounds set in part 2, Article 77 of the Law of Ukraine ‘On Banks and Banking’, the DGF shall guarantee to each depositor of this bank the reimbursement of funds held on deposits gross up interest as at the end of the day preceding the starting date of the bank liquidation procedure, but not exceeding the deposit reimbursement ceiling set as of the date of this decision regardless of the number of deposits in one bank.

(paragraph 1 of part 6 of article 26 as amended by, the Law of Ukraine
of 30.06.2021 N 1588-IX)

Reimbursement of foreign currency deposits shall be made in the national currency of Ukraine after the amount of a deposit is recalculated at the official foreign exchange rate of UAH set by the National Bank of Ukraine as of the starting day of bank liquidation on the grounds set in Part 2, Article 77 of the Law of Ukraine ‘On Banks and Banking’.

(paragraph 2 of part 6 of article 26 as amended by,
the Law of Ukraine of 30.06.2021 N 1588-IX)

(part 7 removed pursuant to the
Law of Ukraine of 01.04.2022 N 2180-IX)

Article 27. Procedure of identifying depositors eligible to reimbursement of deposits

1. The DGF authorized officer compiles a list of deposit accounts and estimates the amount of deposit payouts at the expense of DGF as required by this Law and regulations of DGF as of the end of the day preceding the starting day of insolvent bank resolution by DGF or as of the end of the day preceding the start of liquidation of the bank subjected to revocation of its banking license and liquidation on the grounds stipulated in part two of article 77 of the Law of Ukraine ‘On Banks and Banking’

(paragraph 1 of part 1 of article 27 in the wording of
the Law of Ukraine of 30.06.2021 N 1588-IX)

The accrual of deposit interest terminates on the starting date of bank resolution by DGF (in the case that the National Bank of Ukraine decides to revoke the banking license and liquidate the bank on the grounds stipulated in part two of Article 77 of the Law of Ukraine ‘On Banks and Banking’ - on the date of the decision to revoke the

banking license and liquidate the bank).

2. The DGF authorized officer, during 15 business days from the starting date of bank resolution by DGF, compiles:

- 1) a list of depositors eligible to deposit reimbursement at the expense of DGF, specifying the amounts subject to reimbursement;
- 2) a list of depositors not subject to reimbursement by DGF in pursuance of paragraphs 4 to 6, part four, article 26 of this Law;
- 3) lists of accounts to which depositors are receiving interest from the bank under the contracts concluded on the terms other than the current market terms as stipulated in Article 52 of the Law of Ukraine ‘On Banks and Banking’ or enjoy other financial privileges from the bank, and persons who use the deposit to secure another outstanding liability to this bank;
- 4) a list of deposit accounts garnished by court judgment;
- 4¹) a list of deposit accounts where financial transactions have been suspended pursuant to the Law of Ukraine ‘On Prevention and Counteraction to Legalization (Laundering) of Proceeds from Crime, Terrorist Financing and Financing of Proliferation of Mass Destruction Weapons’;

(part 2 of article 27 supplemented with paragraph 4¹
pursuant to the Law of Ukraine of 06.12.2019 N 361-IX)

5) a list of deposit accounts showing the traces specified in Article 38 of this Law. Payouts for such deposits are made by DGF after the analysis of the traces specified in Article 38 of this Law, including by sending inquiries to bank clients, in the manner and within time frames set by the DGF, as well as after the absence of such traces is verified.

3. The DGF Executive Directorate shall approve the register of reimbursements to depositors for making payouts in accordance with the list of accounts, provided by the DGF authorized officer; the list shall show the deposits accounts entitling the depositor to reimbursement at the expense of DGF. No later than 20 business days from the starting date of bank resolution by DGF, the DGF shall announce on its official website the beginning of deposit payouts.

DGF also announces the beginning of deposit payouts in the newspaper ‘Uriadoviy Currier’ or ‘Holos Ukrainy’.

4. Depositor information in the depositor list shall enable his/her identification pursuant to law.

(article 27 as amended by
the laws of Ukraine of 04.07.2014 N 1586-VII,
of 16.07.2015 N 629-VIII,
in the wording of the Law of Ukraine

Article 28. Payouts to depositors

1. The DGF starts making payouts to depositors in domestic currency of Ukraine under the procedure and in the tiers, set by DGF, no later than 20 business days (for banks having depositor database with information on more than 500,000 accounts – no later than 30 days) from the starting date of bank resolution by DGF.

(part 1 of article 28 in the wording of the Law of Ukraine of 16.07.2015 N 629-VIII)

2. The DGF pays out the guaranteed amounts via agent banks that make payouts in cash or cashless form (at discretion of the depositor).

3. DGF terminates the payout of guaranteed deposits on the day of endorsing the bank liquidation balance sheet, and no later than the next day announces on its official website the termination of payout of guaranteed reimbursement amounts by DGF.

(part 3 of article 28 in the wording of the laws of Ukraine of 16.07.2015 N 629-VIII, of 30.06.2021 N 1588-IX)

(article 28 as amended by the Law of Ukraine of 04.07.2014 N 1586-VII, in the wording of the Law of Ukraine of 16.07.2015 N 629-VIII)

Article 29. Acquisition of the bank creditor right by DGF

1. The DGF acquires the rights of a bank creditor:

1) for the total amount subject to paying out to depositors of the bank (inclusive of paragraphs 3 - 5 of part 2 of article 27 of this Law) as at the end of the day preceding the day of starting provisional administration of this bank, or liquidation of a bank subject to revocation of its banking license and liquidation on the grounds stipulated in article 77 of the Law of Ukraine 'On Banks and Banking', including for the amount of financial support provided by DGF to the assuming bank or the bridge bank;

(paragraph 1 of part one of article 29 as amended by the Law of Ukraine of 16.07.2015 N 629-VIII, in the wording of the Law of Ukraine of 30.06.2021 N 1588-IX)

(paragraph 2 of part one of article 29 removed pursuant to the Law of Ukraine of 30.06.2021 N 1588-IX)

2) for the accrued but not paid amount of regular premium to the DGF as well as the outstanding amounts of premiums, interest penalties and/or fines due to DGF accrued

up to the starting day of liquidation procedure;

2. In case the National Bank of Ukraine decides to revoke the banking license and liquidate the bank on the grounds set in part two article 77 of the Law of Ukraine ‘On Banks and Banking’, the DGF acquires the creditor rights:

1) for the total amount to be paid out to depositors of the bank as at the starting date of bank liquidation;

2) for the amount of expenses of DGF that are associated with the bank liquidation procedure and paid within the expense budget approved by the DGF Administrative Board, including for the consolidated sale of assets of the bank in liquidation;

3) for the accrued but not paid amount of regular premium to the DGF as well as the outstanding amounts of premiums, interest penalties and/or fines due to the DGF accrued up to the starting day of liquidation;

(article 29 as amended by
the Law of Ukraine of 04.07.2014 N 1586-VII,
in the wording of the Law of Ukraine
of 16.07.2015 N 629-VIII)

Section VI

REGULATORY ACTIVITIES OF DGF

Article 30. Regulation of bank activities by DGF

1. The DGF regulates bank activities by:

1) adopting, within its competence, regulations that are binding upon banks;

2) controlling the delivery of obligations by banks in terms of their membership in the household deposit guarantee scheme;

3) resolving insolvent banks;

4) other forms stipulated in this Law.

2. Regulatory powers of the DGF set forth in this Law shall apply to all banks in Ukraine. Banks must observe the DGF’s regulations and comply with the requirements set by DGF within its powers.

Article 31. Member banks reporting, stress testing of the deposit guarantee system

(title of Article 31 in the wording of the Law of Ukraine of 01.04.2022
N 2180-IX)

1. A bank is obliged to submit to DGF the balance sheet, auditor's report, other forms of reports specified by DGF, documents and information, required for the DGF to perform its functions prescribed in this Law, within the time frames, in formats and in accordance with requirements set by the DGF regulations.

part 1 of article 31 as amended by the Law of Ukraine of 04.07.2014 N 1586-VII)

2. The DGF shall enjoy the right to request specific information from a bank. The bank must provide such information to the DGF by the deadline and in the format set in the request of DGF. Banks provide bank secrecy information in the manner prescribed in the Law of Ukraine 'On Banks and Banking'.

3. If the National Bank of Ukraine decides to alter the deadlines for banks to file reports with the National Bank of Ukraine, the DGF shall enjoy the right to alter the deadlines for banks to pay regular premium to the DGF.

(article 31 supplemented with part 3 pursuant to the Law of Ukraine of 04.07.2014 N 1586-VII)

4. The DGF shall conduct stress testing of the deposit guarantee system on a regular basis, at least once every three years. The results of stress testing of the deposit guarantee system may be used by the DGF to review the baseline annual rate of the regular premium established by part 1 of Article 22 of this Law, and/or to assign a special premium, to review the target level. The DGF shall determine the methodology for stress testing of the deposit guarantee system.

(Article 31 supplemented with part 4 pursuant to the Law of Ukraine of 16.07.2015 N 629-VIII)

Article 32. Bank inspections

1. The DGF enjoys the right to inspect a bank for the fulfillment of its liabilities arising from the bank's membership in the household deposit guarantee scheme in terms of:

- 1) reliability of reports submitted to the DGF;
- 2) completeness and timeliness of the payment of premiums and accrued interest penalties to the DGF;
- 3) completeness and reliability of the register of depositors;
- 4) compliance with the requirements to inform the depositors of the bank's membership status in DGF;

(4¹) determine the risk level of DGF member bank in the process of stress testing of

the deposit guarantee system in accordance with the DGF's regulations;

(part 1 of Article 32 supplemented with paragraph 4¹)

5) compliance with other requirements of this Law and the DGF regulations.

2. A bank inspection is exercised by staff members of the DGF in accordance with the inspection plan approved by the DGF Executive Directorate.

3. DGF enjoys the right to inspect a bank not more frequently than once a year. In certain cases, DGF enjoys the right to undertake an off-schedule inspection of a bank based on the decision of the DGF Executive Directorate.

4. The DGF is obliged to notify a bank of the scheduled inspection no later than 10 days before the inspection starts.

5. The bank must provide the DGF staff with:

1) free and gratis access to documents and information required for the inspection, including information that constitutes a bank secrecy;

2) clarification of specific issues on the bank's activity at request of the DGF staff;

3) free access during working hours to the premises where deposits are raised from individuals and to the designated premises to accommodate inspectors during the inspection.

6. At petition of DGF, the DGF staff members shall be engaged by the National Bank of Ukraine to bank inspections by including them to the inspection group.

The DGF Executive Directorate approves a separate inspection plan for the DGF staff included to the inspection group of the National Bank of Ukraine.

(part 6 of article 32 as amended by the Law of Ukraine of 04.07.2014 N 1586-VII)

7. If a bank is classified as problem, the DGF shall enjoy the right to undertake an off-schedule inspection of this bank on the issues other than those stipulated in part one of this article; the list of such issues is approved by the DGF Executive Directorate for the purposes of collecting information to draft a resolution plan in case the bank is classified as insolvent, including for the purposes of determining the value of assets of this problem bank.

(article 32 supplemented with new part 7 pursuant to the Law of Ukraine of 04.07.2014 N 1586-VII, in connection with this, parts 7 and 8 shall be deemed to be parts 8 and 9, paragraph 1 of part 7 of article 32 as amended by pursuant to the Law of Ukraine of 16.07.2015 N 629-VIII)

The DGF appraises assets of a problem bank under a methodology established by the DGF.

(part 7 of article 32 supplemented with paragraph 2 pursuant to the Law of Ukraine of 16.07.2015 N 629-VIII)

The DGF enjoys the right to access any transactions and databases of a problem bank, including the right to obtain copies of documents and databases, and also receive information and report on the regular basis set by DGF.

(part 7 of article 32 supplemented with subparagraph 3 pursuant to the Law of Ukraine of 16.07.2015 N 629-VIII)

The DGF and the DGF employees it designates may require in writing from bank managers to remedy violations of the legislation on household deposit guarantee scheme, comply with the regulatory documents of DGF, provide written clarifications on the compliance with the legislation on household deposit guarantee scheme, regulatory documents of DGF, and request information about any transactions performed by the bank.

(part 7 of article 32 supplemented with subparagraph 4 pursuant to the Law of Ukraine of 16.07.2015 N 629-VIII)

The DGF and the DGF employees it designates enjoy the right to obtain information from clients, depositors and other bank creditors for the purposes of exercising the functions and powers vested in the DGF.

(part 7 of article 32 supplemented with subparagraph 5 pursuant to the Law of Ukraine of 16.07.2015 N 629-VIII)

8. The DGF enjoys the right to monitor performance of banks under the procedure set by the DGF.

(article 32 supplemented with new part 8 pursuant to the Law of Ukraine of 16.07.2015 N 629-VIII)

9. The DGF, no later than the next business day after receiving the decision of the National Bank of Ukraine to classify a bank as problem, shall designate its employee (employees) authorized to make analysis of the problem bank's compliance with the DGF's requirements to compilation and maintenance of depositor database, and to monitor the bank's asset transactions.

(article 32 supplemented with new part 9 pursuant to the Law of Ukraine of 16.07.2015 N 629-VIII)

10. In case of detecting the problem bank's failure to comply with the DGF's requirements to compilation and maintenance of depositor database, the bank shall eliminate the detected violations within the time frame determined by the DGF but no longer than 20 days (for the banks with over 500,000 accounts in depositor database — no longer than 30 days) from the date of statement of detected violations.

(article 32 supplemented with new part 10 pursuant to the Law of Ukraine of 16.07.2015 N 629-VIII)

11. The DGF shall analyze the compliance of a DGF member with the DGF requirements to compilation and maintenance of the bank depositor database, and monitor under the DGF-set procedures of the asset transactions of problem banks during the entire period while this bank stays in problem status.

(article 32 supplemented with new part 11 pursuant to the Law of Ukraine of 16.07.2015 N 629-VIII)

12. A bank classified as problem must provide the employees designated by DGF with access to the information (documents, files) to carry out actions stipulated in this article.

The access to the information (documents, files) shall be granted to the designated employees of DGF on the basis of a copy of the DGF administrative document designating these employees.

(article 32 supplemented with new part 12 pursuant to the Law of Ukraine of 16.07.2015 N 629-VIII)

13. If a problem bank fails to meet the requirements set forth by the article herein, including bringing the depositor databases in compliance with requirements of the DGF, the bank managers shall be held administratively and/or criminally liable.

(article 32 supplemented with new part 13 pursuant to the Law of Ukraine of 16.07.2015 N 629-VIII, in connection with this, parts 8 and 9 shall be deemed to be parts 14 and 15)

14. Restricted access to bank secrecy information shall not apply to the DGF staff who carry out inspections within their scope of powers provided by this Law.

15. DGF is prohibited from circulating inspection materials to third parties and from disclosing information about activities of a bank that became available to the DGF exercising its powers, unless otherwise is provided by law.

Article 33. Administrative and economic sanctions against banks for violation of the household deposit guarantee legislation

1. If banks violate the legislation on household deposit guarantee scheme, the DGF applies commensurate administrative and economic sanctions in the form of a written warning or a penalty, or an instruction to remedy violations of the legislation on household deposits guarantee scheme.

(part 1 of article 33 in the wording of the Law of Ukraine of 04.07.2014 N 1586-VII)

2. The following penalty rates shall apply when DGF imposes administrative and economic sanction in the form of a penalty:

1) the failure to submit, the late submission or the submission of unreliable information by a bank to DGF, provided that this Law and/or regulatory acts of DGF require that such information be submitted, shall entail for the bank a penalty at rate up to 0.1 per cent of its registered authorized capital;

2) the violation of the depositor database maintenance procedure shall entail for the bank a penalty at rate up to 0.1 per cent of its registered authorized capital;

3) the non-compliance or the late compliance by a bank with decisions and/or regulatory acts of DGF or instructions to remedy violations

shall entail for the bank a fine at rate up to 0.1 per cent of its registered authorized capital.

The administrative and economic sanction in the form of a fine imposed by DGF on a bank shall not relieve this bank from the obligation to remedy the violation.

(part 2 of article 33 in the wording of the Law of Ukraine of 04.07.2014 N 1586-VII)

3. The administrative and economic sanction in the form of an instruction to remedy the violation of the household deposit guarantee legislation may be applied for the violations referred to in part two hereof.

(part 3 of article 33 in the wording of the Law of Ukraine of 02.10.2012 N 5411-VI, of 04.07.2014 N 1586-VII)

4. Regulatory acts of DGF shall specify the materiality criteria for a violation of the household deposit guarantee legislation to differentiate administrative and economic sanctions and amounts thereof specified in parts two and three hereof.

(article 33 supplemented with new part 4 pursuant to the Law of Ukraine of 04.07.2014 N 1586-VII, in connection with this, part 4 shall be deemed to be part 5)

5. Administrative and economic sanctions referred to in part one hereof are reviewed and applied by the DGF Managing Director and his/her deputies under the procedure prescribed by regulations of the DGF.

(paragraph 1 of part 5 of article 33 as amended by the Law of Ukraine of 04.07.2014 N 1586-VII)

The violation case review shall be followed by sending a written warning or adopting a resolution or instruction to remedy violations of the household deposit guarantee legislation.

(paragraph 2 of part 5 of article 33 as amended by

the Law of Ukraine of 04.07.2014 N 1586-VII)

A fine may be imposed on a bank within 6 months after the day when the violation is identified, but no later than 3 years after the violation.

If a bank commits 2 or more violations, the fines shall be imposed for each violation separately.

A violation report serves as a basis to review the case of violating the household deposit guarantee legislation.

The right to draw reports on violation of household deposit guarantee legislation is granted to DGF authorized officers.

A violation case shall be reviewed no later than within 15 days after DGF receives the report on violation of the household deposit guarantee legislation.

(paragraph 7 of part 5 of article 33 as amended by the Law of Ukraine of 04.07.2014 N 1586-VII)

The fine shall be paid within 15 days after a bank receives a copy of the DGF's resolution on the fine.

A copy of the bank-certified payment document, which proves the payment of the fine in full, shall be sent to the DGF.

In case the fine is not paid by the set deadline, the State Enforcement Service shall enforce the fine as prescribed by the Law of Ukraine 'On Enforcement Proceedings'.

The fines paid shall be credited to the funds of DGF.

A resolution on the case about the violation of the household deposit guarantee legislation can be appealed to the court as set forth in law.

Section VII

PROVISIONAL ADMINISTRATION

Article 34. Introducing Provisional Administration

1. DGF initiates the procedure of insolvent bank resolution no later than the next business day after the official receipt of the decision of the National Bank of Ukraine to classify the bank as insolvent.

(part 1 of article 34 as amended by the Law of Ukraine of 16.07.2015 N 629-VIII)

2. No later than the next working day after the provisional administration commences, DGF shall announce on its official website the start of provisional

administration in the bank and no later than in 10 days publish this information in the newspapers 'Uriadoviy Currier' or 'Holos Ukrainy'.

(part 2 of article 34 as amended by
the Law of Ukraine of 04.07.2014 N 1586-VII)

3. The DGF Executive Board, no later than the next working day after the official receipt of the decision of the National Bank of Ukraine to classify the bank as insolvent, shall designate from among its employees a DGF authorized officer (several DGF authorized officers) to whom DGF delegates all or part of its provisional administrator powers. The DGF authorized officer must meet the requirements established by DGF. The decision to appoint the DGF authorized officer shall be communicated by DGF to the bank's head office and to each stand-alone office of the bank immediately.

(paragraph 1 of part 3 of article 34 as amended by the Law of Ukraine of
16.07.2015 N 629-VIII)

All or part of the powers of DGF, defined in this Law, may be delegated to one or more DGF authorized officers. In case of delegating powers to several authorized officers, DGF shall clearly indicate the limits of authority of each of these officers. The powers of bank governance bodies may be delegated only to one authorized officer.

(part 3 of article 34 supplemented with paragraph 2
pursuant to the Law of Ukraine of 16.07.2015 N 629-VIII)

4. Provisional administration shall be introduced for a period not exceeding one month. In case of resolving in the manner provided for in paragraphs 3-5 of the second part of Article 39 of this Law, the provisional administration may be extended for a period of up to one month. In case of resolving an insolvent bank from the market in the manner provided for in paragraphs 1 and 2 of part two of Article 39 of this Law, the term of provisional administration may be extended for five days and end no later than on the date of receiving the NBU decision to revoke the banking license and liquidate the bank. The provisional administration shall terminate after the resolution plan is implemented or in other cases on the decision of the DGF Executive Directorate.

(part 4 of article 34 as amended by
the Law of Ukraine of 04.07.2014 N 1586-VII,
in the wording of the Law of Ukraine
of 16.07.2015 N 629-VIII)

5. During provisional administration, DGF has the full and exclusive right to manage the bank in accordance with this Law and regulations of DGF and to take actions provided for in the resolution plan.

Article 35. Requirements to the DGF authorized officer

1. DGF is the provisional administrator of an insolvent bank and the bank liquidator (save for cases of the bank liquidation by the decision of its owners).

DGF may delegate by decision of the DGF Executive Board part or all of its powers as a provisional administrator or liquidator to the DGF authorized officer(s) who has high professional and moral qualities, impeccable business reputation, full higher education in economics, finance or law (holding at least the 'specialist' qualification level) and a professional experience required to carry out activities under provisional administration.

(part 1 of article 35 as amended by
the laws of Ukraine of 02.10.2012 N 5411-VI,
of 16.07.2015 N 629-VIII)

2. DGF authorized officer may not be a person who:

- 1) is a creditor, a related party or a participant of the bank in provisional administration;
- 2) has a criminal record that has not been serviced and not expunged in the manner prescribed by law, or who has been notified of the suspicion of committing a criminal offense;

(paragraph 2 of part 2 of article 35 as amended by the laws of Ukraine of 16.05.2013
N 245-VII,
of 17.06.2020 N 720-IX)

- 3) has overdue liabilities to any bank;
- 4) has a conflict of interest with the bank in provisional administration.

(paragraph 3 of part 2 of article 35 in the wording of the Law of Ukraine of
16.07.2015 N 629-VIII)

3. A conflict of interest is the personal or business interest of an DGF employee or his / her spouse, father, mother, children, siblings with the relevant bank, in particular regarding:

(paragraph 1 of part 3 of article 35 as amended by
the Law of Ukraine of 04.07.2014 N 1586-VII)

- 1) debts to the bank, debts of the bank, possession of any property rights in relation to the property of the bank;
- 2) relations for the previous five years with the bank as its related party;
- 3) failure to meet any obligations to any bank over the last five years;

- 4) possession of property that competes with the property of the bank;
- 5) employment relationships with the bank over the last five years;
- 6) other interests that may impede the impartial performance of functions within the framework of the provisional administration.

4. The DGF Executive Directorate shall make sure that there is no conflict of interest of the DGF employee, appointed as the DGF authorized officer. Should conflict of interest be identified after the start of provisional administration, the DGF shall immediately remove the employee from the DGF authorized officer position.

(part 4 of Article 35 in the wording of the Law of Ukraine
of 01.04.2022 N 2180-IX)

5. The DGF authorized officer has no right to:

- 1) accept directly or indirectly any services, gifts and other valuables from persons interested in any actions related to the activities of the bank in provisional administration;
- 2) use or allow the use of the property of the bank undergoing provisional administration, in their own interests or in the interests of third parties, except as provided in part ten of Article 36 of this Law;

(paragraph 2 of part 5 of article 35 as amended by
the laws of Ukraine of 16.07.2015 N 629-VIII,
of 13.05.2020 N 590-IX)

- 3) make promises or make commitments on behalf of DGF without prior written permission;
- 4) use any services of the bank in provisional administration;
- 5) disclose bank secrets, information constituting a trade secret, and other official information, if it is not related to the implementation of provisional administration.

6. The DGF authorized officer is remunerated by DGF within the approved staff budget. The DGF Executive Directorate enjoys the right to set an additional remuneration to the DGF authorized officer within the DGF expense budget for provisional administration.

7. The life and health of a DGF authorized officer shall be insured at the expense of DGF.

(part 7 of article 35 in the wording of
the Law of Ukraine of 04.07.2014 N 1586-VII)

8. The DGF authorized officer in his activities is accountable to DGF, which is responsible for the actions of the DGF authorized officer in terms of the bank resolution procedure.

Articles 36. Implications of provisional administration

1. From the starting date of the bank resolution, all powers of the bank's governance bodies (general meeting, supervisory board and management board (board of directors), and control bodies (audit committee and internal audit) shall be suspended. DGF acquires all the powers of the bank's governance bodies and control bodies from the starting date of provisional administration through its termination.

(paragraph 1 of part 1 of article 36 as amended by the Law of Ukraine of 16.07.2015 N 629-VIII)

Within 15 days, but not later than the deadlines set by DGF, the bank's managers shall secure the transfer of seals and stamps, material and other valuables of the bank to the DGF authorized officer, as well as within three days - transfer of seals and stamps of accounting and other bank documents. In case of evasion of the specified duties, the perpetrators shall bear responsibility under the law.

2. For the period of provisional administration, all structural subdivisions, bodies and officials of the bank shall be subordinated to DGF and the DGF authorized officer within the authority established by this Law and delegated by DGF, and shall act within the limits and in the manner set by the DGF authorize officer.

(paragraph 2 of part 1 of article 36 as amended by the laws of Ukraine of 02.10.2012 N 5411-VI, of 04.07.2014 N 1586-VII, of 16.07.2015 N 629-VIII)

3. Legal transactions committed by the governance bodies and senior managers of the bank after the commencement of the bank resolution by the DGF shall be null and void.

(part 3 of article 36 as amended by the Law of Ukraine of 16.07.2015 N 629-VIII)

4. The beginning of the provisional administration or any actions taken by DGF to implement the resolution plan shall not serve as the grounds for suspension, termination or non-performance of service contracts (performance of works) that secure operational and commercial operation of the bank, including agreements with payment system operators, on the provision of clearing, settlement services, lease of movable property and real estate, utilities, security, etc.

The assuming/bridge bank is the legal successor of the insolvent bank under such transferred agreements from the time of purchase and assumption of property (assets) and liabilities of the insolvent bank. Such agreements are executed on the same terms as they were concluded with the bank before it was declared insolvent. In case of suspension, termination or infringement with the terms of such agreements by the bank's counterparts, DGF, the assuming / bridge bank, the insolvent bank enjoy the

right to claim damages in the manner prescribed by the legislation of Ukraine.

(part 4 of article 36 as amended by the Law of Ukraine of 04.07.2014 N 1586-VII, in the wording of the Law of Ukraine of 13.05.2020 N 590-IX)

5. During the provisional administration the following shall not be exercised:

1) meeting the claims of depositors and other creditors of the bank;

2) forced recovery of the bank's property (including funds), seizure of and foreclosure on the bank's property (including funds), enforcement proceedings against the bank shall be suspended, attachments of the bank's property (including funds) shall be lifted, and canceled shall be other measures taken to enforce the decision on the bank);

(paragraph 2 of part 5 of article 36 in the wording of the Law of Ukraine of 16.07.2015 N 629-VIII)

2¹) new encumbrances or restrictions on the property (assets) (including seizures, bans on decisions to sell, and other actions);

(part 5 of article 36 supplemented with paragraph 2¹ pursuant to the Law of Ukraine of 13.05.2020 N 590-IX)

3) accrual of forfeitures (fines, interest penalties), other financial (economic) sanctions for non-performance or improper performance of liabilities to pay taxes and fees (mandatory payments), as well as liabilities vis-a-vis creditors, including adjustment to inflation index for the entire period when cash liabilities of the bank stay in past due status;

(paragraph 3 of part 5 of article 36 in the wording of the Law of Ukraine of 04.07.2014 N 1586-VII)

4) offsetting counterclaims, including homogeneous counter-claims, termination of obligations by agreement (consent) of the parties (including by direct debiting), combining the debtor and the creditor in one person;

(paragraph 4 of part 5 of article 36 in the wording of the Law of Ukraine of 16.07.2015 N 629-VIII)

5) accrual of interest on the bank's liabilities to depositors and creditors;

(part 5 of article 36 supplemented with paragraph 5 pursuant to the Law of Ukraine of 04.07.2014 N 1586-VII, paragraph 5 of part 5 of article 36 as amended by the Law of Ukraine of 16.07.2015 N 629-VIII)

6) replacement of the creditor in the bank's liabilities on a contractual basis, except

in cases of transferring all or part of property (assets) and all or part of liabilities to the assuming or bridge bank.

(part 5 of article 36 supplemented with paragraph 6 pursuant to the Law of Ukraine of 13.05.2020 N 590-IX)

6. The restriction established in paragraph 1 of part five of this Article shall not apply to bank liabilities in terms of:

(paragraph 1 of part 6 of article 36 in the wording of the Law of Ukraine of 02.10.2012 N 5411-VI)

1) payout of deposits under expired agreements and under bank account agreements. These payouts are made in the amounts up to the reimbursement ceiling guaranteed by DGF in the national currency of Ukraine. Deposits in foreign currency are converted into the national currency of Ukraine at the official exchange rate of hryvnia set by the National Bank of Ukraine to foreign currencies at the end of the day preceding the starting day of the bank resolution (in case the National Bank of Ukraine decides to revoke the banking license and liquidate the bank on the grounds specified in Article 77 of the Law of Ukraine 'On Banks and Banking' - as of the end of the day preceding the starting day of the bank liquidation by DGF);

(paragraph 1 of part 6 of article 36 in the wording of the laws of Ukraine of 04.07.2014 N 1586-VII, of 13.05.2020 N 590-IX)

1¹) payment of a regular premium to DGF;

(part 6 of article 36 supplemented with paragraph 1¹ pursuant to the Law of Ukraine of 04.07.2014 N 1586-VII)

2) expenses related to its economic operation in accordance with part four of this article;

(paragraph 2 of part 6 of article 36 as amended by the Law of Ukraine of 04.07.2014 N 1586-VII)

3) payment of wages, royalties, compensation for damage caused to life and health of bank employees;

4) payments of alimony, pensions, scholarships, other social, state payments, compensation for damage caused by injury, damage to health or death, etc., received by the bank from the starting day of the bank resolution procedure;

(part 6 of article 36 supplemented with paragraph 4 pursuant to the Law of Ukraine of 04.07.2014 N 1586-VII, paragraph 4 of part 6 of article 36 in the wording of the Law of Ukraine of 16.07.2015 N 629-VIII)

4¹) payment of temporary disability benefits, maternity benefits received on a special bank account, which can be legitimately opened in Ukraine for a legal entity from the starting day of the bank resolution procedure;

(part 6 of article 36 supplemented with paragraph 4¹ pursuant to the Law of Ukraine of 16.07.2015 N 629-VIII)

5) execution of payment transactions to transfer funds of individuals and legal entities received on their accounts from the starting day of bank resolution by DGF;

(part 6 of article 36 supplemented with paragraph 5 pursuant to the Law of Ukraine of 04.07.2014 N 1586-VII, paragraph 5 of part 6 of article 36 in the wording of the Law of Ukraine of 16.07.2015 N 629-VIII)

6) purchase and sale of foreign currency by individuals and legal entities to repay their contracted loan liabilities, meet surrender requirements established by law;

(part 6 of article 36 supplemented with paragraph 6 pursuant to the Law of Ukraine of 04.07.2014 N 1586-VII)

7) mandatory foreclosure on the item of trust property or transfer of such item under the transfer-and-acceptance certificate to the trust founder in cases established by law.

(part 6 of article 36 supplemented with paragraph 7 pursuant to the Law of Ukraine of 20.09.2019 N 132-IX)

Bank liabilities provided in paragraphs 2 and 6 of part six of this Article shall be honored by the bank to the extent of its financial capacities in accordance with the procedure established by the DGF regulations.

(paragraph 9 of part 6 of article 36 as amended by the laws of Ukraine of 04.07.2014 N 1586-VII, of 16.07.2015 N 629-VIII)

Subparagraph 10 of part 6 in article 36 removed

(subparagraph 10 of part 6 of article 36 as amended by the Law of Ukraine of 04.07.2014 N 1586-VII, in the wording of the Law of Ukraine of 16.07.2015 N 629-VIII, removed pursuant to the Law of Ukraine of 16.07.2015 N 629-VIII)

7. The DGF Executive Directorate enjoys the right to decide not to apply the restrictions set forth in paragraphs 1 and 5 of part five of this article to the liabilities

(except for liabilities to bank related parties) of a systemically important bank classified as insolvent by the National Bank of Ukraine (save for cases of bank resolution with state involvement, provided for in Article 411 of this Law).

If the information on exercised transactions indicates the excess of actual balances on customer accounts or of set limits after the date of alienation/transfer, the assuming/ bridge bank acquires the right to claim the client, and the client becomes obliged to return the amount determined by the bank.

If the information on the performed transactions indicates that the liabilities of the assuming/ bridge bank to the client after the date of alienation / transfer are greater than actually transferred account balances, the assuming/ bridge bank becomes obliged to return the respective amount to the client, and the client acquires the right to claim this amount from the assuming/ bridge bank.

(article 36 supplemented with new part 7
pursuant to the Law of Ukraine of 13.05.2020 N 590-IX,
in connection with this, parts 7 – 9 shall be deemed to be parts 8 – 10)

8. Funds inflowing to the insolvent bank during provisional administration, provided that the appropriate recipient cannot be identified, must be returned to the bank serving the payer and show the reason for return in the manner prescribed by law.

(article 36 supplemented with new part 8
pursuant to the Law of Ukraine of 04.07.2014 N 1586-VII,
in connection with this, part 8 shall be deemed to be part 9)

9. The Bankruptcy Code of Ukraine does not apply to banks.

(part 9 of article 36 in the wording of
the Law of Ukraine of 13.05.2020 N 590-IX)

10. During the period of bank resolution and/or liquidation, DGF enjoys the right to use technical capacities of the bank (technical means, servers, call center, premises, etc.) in order to minimize the costs of DGF.

(article 36 supplemented with part 10 pursuant to
the Law of Ukraine of 16.07.2015 N 629-VIII)

11. Declaring a bank as insolvent shall serve as the basis for suspension, for the period of provisional administration and/ or until the date when the bank loses its bridge bank status, making changes to the securities depository record systems of the insolvent bank and/or bridge bank and/or relevant holder of securities of the insolvent bank, except for actions performed at the request of DGF under this Law. At the request of DGF, in order to implement the resolution plan, the necessary changes to the depository records system of the bank shall be made by the relevant depository institutions promptly (immediately).

(article 36 supplemented with part 11 pursuant to the Law of Ukraine of 13.05.2020 N 590-IX, part 11 of article 36 in the wording of the Law of Ukraine of 30.06.2021 N 1588-IX)

12 Alienation or transfer of all or part of the property (assets) and all or part of the liabilities of the insolvent bank in favor of the assuming/ bridge bank after approval of the resolution plan, which provides for the bank resolution in the manner specified in paragraphs 2, 3 or 4 the second article 39 of this Law, is carried out according to articles 40 and 42 of this Law with specificities as follows:

- 1) permits, approvals, consents, that are required by law and necessary in the process of alienation or transfer of property (assets) in favor of the assuming party, except as provided by this Law, are deemed to be received/granted;
- 2) the requirements for compulsory notarization of transactions with property (assets) of an insolvent bank shall not apply;
- 3) the legal provisions limiting the deadlines for recording information in the state registers of property (asset) titles of the insolvent bank shall not apply, including on the imposed encumbrances on such property (assets);
- 4) the legal provisions on the preemptive right to acquire shares do not apply;
- 5) the assuming/ bridge bank in whose favor the property (assets) and liabilities of the insolvent bank have been alienated or transferred must verify and identify within 180 days from the transfer date the persons whose property (assets) and liabilities have been transferred from the insolvent bank;
- 6) property (assets) included in the registers subject to transfer, but not alienated or transferred in favor of the assuming/bridge bank on the basis of the agreement (agreements) (hybrid agreement/certificate (certificates) of transfer-and- acceptance), may be transferred on the basis of the agreement (agreements) for the receivership by the assuming/ bridge bank. In this case, such property (assets) shall not be included in the liquidation pool of this insolvent bank within the period specified in such agreement (agreements). The assuming/bridge bank, DGF and the insolvent bank shall take measures to eliminate the reasons preventing the alienation or transfer of property, and after their elimination shall alienate or transfer the property (assets) to the assuming/ bridge bank in accordance with the agreement (agreements) (hybrid agreement), concluded in accordance with Article 40 of this Law, or the certificate (certificates) of transfer-and-acceptance;
- 7) obtaining by the assuming/ bridge bank of the concentration permit of the Antimonopoly Committee of Ukraine in case the transfer of property (assets) and liabilities is not required.

The provisions of this part do not apply if the assuming/bridge bank subsequently alienates the transferred property (assets).

(article 36 supplemented with part 12

pursuant to the Law of Ukraine 13.05.2020 N 590-IX)

13. Restrictions established by part three, as well as paragraphs 1, 2, and 4 of part five of this article, do not apply to the liquidation netting procedure in accordance with the procedure established by Article 54¹ of this Law.

(article 36 supplemented with part 13
pursuant to the Law of Ukraine of 19.06.2020 N 738-IX)

Article 37. Powers of DGF

(Name of article 37 in the wording of the Law of Ukraine
of 30.06.2021 N 1588-IX)

1. Part 1 of article 37 removed

(in accordance with the Law of Ukraine
of 16.07.2015 N 629-VIII)

2. The DGF itself or the DGF authorized officer in case he/she holds delegated powers of DGF, shall enjoy the right to:

(paragraph 1 of part 2 of article 37 in the wording of
Законів України of 16.07.2015 N 629-VIII,
від 30.06.2021 N 1588-IX)

- 1) perform any actions and make decisions that belonged to the powers of the bank's bodies of governance and control;
- 2) on behalf of the bank, enter into any agreements (perform legal transactions) necessary to ensure the operational activities of the bank, its banking and other business activities, taking into account the requirements established by this Law;
- 3) continue, restrict or terminate the bank's transactions. The DGF itself or the DGF authorized officer, has no right to restrict or terminate the implementation of:
 - a) transactions of the bank in the liquidation netting carried out in accordance with the procedure established by Article 54¹ of this Law;
 - b) transactions aimed at meeting net liabilities determined in accordance with Article 54¹ of this Law, by foreclosing the item of collateral, transferred by the bank to meet its liabilities under the agreement;

(paragraph 3 of part 2 of article 37 in the wording of
the laws of Ukraine of 06.12.2019 N 361-IX,
of 19.06.2020 N 738-IX)

4) notify the parties to the agreements specified in part two of Article 38 of this Law about the voidness of these agreements and take action to apply the consequences of

the voidness of agreements;

(paragraph 4 of part 2 of article 37 in the wording of
Law of Ukraine of 04.07.2014 N 1586-VII)

5) on bank's behalf, file claims of property and non-property nature with the court, including claims seeking to compel a bank debtor to disclose information about his/her assets;

6) make a criminal referral to law enforcement authorities in the event of detecting facts of fraud and other unlawful actions by bank employees and/or any other parties, seek the victim status for the bank as well as file on bank's behalf and in its interest the claims of damages (losses) inflicted on the bank;

(paragraph 6 of part 2 of article 37 as amended by
the Law of Ukraine of 16.05.2013 N 245-VII,
in the wording of the Law of Ukraine of 30.06.2021 N 1588-IX)

7) involve other persons (advisors, auditors, lawyers, appraisers and others) in the process of provisional administration at the expense of the bank on the basis of civil law agreements within the expense budget approved by the DGF Executive Directorate. Such agreements may be terminated unilaterally on the day DGF notifies the other party of such termination with the consequences established by civil law;

(paragraph 7 of part 2 of article 37 in the wording of
the Law of Ukraine of 04.07.2014 N 1586-VII,
as amended by the Law of Ukraine of 16.07.2015 N 629-VIII)

8) schedule audits and legal examination of the bank's activities at the expense of the bank within the expense budget approved by the DGF Executive Directorate;

9) hire, dismiss or transfer to another position any of the managers or employees of the bank, revise their duties, change the amount of remuneration to them in compliance with the requirements of the Ukrainian labor legislation;

(paragraph 9 of part 2 of article 37 as amended by
the Law of Ukraine of 04.07.2014 N 1586-VII)

10) suspend the distribution of the bank's capital or dividends in any form;

11) take actions aimed at implementing the resolution plan in accordance with this Law and regulations of DGF.

3. The DGF authorized officer acts on behalf of the bank within the powers of DGF.

The DGF authorized officer shall enjoy the right to:

1) appoint, dismiss or transfer to another position any of the managers or employees of the bank, review their duties, change the amount of remuneration in compliance

with the requirements of labor legislation;

2) exercise other powers established by this Law and delegated to him/her by DGF.

(article 37 supplemented with new part 3 pursuant to the Law of Ukraine of 16.07.2015 N 629-VIII, in connecton with this, parts 3 – 5 shall be deemed to be parts 4 – 6 respectively)

4. To exercise his/her powers, the DGF authorized officer:

1) acts without a power of attorney on behalf of the bank, enjoys the right to signany agreements (transactions), other documents on behalf of the bank;

2) issues orders and regulations, gives instructions that are binding on bank employees;

3) report the provisional administration results to the DGF Executive Directorate.

5. DGF directly or the DGF authorized officer, in case he/she holds the delegated powers, is obliged to submit to the National Bank in the manner and amounts specified in Article 67¹ of the Law of Ukraine ‘On Banks and Banking’, the credit register information on loan transactions of the banks, on which the National Bank of Ukraine decided to classify them as insolvent or to revoke the banking license and liquidate these banks, and to update this information regularly, as well as regularly update the information on the repayment of the borrower's debt containedin the credit bureau to which the information was previously transferred by the bank (if the transfer is confirmed).

(article 37 supplemented with with new part 5 pursuant to the Law of Ukraine of 06.02.2018 N 2277-VIII, in connection with this, parts 5 and 6 shall be deemed to be parts 6 and 7 respectively, *amendments introduced by paragraph 3 of section I of the Law of Ukrane of 06.02.2018 N 2277-VIII take effect from 04.05.2018*)

6. Any person who intentionally impedes the access of DGF and the DGF authorized officer to the bank, its premises, means of communication, operating systems, assets, books, records, documents, shall be liable for such illegal actions in accordance with the legislation of Ukraine. Law enforcement agencies are obliged to assist DGF in the process of exercising provisional administration of thebank on the basis of a written request of the DGF authorized officer.

(part 6 of article 37 as amended by the Law of Ukraine of 16.07.2015 N 629-VIII)

7. The actions taken by any personthat impede access of DGF and the DGF authorized officer to the bank and/or disable the exercise of provisional administration shall serve as grounds for DGF to apply to the National Bank of Ukraine with a proposal to

revoke the banking license and liquidate the bank.

(part 7 of article 37 as amended by
the Law of Ukraine of 16.07.2015 N 629-VIII)

**Article 38. Actions to ensure preservation of the bank's assets,
prevention of property loss and damages of the bank**

1. DGF shall ensure safe keeping of bank assets and documents.

During the provisional administration and/or liquidation procedure, the bank shall use the DGF's technical support (technical facilities, servers, call center, premises, etc.) in order to minimize its costs, provided that the DGF resources are available.

(part 1 of Article 38 supplemented with paragraph 2 pursuant to the Law of Ukraine
of 01.04.2022 N 2180-IX)

(part 1 of article 38 as amended by the Law of Ukraine
of 16.07.2015 No 629-VIII)

2. In the course of provisional administration and/or liquidation procedure, DGF checks legal transactions executed (concluded) by the bank during one year, and legal transactions executed (concluded) by the bank with related parties or for the benefit thereof - during three years from the date of introducing provisional administration to the insolvent bank or starting its liquidation provided that the bank is being liquidated on the grounds stipulated in part 2 Article 77 of the Law of Ukraine 'On Banks and Banking', targeting the check at detecting transactions that are void on the grounds set in part 3 hereof.

(part 2 of article 38 as amended by
the Law of Ukraine of 16.07.2015 No 629-VIII
in the wording of the Law of Ukraine of 30.06.2021 No 1588-IX)

3. Legal transactions of a bank, including with bank related parties, where DGF exercises provisional administration and/or liquidation, shall be void on the following grounds:

1) the bank has disposed property for free, assumed a liability without finding the counterpart's duty to make actions with property or waived its own property claims;

2) before being declared insolvent, the bank assumed liabilities' which resulted in its insolvency or its disability to honor pecuniary liabilities before other creditors in full or in part;

3) the bank has entered into contracts on alienation or transfer for use, or acquisition or receipt for use of property, payment for work and/or services on the terms other than current market terms, or is obliged to take such actions in the future pursuant to the contracted terms.

The following shall not be treated as current market conditions:

accepting less collateral than is required of other customers;

acquisition of property of low quality or at an inflated price;

making an investment in corporate securities, provided that the bank would not have made such investment in securities of another company;

payment for goods and services, provided by the party at prices higher than regular, or in the circumstances, when the same goods and services would not have been purchased at all from another party;

sale of property to the party at a value lower than the value which the bank would have gained from selling this property to another party;

accrual of lower-than-regular interest and commissions on services rendered by the bank to the parties;

accrual of higher-than-regular interest on deposits raised by the bank from the parties;

4) the bank paid the creditor or met the creditor claims prior to the transaction deadline, which has resulted or may result in granting privileges to one creditor over others in terms of meeting claims, or the bank accepted property to meet monetary claims on the day when the total creditor claims to the bank exceeded the value of property;

5) the bank assumed a liability (pledge, surety, guarantee, retention, factoring, etc.), the terms of which provide for payment or transfer of the bank's property as security backing up monetary claims against the bank and/or third-party liabilities in the manner other than exercise of loan transactions in accordance with the Law of Ukraine 'On Banks and Banking'.

This paragraph does not apply to the property, transferred

as collateral backing up the liabilities before the National Bank of Ukraine;

to secure payments and settlements under contracts with payments systems or operators of such systems;

6) the bank entered into loan agreements providing customers with the preferences (privileges) not directly envisaged for such customers by legislation or internal policies of the bank;

7) the bank entered into legal transactions with the terms that envisage making a payment or transferring bank property in order to arrange benefits (privileges) to selected creditors, provided that the funds for the payment arrived from the accounts held with the same bank; this also applies to transactions of assignment of claims

under credit agreements and collateral agreements;

8) the bank has entered into a legal transaction with a bank related party or in the interest of a bank related party, or for the benefit of a bank related party in violation of legislation, including the transaction null and void as set in part 6, Article 52 of the Law of Ukraine ' On Banks and Banking' ;

9) the bank executed (re-executed) transactions breaching legislation, including regulatory instruments of the National Bank of Ukraine, which resulted in higher expenses incurred by DGF for provisional administration and/or liquidation of the bank.

(part 3 of article 38 as amended by the Law of Ukraine of 16.07.2015 No 629-VIII in the wording of the Law of Ukraine of 30.06.2021 No 1588-IX)

4. DGF:

(paragraph 1 of part 2 of article 38 as amended by the Law of Ukraine of 16.07.2015 No 629-VIII)

1) during provisional administration and during liquidation informs the parties to the agreements referred to in part 2 of article 38 of this Law on the voidness of these agreements, and takes actions to apply consequences of voidness of these agreements;

2) takes measures to recover bank's property (funds) transferred under such agreements;

3) enjoys the right to claim damages caused by entering into these agreements.

5. In case of receiving a notice of DGF that the legal transaction is void on the grounds stipulated in part 3 of this article, a party to the transaction is obliged to return the property (funds) received from the bank; if it is impossible to return the property in kind, the value thereof shall be reimbursed in cash at the market prices existing when at the time of entering into the transaction. This void agreement shall not be used to determine the market price.

The property (funds) received by a bank related party to the void legal transaction is subject to encumbrance. Encumbrance of property rights to such property (funds) is subject to state registration by DGF in the manner set by legislation before the circumstances referred to in the first subparagraph of this article, or before the void transaction is declared valid in the manner set by law.

(part 5 of article 38 as amended by the Law of Ukraine of 16.07.2015 No 629-VIII in the wording of the Law of Ukraine of 30.06.2021 No 1588-IX)

6. DGF takes statutory measures to recover the overdue debts of borrowers and other debtors of a bank.

(part 6 of article 38 as amended by the Law of Ukraine
of 16.07.2015 No 629-VIII)

7. DGF is obliged to do stock-taking of bank assets and liabilities. During the stock-taking exercise, the following assets and liabilities of the insolvent bank shall be checked for availability and adequacy of their book value to the market value:

(paragraph 1 of part 7 of article 38 as amended by the Law of Ukraine
of 16.07.2015 No 629-VIII)

- 1) cash at the cashier's office and valuables in the bank's vault;
- 2) loan debt to the bank, including the availability of security backing up the contracted loan liabilities;
- 3) debt on securities to the bank;
- 4) debt on the bank's liabilities before creditors;
- 5) claims of the bank against a client on written-off uncollectible debt (including the availability of security backing up contracted liabilities on such debt).

(article 38 in the wording of the Law of Ukraine of 04.07.2014 No 1586-VII)

8. DGF terminates any operation under the legal transaction during the provisional administration in the bank (including any contract) made (entered into by) the bank with a certain creditor or another party if such transaction (including any contract) may result in arranging a benefit for one creditor over another in terms of meeting claims, particularly under one of the following conditions:

- 1) the legal transaction (including a contract) aimed at honoring liabilities of the bank or a third party vis-a-vis a certain creditor, was entered into (concluded) prior to the date of provisional administration in the bank;
- 2) the legal transaction (including contract) that changes or may change creditor tiers under the liabilities that arose prior to the date of provisional administration;
- 3) the legal transaction (including contract) that causes or may cause the premature satisfaction of claims of certain creditors provided the availability of past due liabilities vis-a-vis other creditors;
- 4) the legal transaction (including contract) led to the fact that a certain creditor has been given or may be given a preference in satisfying the claims that prior to the provisional administration, as compared with the creditor tiers set forth in this Law.

Terminated shall be any transaction (including a contract) specified in this paragraph if it was made within a year prior to the date of provisional administration in the bank.

(article 38 supplemented by part 8 pursuant to the Law of Ukraine
of 16.07.2015 No 629-VIII)

This part does not extend to the legal transactions where liabilities are terminated under the liquidation netting exercised in accordance with the procedure set in Article 54¹ of this Law.

(part 8 of article 38 supplemented with subparagraph 7 pursuant to the Law of Ukraine of 19.06.2020 No 738-IX)

9. In order to preserve the property (assets) of a bank, DGF enjoys the right to sell stand-alone units of the bank (including the property of the bank located at the domicile of the stand-alone unit).

(article 38 supplemented by part 9 pursuant to the Law of Ukraine of 16.07.2015 No 629-VIII)

10. The powers of DGF in full or in part, as stipulated in this article, may be delegated by DGF to the DGF authorized officer.

(article 38 supplemented by part 9 pursuant to the Law of Ukraine of 16.07.2015 No 629-VIII)

11. DGF, independently or by engaging (contractually) with third parties, enjoys the right to study financial and business operations of the bank under provisional administration or in liquidation to determine the amount of damage (loss) inflicted on the bank by bank-related parties and/or other parties whose decisions, actions or omissions inflicted damage (loss) on the bank and/or who received pecuniary benefits directly or indirectly.

(article 38 supplemented by part 11 pursuant to the Law of Ukraine of 30.06.2021 No 1588-IX)

12. Legal transactions (including contracts) concluded by DGF or DGF authorized officer (if he/she holds the relevant delegated powers) during provisional administration or liquidation shall not be declared void on the grounds stipulated in part 3 of this Article.

(article 38 supplemented by part 12 pursuant to the Law of Ukraine of 30.06.2021 No 1588-IX)

Article 39. Resolution plan

1. Within 30 days from the starting date of provisional administration, the DGF Executive Directorate shall approve the resolution plan with the required observance of the principle of the least cost for DGF.

(part 1 of article 39 as amended by the Law of Ukraine of 16.07.2015 N 629-VIII)

2. The resolution plan shall be drawn up in accordance with the requirements established by regulations of DGF. The resolution plan, based on the assessment of

the financial and property condition of the bank, determines measures to resolve the insolvent bank in one of the following scenarios:

(paragraph 1 of part 2 of article 39 as amended by the Law of Ukraine of 04.07.2014 N 1586-VII)

- 1) liquidation of the bank with reimbursement by DGF of funds on household deposits in the manner prescribed by this Law;
- 2) liquidation of the bank with alienation in the process of liquidation of all or part of its assets and liabilities in favor of the assuming bank;
- 3) alienation of all or part of the assets and liabilities of the insolvent bank in favor of the assuming bank with the revocation of the banking license of the insolvent bank and its subsequent liquidation;
- 4) creation and sale to the investor of a bridge bank with transfer of assets and liabilities of an insolvent bank and subsequent liquidation of the insolvent bank;
- 5) sale of an insolvent bank to an investor.

Investor association may be the successful bidder of the open bidding for the bank resolution in one of the scenarios specified in paragraphs 4 and 5 of this part.

(part 2 of article 39 supplemented with paragraph 7 pursuant to the Law of Ukraine of 16.07.2015 N 629-VIII)

The DGF Executive Directorate is obliged not later than three working days from the date of the bank resolution to decide whether the bank as insolvent, meets/does not meet the criteria established by regulations of DGF, based on analysis of such bank by the National Bank of Ukraine.

(part 2 of article 39 supplemented with this subparagraph pursuant to the Law of Ukraine of 16.07.2015 N 629-VIII)

If the bank meets these criteria, the DGF Executive Board approves the resolution plan, which states that the least cost way to resolve the bank is the method provided for in paragraph 1 of this part, and submits a proposal to the National Bank of Ukraine to revoke the banking license and liquidate such bank. In this case, the provisional administration is terminated on the day of receipt of the decision of the National Bank of Ukraine on revocation of the banking license and liquidation of the bank.

(part 2 of article 39 supplemented with this subparagraph pursuant to the Law of Ukraine of 16.07.2015 N 629-VIII)

The DGF Executive Directorate decides on the liquidation of an insolvent bank if the bank meets one of the criteria established by the regulations of DGF.

(part 2 of article 39 supplemented with this subparagraph pursuant to

the Law of Ukraine of 16.07.2015 N 629-VIII)

3. The resolution plan shall contain, in particular:

1) comparative analysis and substantiation of costs associated with the implementation of measures provided for in part two of this article, in terms of choosing the least cost method of resolving the insolvent bank. Such analysis is carried out in accordance with the methodology defined by the DGF Executive Board;

2) the method, procedure and terms of settlement on relations with participants, depositors and other creditors of the bank;

3) the terms of the open bidding to determine the assuming bank and / or investor;

(paragraph 3 of part 3 of article 39 as amended by the Law of Ukraine of 16.07.2015 N 629-VIII)

4) conditions and terms to exercise the bank liquidation procedure.

(paragraph 4 of part 3 of article 39 as amended by the Law of Ukraine of 13.05.2020 N 590-IX)

4. After approval of the resolution plan, the provisional administration and / or liquidation of the bank shall be carried out on the basis of and in pursuance of the resolution plan.

The DGF Executive Directorate enjoys the right to make changes and additions to the resolution plan at any time. The DGF Executive Directorate is obliged to make changes to the resolution plan in terms of changing the bank resolution method if the implementation of the selected method of bank resolution was not feasible by the deadlines set in the resolution plan.

The Cabinet of Ministers of Ukraine, the Ministry of Finance of Ukraine, the Ministry of Justice of Ukraine, other ministries, state institutions and their subordinate enterprises and organizations, the National Securities and Stock Market Commission, the Central Securities Depository, the National Bank of Ukraine and DGF are obliged to coordinate their activities, take appropriate actions to ensure proper communication between themselves, other public authorities and institutions (including members of the depository system of Ukraine), timely prepare documents and take decisions necessary to ensure compliance with this Law, within its powers to implement the resolution plan, including in the case of state participation in the resolution of an insolvent bank, DGF enjoys the right to take all necessary measures to implement the resolution plan, notwithstanding the provisions of other laws and codes.

(part 4 of article 39 supplemented with subparagraph 3 pursuant to the Law of Ukraine of 13.05.2020 N 590-IX)

5. DGF is obliged to submit the resolution plan and amendments thereto to the National Bank of Ukraine no later than seven days from the date of approval.

6. Notwithstanding the provisions of other laws, regulations, statutes, agreements or prospectuses, DGF shall exercise its powers and take the necessary measures to implement the resolution plan, including with the state involvement without notifying and obtaining the consent of participants, debtors, creditors, counterparties of the insolvent or assuming / bridge bank under any agreements.

Participants, creditors of the bank, counterparties of the bank under any agreements have no right to demand termination or early fulfillment of the bank's obligations and / or compensation to them for losses incurred as a result of the implementation of the resolution plan.

(part 6 of article 39 in the wording of the Law of Ukraine of 13.05.2020 N 590-IX)

7. In case of delegating a part or all of the DGF's powers as a temporary administrator to the DGF authorized officer (several authorized persons of DGF), such officer shall submit a written report to the DGF Executive Board no later than the next working day after the expiry of the temporary administration term.

The DGF Executive Directorate shall approve a written report on the implementation of the resolution plan for the period of the provisional administration no later than seven working days after the expiration of the term for which the provisional administration was introduced.

(part 7 of article 39 in the wording of the Law of Ukraine of 16.07.2015 N 629-VIII)

8. In order to prepare the insolvent bank resolution plan, including for the calculation of potentially possible proceeds from the sale of the insolvent bank's property, DGF and / or the DGGF authorized person enjoys the right to involve appraisers, auditors and other persons at the expense of the bank or DGF.

9. Part 9 of article 39 removed

(article 39 supplemented with part 8 pursuant to the Law of Ukraine of 04.07.2014 N 1586-VII, part 8 of article 39 as amended by the Law of Ukraine of 16.07.2015 N 629-VIII)

(article 39 supplemented with part 9 pursuant to the Law of Ukraine of 04.07.2014 N 1586-VII, part 9 of article 39 as amended by the laws of Ukraine of 28.12.2014 N 78-VIII, of 16.07.2015 N 629-VIII, removed pursuant to the Law of Ukraine of 13.05.2020 N 590-IX)

10. In case DGF resolves an insolvent bank from in one of the scenarios ways provided for in paragraphs 3-5 of part two of this Article, the assuming bank or investor (association of investors) shall be considered a bona fide purchaser, provided it meets the conditions of this Law.

(article 39 supplemented with part 10 pursuant to the Law of Ukraine of 16.07.2015 N 629-VIII)

Article 39¹ Specificities of holding the DGF open tenders to resolve an insolvent bank

1. The procedure for DGF to hold an open tender to resolve an insolvent bank in one of the scenarios specified in paragraphs 2 -5 part two of Article 39 of this Law shall be established by regulations of DGF.

(part 1 of article 39¹ as amended by pursuant to the Law of Ukraine of 13.05.2020 N 590-IX)

2. To participate in the open tender, a bidder shall make a security deposit to the DGF's account in the amount determined in the tender terms for a specific bank by the DGF Executive Directorate by.

3. DGF returns to the successful bidder the security deposit or its remaining balance after the contracted terms are fulfilled (debt transfer agreement and claim assignment agreement, share sale-and-purchase agreement, bridge bank shares sale-and-purchase agreement). DGF can offset the successful bidder's security deposit against the performance of these agreements.

(part 3 of article 39¹ in the wording of the Law of Ukraine of 16.07.2015 N 629-VIII)

4. DGF refunds to unsuccessful bidders of the open tender their security deposits within three working days from the date when DGF announces the successful bidder.

5. Submission to the open tender of one bid with the bank resolution scenario does serve the ground for recognizing the open tender as failed.

(The Law supplemented with article 39¹ pursuant to the Law of Ukraine of 04.07.2014 N 1586-VII)

6. In case the debt transfer agreement and/or debt assignment agreement, share purchase agreement, bridge bank share purchase agreement is not concluded for the fault of the successful bidder, or if the successful bidder fails to perform the concluded agreement, the security deposit is not refunded.

(article 39¹ supplemented with part 6 pursuant to the Law of Ukraine of 16.07.2015 N 629-VIII)

7. An open tender shall be held among banks, as well as pre-qualified persons included in the list compiled by the National Bank of Ukraine, in accordance with the procedure established by the National Bank of Ukraine in agreement with DGF.

(article 39¹ supplemented with part 7 pursuant to the Law of Ukraine of 16.07.2015 N 629-VIII, part 7 of article 39¹ as amended by the Law of Ukraine of 13.05.2020 N 590-IX)

Article 40. Specificities of the transfer of property (assets) and liabilities of an insolvent bank

(the title of article 40 as amended by the Law of Ukraine of 13.05.2020 N 590-IX)

1. DGF in accordance with the resolution plan shall ensure the alienation of all or part of the assets and all or part of the liabilities of the insolvent bank in accordance with Article 52 of this Law in favor of the assuming bank in accordance with the conditions specified in this article and regulations of DGF, on the basis of a positive opinion of the National Bank of Ukraine on the financial position of the assuming bank and its ability to meet obligations to depositors and creditors.

(paragraph 1 of part 1 of article 40 as amended by the Law of Ukraine of 16.07.2015 N 629-VIII)

The National Bank of Ukraine shall provide the opinion specified in the part herein no later than three days from the date of receipt of DGF's submission prepared in accordance with the requirements of the National Bank of Ukraine.

Assuming bank (save for cases of insolvent bank resolution with state involvement, provided for in Article 41¹ of this Law) shall not be a bank whose members are bank related parties holding assets and liabilities transferred to the assuming bank.

(part 1 of article 40 supplemented with subparagraph 3 pursuant to the Law of Ukraine of 16.07.2015 N 629-VIII)

2. DGF compiles a register of assets and liabilities subject to alienation. Liabilities remain when they are transferred in the currency of the liability on the date of the contract specified in this article. When disposing liabilities, DGF must ensure impartial treatment of all creditors of the insolvent bank, observe terms set in Article 52 of this Law, while the bank's liabilities on the DGF-guaranteed household deposits have the highest priority and cannot be alienated in part.

3. The assuming bank determined by the results of an open tender (save for cases of insolvent bank resolution with state involvement, referred to in Article 41¹ of this Law) in the manner prescribed by the regulations of DGF, provides a written commitment to accept assets and liabilities in its favor.

4. Upon resolution of an insolvent bank in accordance with this Law, its assets and liabilities shall be transferred to the assuming bank at the price established in the open tender (save for cases of an insolvent bank resolution with state involvement referred to in Article 41¹ of this Law), conducted in accordance with the regulations of DGF,

in compliance with the principle of resolving an insolvent bank at least cost. In preparation for the open tender, DGF may appraise the assets of an insolvent bank according to the methodology established by DGF. The list of assets for which an independent appraisal is compulsory is determined by regulations of DGF.

If the DGF Executive Directorate changes the scenario of insolvent bank resolution provided for in paragraph 3 of part two of Article 39 of this Law to the scenario provided for in paragraph 2 of part two of Article 39 of this Law, no open tenders shall be held to implement the changed scenario.

(part 4 of article 40 as amended by
the Law of Ukraine of 04.07.2014 N 1586-VII,
in the wording of the Law of Ukraine
of 16.07.2015 N 629-VIII)

5. Liabilities of an insolvent bank shall be transferred to the assuming bank at their book value based on the debt transfer agreement according to the register of liabilities. The debt transfer agreement is concluded without the need to obtain the consent of creditors (depositors). At the same time, amendments to agreements with creditors (depositors) are not required. The assuming bank acquires all the rights and liabilities of the debtor vis-a-vis the creditors (depositors) of the insolvent bank.

(part 5 of article 40 in the wording of
the Law of Ukraine of 13.05.2020 N 590-IX)

6. Transfer of property (assets) of an insolvent bank is carried out on the basis of agreements on transfer of property (assets) and / or agreements on assignment of claim according to the register of property (assets). The consent of the debtors is not required. The assuming bank acquires all the rights and liabilities of the creditor in respect of property (assets), which is transferred in accordance with the agreements on the transfer of property (assets) and / or agreements on assignment of the claim, together with the rights under agreements to secure such claims. No changes are required to the agreements with the debtors.

(part 6 of article 40 as amended by
to the Law of Ukraine of 04.07.2014 N 1586-VII,
in the wording of the Law of Ukraine of 13.05.2020 N 590-IX)

7. Contracts specified in parts five and six of this article may be concluded in the form of a single document (hybrid contract) and are not subject to notarization, regardless of whether the contracts with contracted rights and responsibilities being transferred have been notarized.

From the time of such agreements, the assuming bank acquires all rights to property (assets) and liabilities of the insolvent bank, the rights and hybrid contract under which are transferred in accordance with the concluded agreements.

(part 7 of article 40 supplemented with paragraph 2 pursuant to the Law of Ukraine of 13.05.2020 N 590-IX)

The authority that carries out the state registration of rights to property (assets), including encumbrances on such property (assets) and restrictions on disposal (including seizure), carries out state registration on the basis of such agreements or extracts from them, certified by the head of the assuming bank. The body that carries out the state registration of rights to property (assets) shall not enjoy the right to require for registration other documents confirming the acquisition of the right to property (assets) than those specified by this Law.

(part 7 of article 40 supplemented with subparagraph 3 pursuant to the Law of Ukraine of 13.05.2020 N 590-IX)

8. The assuming bank shall be exempt from making any payments (taxes, fees, state duties) related to the receipt of assets and liabilities, fees for making changes to state registers, fees for services provided by state bodies in connection with language with such alienation.

9. DGF is obliged to notify debtors and creditors of the transfer of assets and liabilities to the assuming bank by posting summary information on the official websites of DGF, the insolvent bank, and the assuming bank - by posting information on its official website. Each debtor and / or creditor can obtain information about himself in the premises of the insolvent bank and the assuming bank.

(part 9 of article 40 in the wording of the Law of Ukraine of 04.07.2014 N 1586-VII, as amended by the Law of Ukraine of 16.07.2015 N 629-VIII)

10. DGF, next day after concluding the property (assets) and liabilities alienation agreement, submits to the National Bank of Ukraine a proposal on revocation of the banking license and liquidation of the insolvent bank.

(paragraph 1 of part 10 of article 40 as amended by, the Law of Ukraine of 13.05.2020 N 590-IX)

After concluding the agreements specified in parts five and six of this article:

(part 10 of article 40 supplemented with paragraph 2 pursuant to the Law of Ukraine of 16.07.2015 N 629-VIII, paragraph 2 of part 10 of article 40 in the wording of the Law of Ukraine of 13.05.2020 N 590-IX)

1) members, debtors, creditors (except DGF) of an insolvent bank or its counterparties under any agreements, including those where rights and liabilities have not been transferred to the assuming bank, may not demand that the assuming bank be deprived of the rights to the transferred property (assets) or reduction of such

rights, and

(part 10 of article 40 supplemented with subparagraph 3 pursuant to the Law of Ukraine of 16.07.2015 N 629-VIII, paragraph 3 of part 10 of article 40 in the wording of the Law of Ukraine of 13.05.2020 N 590-IX)

2) the owner of the insolvent bank's shares and the insolvent bank shall not enjoy the right to demand from the assuming bank compensation for any losses incurred as a result of transferring the assets and liabilities of the insolvent bank to the assuming bank on the grounds of invalidity, cancellation or delegalization of any decisions, transactions or other actions taken or committed in the process of declaring the bank as insolvent and resolving it.

(part 10 of article 40 supplemented with subparagraph 4 pursuant to the Law of Ukraine of 16.07.2015 N 629-VIII)

Paragraph 5 of part 10 of article 40 removed

(part 10 of article 40 supplemented with subparagraph 5 pursuant to the Law of Ukraine of 16.07.2015 N 629-VIII, subparagraph 5 of part 10 of article 40 removed pursuant to the Law of Ukraine of 13.05.2020 N 590-IX)

11. DGF enjoys the right to demand from the assuming bank compensation for losses for the unreasonable repudiation of the commitment to accept in its favor the assets and liabilities of the insolvent bank.

12. The provisions of parts five and six of this Article shall not apply to the obligations and claims arising from the performance of transactions, where liabilities are terminated in the liquidation netting carried out in accordance with the procedure established by Article 54. -1 of this Law.

(article 40 supplemented with part 12 pursuant to the Law of Ukraine of 19.06.2020 N 738-IX)

Article 41. Specificities of selling an insolvent bank

1. DGF pursuant to the resolution plan shall sell an insolvent bank to the investor in accordance with the terms set herein and the DGF regulations.

(part 1 of article 41 as amended by pursuant to the Law of 16.07.2015 N 629-VIII)

The investor must meet the requirements established by the Law of Ukraine 'On Banks and Banking' and regulations of the National Bank of Ukraine and DGF, and not be a bank related party (bank participant).

(paragraph 1 of part 2 of article 41 as amended by

the Law of Ukraine of 16.07.2015 N 629-VIII)

The sale of an insolvent bank by DGF to an investor requires that the investor receives the NBU's consent for acquiring qualifying share in the bank, as well as the concentration permit of the Antimonopoly Committee of Ukraine.

(paragraph 2 of part 2 of article 41 as amended by, the laws of Ukraine of 28.12.2014 N 78-VIII, of 16.07.2015 N 629-VIII)

The investor shall obtain the consent of the National Bank of Ukraine to acquire or increase a qualifying share in the bank, as well as the concentration permit permission of the Antimonopoly Committee of Ukraine within two working days under the simplified procedure established by the National Bank of Ukraine and the Antimonopoly Committee of Ukraine. This procedure should provide for the investor to certify its compliance with the requirements of the Law of Ukraine 'On Prevention and Counteraction to Legalization (Laundering) of Proceeds from Crime, Terrorist Financing and Financing of Proliferation of Mass Destruction Weapons; and business reputation requirements.

(paragraph 3 of part 2 of article 41 as amended by, the laws of Ukraine of 28.12.2014 N 78-VIII, of 16.07.2015 N 629-VIII)

2. From the date of the resolution plan stipulating the sale of the insolvent bank to an investor:

1) DGF under law acquires the right to dispose shares of the bank (participatory interest) on behalf of any person, who is a participant to such bank, a bank related party, without any additional formalization of the powers to sell shares (participatory interest);

2) a bank participant is prohibited from disposing shares (participatory interest) of the bank in any way, including by alienating them, pledging them as collateral or transferring for management. Information on such encumbrance of shares at the request of DGF shall be recorded into the system of recording the ownership title to shares within the depository system;

3) any legal transactions made by the bank participants contrary to the requirements of this article are null and void;

4) DGF is obliged to make decisions and take measures to reduce the authorized capital, determine the new nominal value of the bank's shares and / or denominate the bank's shares if the regulatory capital of the bank is less than the authorized capital of the bank. In this case, the authorized capital of the bank is deemed to be equal to 1 hryvnia;

5) for the loss recognition purposes, DGF enjoys the right to decide about making an additional issue of shares by way of converting (bailing in) into bank's shares the

bank's liabilities to the owners of subordinated debt, claims of the creditors who are bank related parties, claims of other creditors in the reverse sequence of tiers set forth in article 52 of this Law, save for DGF's funds on current/deposit accounts held in the bank by physical and corporate parties not related to the bank, with follow-up conclusion with a bank-selected depositary agency of a securities account servicing agreement for this depositary agency to open securities accounts for these parties in the manner set by the National Securities and Stock Market Commission, credit to the accounts the additional issue shares, and take further measures specified in paragraph 4 of this part;

(paragraph 5 of part 3 of article 41
in the wording of the Law of Ukraine of 30.06.2021 N 1588-IX)

6) DGF enjoys the right to reduce / increase the authorized capital in the cases specified by this Law, in a simplified manner and taking into account the following specifics:

shareholders are not notified of the convening of the general meeting, draft agendas are not sent or posted, the powers of the general meeting are performed solely by DGF. The shareholder's decisions on issues that fall within the competence of the general meeting shall be made in writing (in the form of a decision). Such decision of DGF has the status of the minutes of the general meeting of the joint-stock company;

the consent of shareholders, creditors or counterparties of an insolvent bank under any agreements to reduce / increase the authorized capital of such bank is not required;

the legal provisions on the preemptive right of shareholders to purchase shares, as well as on the maximum number of shareholders of a private joint-stock company do not apply;

the auditor (auditing firm) and the appraiser are not involved;

the legal provisions on the obligation to determine the market value of the bank's property (assets) and shares do not apply;

a copy of the registered prospectus of the issue of shares (or changes thereto) to shareholders and persons who are participants in the placement of shares is not provided;

the bank is exempt from state duty;

DGF bails in the insolvent bank's liabilities to creditors specified by this Law into shares without determining business reputation of these creditors and without a prior approval of the acquisition, increase of a qualifying share;

the date of submitting the amended charter of the insolvent bank charter for approval by the National Bank of Ukraine and for registration to the state registrar shall be deemed to be the date of approval of amendments by the National Bank of Ukraine

and registration by the state registrar;

the date of actual submission of documents to the National Commission on Securities and Stock Market for registration of the issue of shares is deemed to be the date of registration of the issue of shares of the insolvent bank. The fact of submitting the appropriate documents shall be certified by the documents acceptance mark (registration index) of the National Commission on Securities and Stock Market;

the date of submitting appropriate documents to the National Bank of Ukraine, the state registrar, the National Commission on Securities and Stock Market is determined by the documents acceptance mark (registration index) of the relevant state authority;

all registration actions are carried out by the state registrar at the location of DGF.

(part 3 of article 41 as amended by
the Law of Ukraine of 16.07.2015 N 629-VIII,
in the wording of the Law of Ukraine of 13.05.2020 N 590-IX)

3. DGF sells an insolvent bank to the investor selected based on the open tender results in accordance with the procedure established by the DGF regulations.

Several investors (investor consortium) who have submitted a joint financial bid may be selected as the winner of the open tender.

(part 4 of article 41 in the wording of
the Law of Ukraine of 16.07.2015 N 629-VIII)

4. The sale of the bank is carried out based on the sale-and-purchase contract for the bank shares (participatory interest).

The contract must provide for:

1) the investor's obligation to take measures by the set deadline to bring the operation of the insolvent bank in accordance with the requirements of the legislation of Ukraine;

2) the contract termination term in case of the investor fails to fulfil the obligation to capitalize the bank and / or take other measures to restore solvency and stabilize the bank's operation;

3) penalties for improper fulfillment of the terms of the agreement by the investor;

4) conditions for non-return by DGF of the investor's security deposit in case the investor fails to fulfill the terms of this agreement.

Prior to concluding the sale-and-purchase contract for shares of the insolvent bank, the investor is obliged to submit to DGF an action plan to bring the insolvent bank in line with the requirements of the banking legislation of Ukraine.

5. The sale price of an insolvent bank is determined by the results of an open tender held in accordance with the DGF regulations. The tender results must meet with the

principle of bank resolution in the least costly manner. Proceeds from the sale of an insolvent bank are used to replenish DGFs of DGF.

After concluding the sale-and-purchase contract for insolvent bank's shares and their transfer to the investor:

(part 6 of article 41 supplemented with subparagraph 2 pursuant to the Law of Ukraine of 16.07.2015 N 629-VIII)

1) the investor may not be deprived of the ownership title to the shares of the bank it acquired, and such shares may not be claimed from the investor in favor of the previous owner; and

(part 6 of article 41 supplemented with subparagraph 3 pursuant to the Law of Ukraine of 16.07.2015 N 629-VIII)

2) the previous owner of the bank's shares has no right to demand from the investor compensation for any losses incurred as a result of the investor's acquisition of the bank's shares on the grounds of invalidity, cancellation or recognition of any decisions, transactions or other actions taken or committed in the course of classifying the bank as insolvent and resolving it.

(part 6 of article 41 supplemented with subparagraph 4 pursuant to the Law of 16.07.2015 N 629-VIII)

Subparagraph 5 of part 6 of article 41 removed

(part 6 of article 41 supplemented with subparagraph 5 pursuant to the Law of Ukraine of 16.07.2015 N 629-VIII, subparagraph 5 of part 6 of article 41 removed pursuant to the Law of Ukraine of 13.05.2020 N 590-IX)

6. The shares sale-and-purchase contract concluded between DGF / the DGF authorized officer and the investor, serves as the basis to register the investor's ownership title to shares in the depository system. The investor must notify DGF of the registration of his ownership title to shares in the depository system within one day from the date these facts take place.

(part 7 of article 41 as amended by the Law of Ukraine of 16.07.2015 N 629-VIII)

7. The sale of a bank in accordance with this Article shall be carried out without the need to obtain the consent of the participants or any other agreement on the terms and procedure for the sale of shares (participatory interest) of the bank to the investor. The DGF authorized officer, DGF and the investor are released from the claim for damages related to the sale of the insolvent bank.

8. The investor is obliged to bring the bank's activities in line with the requirements

of the legislation of Ukraine on compliance with capital and liquidity standards within one month from the date of the sale-and-purchase agreement.

9. DGF shall terminate the provisional administration in such bank on the day following the registration of ownership title to the insolvent bank's shares in the depository system.

For the purpose of controlling control the investor meeting the terms of the sale-and-purchase contract for the insolvent bank's shares, DGF appoints the bank curator from among its employees.

The curator designated by DGF shall perform his functions provided hereunder for a period not exceeding one month from the date of his appointment.

The DGF curator enjoys the right to suspend, terminate, restrict any operations carried out by an insolvent bank, except for banning the bank from exercising the voting rights of acquired shares (participatory interest), without the consent of senior managers, management and control bodies of the insolvent bank, and monitors all transactions of the insolvent bank for their compliance with the legislation.

The legitimate requirements of the DGF curator are mandatory for the investor, the management and control bodies of the insolvent bank, as well as the employees of such bank.

The DGF curator is accountable to the DGF Executive Directorate.

The investor and the management and control bodies of the insolvent bank are accountable to the curator of DGF and provide him with any information, including restricted information.

10. During the term when the DGF curator performs the functions provided for by this article:

- 1) the bank operates in accordance with its resolution plan and is subject to the restrictions established in parts five and six of Article 36 of this Law;
- 2) a simplified procedure for registration of the issue of shares, approval of amended charter by the National Bank of Ukraine, state registration of amended charter.

According to the simplified procedure:

- 1) the date when the decision to inject capital to the bank and amend its charter is submitted to the National Commission on Securities and Stock Market is deemed to be the date of registration of the issue of shares;
- 2) the date when the bank's amended charter is submitted for approval to the National Bank of Ukraine and for registration to the state registrar shall be deemed to be the date of its approval by the National Bank of Ukraine and registration by the state registrar;
- 3) the date when the documents are submitted to register the bank shares issue shall be deemed to be the shares issue registration date;

4) the bank participants are not notified of the convening of the general meeting.

(part 11 of article 41 supplemented with subparagraph 8 pursuant to the Law of Ukraine of 16.07.2015 N 629-VIII)

11. The Bank is obliged to provide the DGF curator with access to all information (including databases) for the DGF to perform its functions defined by this Law and other legislative acts. Obstruction of the DGF curator in accessing the bank and / or preventing the DGF curator from exercising his / her powers serves grounds for DGF to appeal to the National Bank of Ukraine with a proposal to revoke the banking license and liquidate the bank. Persons who intentionally prevent the DGF curator from accessing the bank, its premises, information (operating systems, assets, books, records, documents, etc.) shall be held liable as stipulated in part five of Article 37 of this Law.

(article 41 supplemented with new part 12 pursuant to the Law of Ukraine of 16.07.2015 N 629-VIII, in connection with this, part 12 shall be deemed to be part 13)

12. After the investor takes measures to bring the insolvent bank in compliance with the requirements of the legislation of Ukraine in terms of capital and liquidity standards in accordance with the terms of the contract, DGF shall notify the National Bank of Ukraine of the need to inspect the bank. DGF shall provide the National Bank of Ukraine with the necessary information and documents for inspecting the bank and preparing a substantiated opinion.

The National Bank of Ukraine inspects the insolvent bank and submits the inspection report no later than 15 working days from the date of receipt by the National Bank of Ukraine of DGF's notification of the need to conduct an inspection.

DGF decides to terminate the office of the DGF curator in the insolvent bank next day after receiving the inspection results of the National Bank of Ukraine, which confirmed the insolvent bank's compliance with banking legislation of Ukraine in terms of capital and liquidity standards, and communicates its decision to the National Bank of Ukraine.

(article 41 as amended by the Law of Ukraine of 02.10.2012 N 5411-VI, in the wording of the Law of Ukraine of 04.07.2014 N 1586-VII)

13. All or part of the powers of DGF defined in this Article may be delegated by DGF to the DGF authorized officer.

(article 41 as amended by the Law of Ukraine of 02.10.2012 N 5411-VI, in the wording of the Law of Ukraine of 04.07.2014 N 1586-VII)

Article 41¹. Specificities of bank resolution with involvement of the state

1. The state, represented by the Ministry of Finance of Ukraine or a bank in which the state owns more than 75 percent of shares (hereinafter referred to as the state-

owned bank), enjoys the right to participate in the resolution of an insolvent bank that meets the criteria specified by the Cabinet of Ministers of Ukraine in agreement with the National Bank of Ukraine in the manner specified in paragraphs 2-5 of part two of Article 39 of this Law and part twelve of this Article.

Resolution of an insolvent bank with involvement of the state is carried out by the decision of the Cabinet of Ministers of Ukraine, if the decision of the Financial Stability Board confirms the presence of traces of unsustainable financial condition of the banking sector and circumstances threatening the stability of the banking and/or financial system.

Measures specified in the resolution plan, in terms of transferring all or part of the property (assets) and all or part of the liabilities of the insolvent bank to the bridge/assuming bank, and the sale of bank shares upon resolution of insolvent bank with state involvement are carried out within the time period of:

not more than seven calendar days from the starting day of insolvent bank liquidation, which shall be the day following the day when DGF received the decision of the Cabinet of Ministers of Ukraine on state involvement in bank resolution in the manner specified in paragraph 2 of Article 39 of this Law;

not more than seven calendar days from the day following the day when DGF receives the decision of the Cabinet of Ministers of Ukraine on state involvement in bank resolution in the manner specified in paragraphs 3 or 4 of part two of Article 39 of this Law;

not more than two calendar days from the day following the day when DGF receives the decision of the Cabinet of Ministers of Ukraine on state involvement in bank resolution in the manner specified in paragraph 5 of part two of Article 39 of this Law.

2. Bank resolution with state involvement shall be carried out at the expense of the state budget and/or the state-owned bank.

3. Requirements established by the National Bank of Ukraine regarding standard ratios, foreign currency position limits, required reserve on the bank's correspondent account with the National Bank of Ukraine to the bank whose shares were acquired by the state in accordance with this Article, as well as to the bank that assumed property (assets) and liabilities of the insolvent bank in accordance with this Article shall be applied three months after the state acquires ownership title to shares of such bank or after assumption of property (assets) and liabilities by such bank.

4. The state acquires ownership title to shares of the bridge/insolvent bank after concluding a sale-and-purchase contract for shares with deferred payment thereof in the manner prescribed by this article.

5. The Cabinet of Ministers of Ukraine, in case the date of decision is followed by days off, shall ensure that during these days off working shall be all the entities and individuals (including employees) required to prepare and organize the transfer of all or part of the property (assets) and all or part of the liabilities of the assuming/bridge

bank and the sale of the bank's shares to the state.

6. In case of bank resolution with state involvement in the manner specified in paragraphs 2 and 3 of part two of Article 39 of this Law, the state-owned bank shall act as the assuming bank.

7. In case of bank resolution with state involvement in the manner specified in paragraphs 4 or 5 of the second part of Article 39 of this Law, the state, represented by the Ministry of Finance of Ukraine, acts as the investor.

8. In case of insolvent bank resolution with state involvement, the bank's liabilities are not subject to the restrictions established by paragraph 1 of part five of Article 36 of this Law (except for restrictions imposed on liabilities to parties related to the insolvent bank) including the execution of cash management and cash payment documents of the bank within the limits set by the DGF Executive Directorate (save for transactions with the bank related parties).

In case of insolvent bank resolution with state involvement, DGF enjoys the right to establish the restrictions specified in paragraph 1 of part five of Article 36 of this Law on the basis of a targeted decision of the Cabinet of Ministers of Ukraine.

Without prejudice to Articles 40 and 42 of this Law, in particular regarding the acquisition of ownership title to transferred property (assets) and liabilities, the parties specified in the contract (contracts) (hybrid contract)/certificates concluded in accordance with Articles 40 and 42 of this Law, within two months from the alienation/transfer date shall make changes in the concluded agreements (hybrid contract)/certificates, registers of alienated property (assets) and liabilities, taking into account information about transactions, including those received from payment systems, and taking into account the actual balances on the accounts on the date of their alienation. The coordination of information on the conducted operations is carried out taking into account the approaches defined in part seven of Article 36 of this Law.

9. Resolution of an insolvent bank with involvement of the state shall be carried out taking into account the following:

1) assets of the insolvent bank are transferred to the assuming/bridge bank at the value determined taking into account the assessment of asset quality and acceptability of collateral backing up credit transactions, performed in accordance with regulations of the National Bank of Ukraine;

2) liabilities of the insolvent bank are transferred to the assuming/bridge bank taking into account the priority tiers established by Article 52 of this Law;

3) are not subject to transfer to the assuming/bridge bank:

liabilities of the insolvent bank to the bank related parties stated in the list provided by the National Bank of Ukraine;

financial assistance of shareholders, which is included in the fixed capital of the bank;

subordinated debt liabilities;

liabilities under the equity instrument with write-off/conversion terms, which is included in additional capital;

liabilities, the transfer of which is prohibited in the legislation of Ukraine, and/or liabilities that fall under the legislation of other states;

4) the additional capital requirement for the assuming/bridge bank/insolvent bank (in case it is sold as a whole) is determined taking into account the audit report issued by an internationally recognized audit firm engaged by DGF in accordance with part nine of this article;

5) for DGF to take measures to alienate/transfer property (assets) and liabilities of an insolvent bank, including its funds subjected to encumbrances (including publicones) and/or restrictions on disposal (including seizure) before the date the bank was classified as insolvent, shall be transferred with a written notice to the party in whose interests the encumbrance and/or restriction on disposal (including seizure) is imposed, by the bridge/assuming bank. In this case, the transferred property (assets), including cash, remains encumbered;

6) alienation of property (assets) and liabilities shall be exercised in favor of the assuming/bridge bank pursuant to articles 36 and 40 of this Law, and purchase and assumption of property (assets) and liabilities to the bridge bank shall be exercised pursuant to articles 36 and 42 of this Law, taking into account the specificities defined in the article herein;

7) the opinion of the National Bank of Ukraine on the financial position of the assuming bank and its capacity to honor liabilities to depositors and creditors is not required;

8) the sale of shares of the insolvent/bridge bank to the Ministry of Finance of Ukraine or to a state-owned bank does not require the investor to seek consent of the National Bank of Ukraine to acquire a qualifying shareholding in the bank, as well as permit of the Antimonopoly Committee of Ukraine to take concerted action and/or concentration;

9) DGF does not provide financial support to the assuming/bridge bank in case if the insolvent bank undergoes resolution with state involvement;

10) the assuming/bridge bank that received the property (assets) and liabilities of the insolvent bank, based on the assessment performed by the audit firm, if this assessment result (value) was lower than the value determined factoring in the assessment of asset quality and acceptability of collateral backing up credit transactions, performed in accordance with regulations of the National Bank of Ukraine, or the condition of property (asset) impaired during the audit, enjoys the right to apply to an insolvent bank with a proposal to return such property (asset) and receive compensation or replace it with another property.

The return of such property (asset) and receipt of compensation or its replacement with other property (asset) may be made no later than two months after receiving the

audit opinion under the agreement concluded between the parties and approved by DGF. The amount of compensation is defined as the difference between the value determined taking into account the assessment of asset quality and acceptability of collateral backing up credit transactions, performed in accordance with regulations of the National Bank of Ukraine and the value determined by the audit firm. The return of property (asset) or its replacement with another property serves the basis to amend concluded agreements, acts, liquidation pool of the insolvent bank, and the restrictions established by Article 51 of this Law shall not apply to property (assets) transferred as replacement;

11) The Ministry of Finance of Ukraine from the time of concluding the sale-and-purchase contract for shares of the bridge/insolvent bank ensures control over the activities of such bank, appropriate corporate governance, reporting and control, as well as uninterrupted operations and fulfillment of all current liabilities.

DGF does not appoint a curator to a bank in case of this insolvent bank undergoes resolution with state involvement. After the bridge/insolvent bank is sold to the state, banking supervision of this bank is carried out taking into account the specificities established by the regulations of the National Bank of Ukraine;

12) the bridge bank loses its bridge bank status the next day after the National Bank of Ukraine confirms the information that the bank's capital and liquidity indicators have been brought in line with the requirements of banking legislation; this shall be communicated by the National Bank of Ukraine to DGF.

10. No later than the next day after the Cabinet of Ministers of Ukraine decides to take part in the insolvent bank resolution from, copies of such decision of the Cabinet of Ministers of Ukraine and proposals of the National Bank of Ukraine shall be submitted to DGF. The Cabinet of Ministers of Ukraine also posts information about its decision on its official website.

On the day of receiving such decision, DGF in the manner prescribed by this Law and regulations of DGF approves the plan of resolving the insolvent bank in the manner prescribed by the Cabinet of Ministers of Ukraine, without searching for other investors and assuming banks.

During the procedure of insolvent bank resolution with state involvement, DGF decides to involve an internationally recognized audit firm to provide an audit report within three months, including the opinion on the bank's financial condition, determining the bank's regulatory capital and the need for additional capital injections factoring in conservative economic development scenarios determined by the National Bank of Ukraine.

After receiving the report of an internationally recognized audit firm involved by DGF, the Cabinet of Ministers of Ukraine shall take measures to bring the bank's operation in line with the requirements of the banking legislation of Ukraine in terms of capital and liquidity standards.

11. The decision on state involvement in bank resolution in the manner specified in

paragraphs 2 or 3 of part two of Article 39 of this Law shall be made by the Cabinet of Ministers of Ukraine on the proposal of the National Bank of Ukraine, which should show:

- 1) a bank that assumes all or part of the property (assets) and all or part of the liabilities;
- 2) the value of assets taking into account the assessment of asset quality and acceptability of collateral backing up credit transactions, performed in accordance with regulations of the National Bank of Ukraine;
- 3) information on groups and the amount of property (assets) and the amount of liabilities to be transferred to the assuming bank;
- 4) a list of liabilities of the insolvent bank vis-à-vis its related parties;
- 5) calculation of the required minimum capital injection by the assuming bank (if necessary).

The bank designated by the Cabinet of Ministers of Ukraine as the assuming is obliged to ensure the implementation of such a decision of the Cabinet of Ministers of Ukraine.

12. The decision on state involvement in bank resolution in the manner specified in paragraph 4 of the second part of Article 39 of this Law shall be made by the Cabinet of Ministers of Ukraine on the proposal of the National Bank of Ukraine.

- 1) the purpose of creating the bridge bank;
- 2) the value of assets taking into account the assessment of asset quality and acceptability of collateral backing up credit transactions, performed in accordance with regulations of the National Bank of Ukraine
- 3) information on groups and the amount of property (assets) and the amount of liabilities to be transferred to the bridge bank, taking into account the tiers established by Article 52 of this Law;
- 4) a list of liabilities of the insolvent bank vis-à-vis its related parties;
- 5) calculation of the required minimum capital;
- 6) calculation of the required additional capital of the bridge bank taking into account the conservative economic development scenarios defined by the National Bank of Ukraine.

13. The Cabinet of Ministers of Ukraine, in case that the decision of the Financial Stability Board confirms the presence of traces of unsustainable financial position of the banking sector as well as circumstances threatening the stability of the banking and/or financial system of Ukraine, may decide to approach DGF with a proposal to establish a bridge bank for the possible follow-up application of the insolvent bank resolution method referred to in paragraph 4 of part two of Article 39 of this Law.

After receiving the decision of the Cabinet of Ministers of Ukraine, DGF shall take measures to establish a bridge bank, register the issue of shares, have the legal entity

registered, banking license issued, accounts opened and connected to payment systems, including to international, within the timeframe specified in Article 42 of this Law.

Decisions to be made by DGF, the National Bank of Ukraine, the National Securities and Stock Market Commission, and other government agencies to establish and maintain this bridge bank shall be a bank secret until the day the bank is declared insolvent.

DGF, having created the bridge bank for the possible follow-up application of the insolvent bank resolution method referred to in paragraph 4 of part two of Article 39 of this Law, on the day of receiving the decision of the Cabinet of Ministers of Ukraine to resolve the insolvent bank by the method referred to in paragraph 4 part 2 article 39 of this Law, takes measures to prepare for the transfer of all or part of the property (assets) and all or part of the liabilities of the insolvent bank to the established bridge bank.

In this case, the state acquires shares of the bridge bank after the expiry of two calendar days from the day following the starting day of the insolvent bank resolution with deferred payment of shares in the manner set forth in this article.

The DGF Executive Directorate enjoys the right to decide on granting a loan to a bridge bank established for the purpose specified in paragraph 2 of part twenty of Article 42 of this Law on the basis of a decision of the Cabinet of Ministers of Ukraine on state involvement in the bank resolution by the method referred to in paragraph 4 part 2 article 39 of this Law in the manner and under the conditions specified in the DGF regulations.

14. The decision on state involvement in bank resolution in the manner specified in paragraph 5 part 2 of Article 39 of this Law is made by the Cabinet of Ministers of Ukraine on the proposal of the National Bank of Ukraine:

- 1) the size of corporate rights (number of shares) or the size of the authorized capital share, which does not belong to the state and must be acquired by the state;
- 2) decision on the need to exchange unencumbered monetary liabilities to bank related parties in accordance with the list provided by the National Bank of Ukraine, and unencumbered monetary liabilities to legal entities and individuals who are not related to the bank (except funds on current and deposit accounts of such persons), for shares of additional issue;
- 3) calculations of the required minimum capital, taking into account the possibility of exchanging unencumbered monetary liabilities of the bank to related parties, as well as unencumbered monetary liabilities to legal entities and individuals who are not related to the bank (except for current funds and deposit accounts of such persons), for shares of additional issue;
- 4) calculation of the required additional capital for bank taking into account the conservative economic development scenarios defined by the National Bank of

Ukraine.

No later than the next day after receiving the decision of the Cabinet of Ministers of Ukraine on the state involvement in the insolvent bank resolution in the manner specified in paragraph 5 of part two of Article 39 of this Law, DGF shall secure measures pursuant to Article 41 hereof taking into account the specificities established in this Article.

15. The fact that the Cabinet of Ministers of Ukraine decides to take part in resolving the insolvent bank serves grounds to suspend changes in the depository records on securities of the insolvent bank and / or bridge bank and / or the relevant holder of securities of the insolvent bank and / or bridge bank for the timeperiod established in part one of this article, except for the transactions anticipated by this Law.

16. Prior to making a contribution to the authorized capital of the insolvent bank, DGF:

1) is obliged to fully build the bank's provisions for losses on bank asset transactions and assess the credit exposure on all bank asset transactions, in particular the risk of default on loans issued to bank related parties, based on proposals submitted by the National Bank of Ukraine to the Cabinet of Ministers of Ukraine;

2) enjoys the right to dispose of unencumbered monetary liabilities of the bank to bank participants and related parties, as well as unencumbered monetary liabilities to legal entities and individuals who are not related to the bank (except for balances on current and deposit accounts of such persons), as well as unencumbered monetary liabilities of the bank to bank related parties by exchanging (bailing in) these liabilities for additional issue shares of the bank.

If the regulatory capital of the bank, calculated taking into account the built provisions of the bank to cover losses on bank asset transactions and considering the credit risk ratio assessed by the National Bank of Ukraine for all bank asset transactions, as well as taking into account the exchange of liabilities for additional issue shares of the bank (if such exchange takes place), remains negative or zero, DGF sells the insolvent bank's shares to the Ministry of Finance of Ukraine in full (or the share that does not belong to the state) for 1 hryvnia. Proceeds from the sale of the insolvent bank are used to replenish DGFs of DGF.

If the regulatory capital of the bank, calculated taking into account the provisions built by DGF to cover losses on bank asset transactions and the credit risk ratio determined by the National Bank of Ukraine for all bank asset transactions, as well as taking into account the exchange of liabilities for additional issue shares of the bank, is positive, DGF sells the shares of the insolvent bank to the Ministry of Finance of Ukraine in full (or the share that does not belong to the state) at a price equal to the amount of calculated regulatory capital, on the terms of deferred payment. In this case, the share price is adjusted within three months after receiving the report of the internationally recognized audit firm engaged by DGF.

17. From the time the state acquires the ownership title to shares of the

insolvent/bridge bank, the Ministry of Finance of Ukraine is obliged to provide funds and/or domestic government bonds to ensure timely fulfillment of the bank's liabilities and subsequently swap these bonds for bank shares after completion of all settlements for the bank shares with previous owners if the bank's capital is positive.

After the state acquires ownership title to the shares of the insolvent/bridge, the bank within two months conducts the solvency analysis of borrowers, taking into account:

transparency of the ownership structure of borrowers and determination of their ultimate beneficial owners (controllers) (if any);

consistency of the financial position of a corporate borrower or the property status of a retail borrower, their proceeds and incomes to the amounts of received credits, and also other liabilities, including those which are registered on off-balance sheet accounts;

transparency of their financial and economic activities; liquidity and collateral value.

The criteria for the borrowers to be selected for solvency analysis shall be

approved by the bank's supervisory board within two days from the date when the state acquires shares of the bank.

If the bank borrower solvency analysis fails to identify the ultimate beneficial owners (controllers) or if the sources of income and proceeds for loan repayment are opaque or insufficient, or the borrowers have not provided the bank with sufficient information to analyze the data, the bank builds provisions for such loans up to 100 percent and enjoys the right to demand early repayment of these loans.

During the final valuation of the bank's shares, the audit firm is obliged to take into account the need to form provisions for these loans.

In case of revealing the bank's liabilities to other persons not carried on the balance-sheet account and/or off-balance sheet accounts of the bank at the time of acquisition of the ownership title to the bank by the state, the transactions emanating from such liabilities are deemed to be null and void and not subject to implementation by the bank.

Legal transactions encumbering monetary liabilities of the bank to vis-à-vis bank related parties made within one month before the date of the decision on state involvement in the bank resolution, and in the period from the date of such decision through the date when the state acquires the ownership title to shares insolvent or bridge bank shall be deemed to be void.

18. The state may participate in the insolvent bank resolution by making cash contributions to the authorized capital of the bank or by exchanging domestic government bonds placed on market terms for shares of an insolvent/bridge or state-owned bank involved in the resolution of the insolvent bank.

After the state acquires the bank's shares, the bank by engaging with independent experts or auditors, including international ones, develops a plan to restructure the

bank to ensure its further operation with profit.

19. The Ministry of Finance of Ukraine and state-owned banks shall be deemed to be appropriate investors and investors who meet the requirements of DGF from the date of the decision of the Cabinet of Ministers of Ukraine on the state involvement in resolving the insolvent bank.

20. The price of the bridge bank is determined in the sale-and-purchase agreement for shares of the bridge bank at the level of:

contributions made by DGF to build the authorized capital of the bridge bank, and costs incurred by DGF in connection with its establishment and operation, and expenses of DGF related to the exercise of provisional administration and liquidation of the insolvent bank, within the bank's expense budget approved by DGF (if the value of the property (assets) non-transferred to the assuming/bridgebank is less than the expenses to liquidate the bank budgeted in the expense budget).

21. In the process of establishing a bridge bank with involvement of the state (except for a bridge bank established in accordance with part twelve of this Article), DGF shall appoint senior managers and management and control bodies of the bridge bank at the proposal of the Ministry of Finance of Ukraine.

The Ministry of Finance of Ukraine, in case the state participates in the insolvent bank resolution in the manner specified in paragraph 5 of part two of Article 39 of this Law, or in case the state acquires a bridge bank established in accordance with part twelve of this Article, independently appoints senior managers and management and control bodies of the bank after concluding a share purchase agreement with DGF.

The Ministry of Finance of Ukraine enjoys the right to select candidates to the positions of senior managers and management and control bodies of the bank from among the senior managers of the insolvent bank undergoing resolution with involvement of the state.

The Ministry of Finance of Ukraine proposes to DGF/independently appoints such candidates to the positions of senior managers and creates management and control bodies of the bank where the state is the investor, provided:

absence of facts, information indicating the unscrupulous performance of duties by these persons and their contribution to the circumstances that led the bank to insolvency;

if the person's participation in the bank management will contribute to the operational efficiency of the bank;

absence of information on significant and/or systematic violations by a person of the requirements of banking, financial, currency, tax legislation, legislation on financial monitoring, legislation on securities, joint stock companies and the stock market;

fulfillment of financial liabilities by the candidate, compliance with the standards of

business practice and/or professional ethics.

DGF enjoys the right to apply to the Ministry of Finance of Ukraine with a proposal to replace a proposed candidate if there is information indicating that the candidate does not qualify under the conditions specified in this part.

The provisions of Article 7 of the Law of Ukraine ‘On Banks and Banking’; apply to a bank acquired by the state in accordance with this article and apply one year after the state acquires ownership title to the shares of such bank.

22. The Cabinet of Ministers of Ukraine with the participation of the National Bank of Ukraine and DGF enjoys the right to make a decision on changing the method of insolvent bank resolution with state involvement.

(The Law supplemented with article 41¹ pursuant to the Law of Ukraine of 04.07.2014 N 1586-VII, article 41¹ as amended by the Law of Ukraine of 28.12.2014 N 78-VIII, in the wording of the Law of Ukraine of 16.07.2015 N 629-VIII, as amended by the Law of Ukraine of 05.07.2018 N 2491-VIII, in the wording of the Law of Ukraine of 13.05.2020 N 590-IX)

Article 42. Specificities of creating and selling a bridge bank

1. DGF decides to establish a bridge bank and transfer all or part of the property (assets) and all or part of the liabilities one or more insolvent banks while maintaining the tiers defined by Article 52 of this Law; the transfer shall follow the resolution plan drawn up in accordance with Article 39 of this Law;

the resolution plan and the decision of the Cabinet of Ministers of Ukraine on the state involvement in the insolvent bank resolution in the manner set in paragraph 4 of part two of Article 39 of this Law;

decision of the Cabinet of Ministers of Ukraine with a proposal for DGF to establish a bridge bank in order to enable the follow-up application of the insolvent bank resolution method, defined in paragraph 4 of part two of Article 39 of this Law.

(part 1 of article 42 as amended by the laws of Ukraine of 28.12.2014 N 78-VIII, of 16.07.2015 N 629-VIII, of 16.11.2017 N 2210-VIII, in the wording of the Law of Ukraine of 13.05.2020 N 590-IX)

2. DGF in agreement with the National Bank of Ukraine in case of detecting in the operation of a systemically important bank the facts suggesting a possible further increase of DGF’s potential costs in case of resolving this bank, in the manner prescribed by regulations of DGF, enjoys the right to decide to establish a bridge bank for transfer of all or part of property (assets) and all or part of liabilities (maintaining

the tiers defined by Article 52 of this Law), which will be made after the official receipt of the decision of the National Bank of Ukraine to classify this bank as insolvent.

The decisions made by DGF, the National Bank of Ukraine, the National Securities and Stock Market Commission, and other state bodies to establish and ensure the future operation of such bridge bank shall be a bank secret until the bank is declared insolvent.

(article 42 supplemented with new part 2 pursuant to the Law of Ukraine of 13.05.2020 N 590-IX)

3. The bridge bank is established in the form of a joint stock company. The bridge bank shall conduct its activities in compliance with the requirements of this Law and in accordance with the procedure established by the regulations of DGF.

(article 42 supplemented with new part 3 the Law of Ukraine of 13.05.2020 N 590-IX)

4. DGF in case of creating a bridge bank for the purpose specified in paragraph 1 of part 20 of Article 42 of this Law (save for cases of insolvent bank resolution with involvement of the state as stipulated in Article 41 -1 of this Law), appoints to such bank the senior manager (director) and the chief accountant and their deputies (as necessary), who perform the functions of management and control bodies of the bank.

DGF in case of establishing of a bridge bank, for the purpose specified in paragraph 2 of part 20 of Article 42 of this Law (save for cases of insolvent bank resolution with involvement of the state as provided for in Article 41 -1 of this Law), appoints managers to such a bank and establishes management and control bodies of the bank in accordance with the requirements of banking legislation, except for the requirements for the bank's board to have independent directors and functions that should belong to the exclusive competence of the bank's supervisory board and management board. The list of functions belonging to the competence of the supervisory board and the management board of the bridge bank, is determined by the charter of the bridge bank.

Senior managers of the bridge bank established by DGF shall start performing their official duties without the written consent of the National Bank of Ukraine.

The consent of the National Bank of Ukraine is not required for the appointment and / or determining the professional suitability and / or business reputation of a candidate to the position of a senior manager, chief internal auditor, employee responsible for financial monitoring of the bridge bank.

(article 42 supplemented with new part 4 pursuant to the Law of Ukraine of 13.05.2020 N 590-IX)

5. To establish a bridge bank, DGF is not required to seek clearance of the National

Bank of Ukraine for the acquisition of a qualifying share and the concentration permit of the Antimonopoly Committee of Ukraine.

(article 42 supplemented with new part 5 pursuant to the Law of Ukraine of 13.05.2020 N 590-IX, in connection with this, parts 2 – 12 shall be deemed to be parts 6 – 24 respectively)

6. Creation, registration of shares, issuance of a banking license to the bridge bank shall be carried out according to a simplified procedure determined by a regulatory instrument of DGF endorsed by the National Bank of Ukraine and the National Securities and Stock Market Commission.

(part 6 of article 42 as amended by the laws of Ukraine of 26.11.2015 N 835-VIII, of 13.05.2020 N 590-IX)

7. The National Securities and Stock Market Commission shall register the issue of shares of the bridge bank within one day, including non-working days and holidays, from the date of receipt of DGF's application for registration of the issue of shares of the bridge bank together with a set of its registration and constituent documents.

(part 7 of article 42 as amended by the Law of Ukraine of 13.05.2020 N 590-IX)

8. The National Bank of Ukraine shall issue a banking license to a bridge bank after the state registration of a legal entity within one day, including non-working days and holidays, from the date of receipt of the full package of documents specified by law.

9. DGF is exempt from paying taxes, fees, state duties, payments for services of state bodies in connection with the establishment of the bridge bank.

10. DGF shall sell the bridge bank to an investor determined by the results of an open tender in accordance with the procedure established by the DGF regulations (save for cases of insolvent bank resolution with involvement of the state as stipulated in Article 41 -1 of this Law and part two of this article).

(part 10 of article 42 in the wording of the Law of Ukraine of 16.07.2015 N 629-VIII, as amended by the Law of Ukraine of 13.05.2020 N 590-IX)

11. The winner of the open tender is the investor, whose bid meets the requirement of least cost resolution of the insolvent bank and who, if necessary, undertakes to merge (take over) the bridge bank with an existing solvent bank, except in cases of resolving an insolvent bank with state involvement provided for in Article 41 -1 of this Law. Several investors (investor association) who have submitted a joint financial bid may be selected as the winner of an open tender under the following conditions:

all members of the investor association have been cleared by the National Bank of

Ukraine for acquisition a qualifying share in the bank (if necessary) and have been qualified by DGF for bidding under an open tender in accordance with this Law;

the tender bid contains accurate information on the shares of each of the investors in the authorized capital of the bridge bank, as well as the corresponding amount of capital injection to the bridge bank by each member of the investor association;

the tender bid contains an unconditional obligation to purchase shares of the bridge bank by each member of the investor association;

the tender offer contains an unconditional obligation to purchase additional shares of the bridge bank by the members of the investor association in the appropriate proportion, provided that the shares are not purchased by one or more investors.

(part 11 of article 42 in the wording of the Law of Ukraine of 16.07.2015 N 629-VIII)

12. The sale price of a bridge bank shall be determined by the results of an open tender held in accordance with the regulations of DGF (save for cases of insolvent bank resolution with involvement of the state as provided for in Article 41 -1 of this Law and the formation of a bridge bank as the assuming bank in order to implement the method of insolvent bank resolution provided for in paragraph 2, 3 or 4 of part two of Article 39 of this Law). The results of the open tender must comply with the principle of resolving an insolvent bank at least cost. The initial sale price of the bank is determined by DGF according to the methodology established in the regulations of DGF. The decision of the DGF Executive Directorate may provide for the obligation to conduct an independent appraisal of the price of the bridge bank by an appraiser (appraisers). Proceeds from the sale of the bridge bank are used to replenish DGFs of DGF.

(part 12 of article 42 in the wording of the Law of Ukraine of 16.07.2015 N 629-VIII, as amended by the Law of Ukraine of 13.05.2020 N 590-IX)

13. The investor and / or members of an investor association must meet the requirements established by the Law of Ukraine 'On Banks and Banking' and regulations of the National Bank of Ukraine and DGF, and not be bank related parties whose property (assets) and whose liabilities are subject to transfer to the bridge bank.

(subparagraph 1 of part 13 of article 42 y in the wording of the Law of Ukraine of 16.07.2015 N 629-VIII, as amended by the Law of Ukraine of 13.05.2020 N 590-IX)

The sale of a bridge bank to an investor and / or members of an investor association requires from these investors to seek clearance of the National Bank of Ukraine for the acquisition of a qualifying share and the concentration permit of the

Antimonopoly Committee of Ukraine.

(subparagraph 2 of part 13 of article 42 as amended by, the Law of Ukraine of 28.12.2014 N 78-VIII, in the wording of the Law of Ukraine of 16.07.2015 N 629-VIII)

The investor and / or members of the investor association may obtain the clearance of the National Bank of Ukraine for the acquisition of a qualifying share and the concentration permit of the Antimonopoly Committee of Ukraine within two working days under a simplified procedure established by the National Bank of Ukraine and the Antimonopoly Committee of Ukraine. This procedure should require the investor's compliance with the legislation in the field of prevention and counteraction to legalization (laundering) of proceeds from crime, terrorist financing and financing of proliferation of mass destruction weapons, and business reputation requirements.

(subparagraph 3 of part 13 of article 42 as amended by, the Law of Ukraine of 28.12.2014 N 78-VIII, in the wording of the Law of Ukraine of 16.07.2015 N 629-VIII, as amended by the Law of Ukraine of 13.05.2020 N 590-IX)

For violation of the obligations specified in the agreement, the investor pays DGF a fine in the amount specified in the terms of the open tender.

(subparagraph 4 of part 13 of article 42 as amended by, the laws of Ukraine of 16.07.2015 N 629-VIII, of 13.05.2020 N 590-IX)

14. The insolvent bank's/ another bridge bank's property (assets) and liabilities in full or as determined in the resolution plan are transferred to the bridge bank unless the law prohibits some assets and liabilities from transfer.

(subparagraph 1 of part 14 of article 42 in the wording of the Law of Ukraine of 13.05.2020 N 590-IX)

During the transfer of liabilities, DGF shall ensure impartial treatment of all creditors of the insolvent bank, in accordance with the tiers stipulated in Article 52 of this Law, as well as the specificities established by Article 41-1 of this Law (in case of state involvement in insolvent bank resolution), while the bank's liabilities on household deposits guaranteed by DGF have the highest priority and cannot be transferred in part.

(subparagraph 2 of part 14 of article as amended by, the Law of Ukraine of 13.05.2020 N 590-IX)

The transfer of all or part of the property (assets) and all or part of the liabilities of

an insolvent bank to the bridge bank / from the bridge bank to another bridge bank does not require DGF to obtain the concentration permit of the Antimonopoly Committee of Ukraine.

(part 14 of article 42 supplemented with subparagraph 3 pursuant to of Ukraine of 13.05.2020 N 590-IX)

15. A bridge bank shall be exempt from making any payments (taxes, fees, state duties) related to the receipt from an insolvent bank / other bridge bank or the transfer to another bridge bank of all or part of the property (assets) and all or part of the liabilities. fees, fees for making changes to state registers, fees for services provided by government agencies in connection with such a transfer.

(part 15 of article 42 as amended by the Law of Ukraine of 13.05.2020 N 590-IX)

16. The bridge bank by succession acquires all rights to the transferred property (assets) (including rights under collateral agreements, including sureties), as well as acquires the obligations of the debtor in terms of claims of creditors (depositors) on the transferred liabilities with no requirement to making changes to the relevant agreements. DGF is obliged to notify debtors and creditors of the transfer of property (assets) and liabilities of the insolvent bank to the bridge bank by posting summary information on the official websites of DGF, the insolvent and the bridgebank. Each debtor and / or creditor enjoys the right to obtain information about himself in the premises of insolvent and bridge banks or by telephone (following verification).

The Bridge Bank is the legal successor of the insolvent bank under the transferred legal transactions and agreements that underlie operational and economic activities of the insolvent bank, including agreements concluded with bank employees, real estate lease agreements, license agreements for intangible assets, utilities, communication services, security, etc. In case of suspension, termination or infringement of the terms of such agreements by the bank's counterparts, DGF, the assuming/bridge bank, the insolvent bank enjoy the right to claim damages in the manner prescribed by the legislation of Ukraine.

The transfer of all or part of the property (assets) and liabilities of the bank may be carried out on the basis of a transfer-and-acceptance certificate (certificates) not subject certification by a notary regardless of whether the contracts, where rights and liabilities are subject to transfer, were executed in notarized form.

From the time of signing the transfer-and-acceptance certificate (certificates), the bridge bank acquires all rights to the insolvent bank's property (assets), which belonged to it at the time of transfer.

The body that carries out the state registration of rights to property (assets), including encumbrances on such property or restrictions on disposal (including attachment), carries out state registration on the basis of the transfer-and- acceptance certificate (certificates) of property (assets) and liabilities or extract therefrom, certified by the

senior manager of the bridge bank. The body conducting the state registration of rights to property (assets) shall not enjoy the right to require for registration any documents confirming the acquisition of rights to property (assets) other than those specified in this Law.

After concluding the sale-and-purchase contract for shares of the bridge bank to which the property (assets) and liabilities of the insolvent bank / other bridge bank have been transferred, and transfer of such shares to the investor:

- 1) the investor may not be deprived of the ownership title to the bridge bank shares purchased by him;
- 2) participants, debtors, creditors (except DGF) of an insolvent bank or its counterparts under any agreements where rights and obligations have not been transferred to the bridge bank, a bank that has lost the bridge status, may not demand deprivation of such bank of the rights to property (assets) transferred to him or reduction of such rights;
- 3) the owner of the insolvent bank's shares and the insolvent bank itself have no right to demand from the investor and / or the bridge bank or the bank which has lost the bridge status, compensation of any losses incurred as a result of transfer of the insolvent bank's property (assets) and liabilities in favor of the bridge bank on the grounds of invalidity, cancellation, annulment or recognition as illegal and invalid of any decisions, transactions or other actions taken or committed in the process of declaring the bank insolvent and its resolution.

(part 16 of article 42 as amended by
the Law of Ukraine of 16.07.2015 N 629-VIII,
in the wording of the Law of Ukraine of 13.05.2020 N 590-IX)

17. A bridge bank established in the manner provided for in paragraph 4 of part two of Article 39 of this Law, for the purpose specified in paragraph 1 of part twenty of Article 42 of this Law, loses the status of bridge after the investor fulfills all conditions of the purchase and sale contract (save for the cases of insolvent bank resolution with state involvement, provided for in Article 41 -1 of this Law), and in case of sale of the bridge bank established as the assuming bank, in the manner provided for in paragraphs 2, 3 or 4 of the second part of Article 39 of this Law, for the purpose specified in paragraph 2 of the twentieth article 42 of the Law - on the day of the DGF's message on acquisition of the bridge bank's shares to ownership by the investor. Within six months from the date when the bridge bank loses its bridge status, the National Bank of Ukraine shall exercise banking supervision over this bank, taking into account the specificities established by the regulations of the National Bank of Ukraine. Within a month, a bank that has lost the bridge bank status is obliged to submit to the National Bank of Ukraine documents approving the charter (amendments to the charter) of the bridge bank, its managers, chief internal auditor, financial monitoring officer.

(part 17 of article 42 in the wording of the Law of Ukraine of 16.07.2015 N

18. The day after signing the transfer-and-acceptance certificate (certificates) of property (assets) and liabilities in favor of the bridge bank, DGF shall submit to the National Bank of Ukraine a proposal to revoke the banking license and liquidate the insolvent bank.

(part 18 of article 42 in the wording of the Law of Ukraine of 13.05.2020 N
590-IX)

19. Deposits transferred to the bridge bank shall be guaranteed by DGF on the same terms as before the date of their transfer.

20. The bridge bank is established for the purposes of:

1) implementation of the method of insolvent bank resolution, provided for in paragraph 4 of part two of Article 39 of this Law, for a period not exceeding three months;

(paragraph 1 of part 20 of article 42 as amended by the Law of Ukraine of
16.07.2015 N 629-VIII)

2) creation of a bridge bank as the assuming bank in order to implement the method of insolvent bank resolution provided for in paragraphs 2, 3 or 4 of part two of Article 39 of this Law for a period not exceeding one year with a possible extension for up to one year.

(paragraph 2 part 20 of article 42 as amended by,
the Law of Ukraine of 13.05.2020 N 590-IX)

21. In case of creating a bridge bank for the purpose of implementing the insolvent bank resolution in the manner provided for in item 4 of part two of article 39 of this Law, such bank shall operate with the following specifics:

1) the authorized capital of the bridge bank is formed in the amount that meets the minimum requirements for the authorized capital of a joint-stock company;

2) it is not subject to the requirements established by the National Bank of Ukraine on mandatory economic standards, currency position limits, the procedure for forming and maintaining required reserves, forming provisions for losses on bank asset transactions and determining the amount of credit risk on all bank asset transactions;

3) its incorporation is carried out after receiving a written commitment from the investor to purchase a bridge bank and after the investor who won the tender pays funds the form of an additional security deposit to DGF's account opened with the National Bank of Ukraine, in the amount determined by DGF (save for cases of insolvent bank resolution with involvement of the state as provided for in Article 41

-1 of this Law).

After concluding this contract, DGF refunds the additional security deposit or its remaining balance. DGF may offset the additional security deposit against the performance of the contract of sale of bridge bank shares;

4) the bridge bank is exempt from the initial premium and regular premiums to DGF. After the bridge bank is sold to the investor, this bank pays regular premiums to DGF on a general basis;

5) the winner of the open tender is an investor whose bid meets the principle of resolving the insolvent bank at the least cost for DGF and which has undertaken to take measures to bring the bridge bank in line with banking legislation of Ukraine in terms of capital and liquidity standards or to merge a bridge bank with an existing solvent bank (save for cases of insolvent bank resolution with involvement of the state as provided for in Article 41 -1 of this Law);

6) after the completion of the procedure of creation, issuance of a banking license and transfer of property (assets) and liabilities to the investor, DGF enters into an agreement with this investor for the purchase and sale of all shares of the bridge bank. This agreement is the basis to register the investor's ownership title to the shares of the bridge bank and making other records and accounting transactions with the bank's shares in the depository system;

7) the investor is obliged to implement the action plan to bring the operation of the bridge bank in line with the requirements of banking legislation of Ukraine in terms of capital and liquidity standards, which was filed to DGF together with the bid for the acquisition of the bridge bank (save for cases of the insolvent bank resolution of with involvement of the state as provided for in Article 41 -1 of this Law);

8) under the contract of purchase and sale of shares of the bridge bank, the investor shall within the contract terms (but in any case not more than the term for which the bridge bank was created) take measures to bring the bridge bank in line with banking legislation of Ukraine in terms of compliance with capital and liquidity standards (save for cases of insolvent bank resolution with involvement of the state as provided for in Article 41 -1 of this Law). The contract should provide for penalties for improper fulfillment of this condition by the investor. The failure to fulfill this condition serves the basis for termination of the contract of sale of shares of the bridge bank at the request of DGF.

DGF is obliged to sell the bridge bank established in accordance with paragraph 1 of part twenty of this article within one month after the transfer of property (assets) and liabilities of the insolvent bank (save for cases of the insolvent bank resolution with involvement of the state as provided for in Article 41 -1 of this Law).

If during the periods specified in this part or the periods specified in Article 41 -1 of this Law (in case of the insolvent bank resolution with involvement of the state), the bridge bank is not sold to the investor, DGF enjoys the right to transfer all or part of property (assets) and all or part of liabilities of such bank to another bridge bank, or

no later than the next day after the term expiry date, DGF submits to the National Bank of Ukraine a proposal to liquidate such bank. The transfer of property (assets) and liabilities is carried out without the need to obtain an opinion of the National Bank of Ukraine on the financial condition of the bridge bank as the assuming bank and without a financial support from DGF.

The National Bank of Ukraine shall make a decision to revoke the banking license and liquidate the bank no later than five days from the date of receipt of DGF's submission prepared in accordance with the requirements of the National Bank of Ukraine.

DGF is obliged to ensure control over the activities of the bridge bank until the day of its loss of bridge status (save for cases of insolvent bank resolution with involvement of the state as provided for in Article 41 -1 of this Law). DGF is obliged to ensure uninterrupted operational activities and fulfillment of all current obligations of the bridge bank until the day of its sale, appropriate management, drafting and submission of reports in the manner prescribed by regulations of DGF.

After the investor registers the ownership title to the bank's shares in the depository system, DGF ceases its management in the bank.

In order to control the investor's performance under the sale-and-purchase contract for shares of the bridge bank, DGF shall appoint the bank curator from among its employees (save for cases of insolvent bank resolution with involvement of the state as provided in Article 41 -1 of this Law).

The DGF curator shall perform his functions provided for in this part for a period not exceeding one month from the date of his appointment.

The DGF curator enjoys the right to suspend, terminate, restrict any operations carried out by the bridge bank, except for prohibiting the exercise of voting rights on purchased shares in the bank, without seeking the consent of managers, management and control bodies of the bridge bank sold to the investor as well as controls all its transactions for compliance with legislation.

The requirements of DGF's curator are mandatory for the investor, managers, management and control bodies of the bank, as well as employees of the bank.

DGF's curator is accountable to the DGF Executive Directorate.

The investor, managers, management and supervisory bodies, employees of the bridge bank sold to the investor are accountable to the DGF curator of DGF and provide him with any information, including restricted information.

During the term of the DGF curator's office, the bank shall act in accordance with the resolution plan, as well as the restrictions set forth in parts five and six of Article 36 of this Law.

After the investor has taken measures to bring the bridge bank in line with the requirements of the banking legislation of Ukraine in terms of capital and liquidity standards in accordance with the contracted terms, DGF shall notify the National

Bank of Ukraine of the need to inspect the bank. The Bank shall provide the National Bank of Ukraine with the necessary information and documents for conducting an inspection and preparing substantiated opinion.

The National Bank of Ukraine shall conduct an inspection of the bridge bank and submit the inspection report no later than 15 working days from the date when the National Bank of Ukraine receives the notification DGF of the need to conduct the inspection.

DGF decides to terminate the powers of the DGF curator in the bridge bank nextday after receiving the inspection report of the National Bank of Ukraine, which confirms that the bridge bank has been brought in compliance with banking legislation of Ukraine in terms of capital and liquidity standards, and communicates this to the National Bank of Ukraine.

If the results of the inspection conducted by the National Bank of Ukraine do not confirm that the bridge bank has been brought in compliance with banking legislation of Ukraine in terms of capital and liquidity standards, DGF submits a proposal to the National Bank of Ukraine to liquidate such bank. The National Bank of Ukraine shall make a decision to revoke the banking license and liquidate the bank no later than five days from the date of receipt of DGF's submission prepared in accordance with the requirements of the National Bank of Ukraine.

After the National Bank of Ukraine makes such a decision, DGF enjoys the right to transfer all or part of the property (assets) and all or part of the liabilities to another bridge bank. In this case, the transfer of all or part of the property (assets) and all or part of the liabilities is carried out without the need to obtain an opinion of the National Bank of Ukraine on the financial condition of the bridge bank to be the assuming bank and without financial support from DGF.

(part 21 of article 42 amended by
the laws of Ukraine of 28.12.2014 N 78-VIII,
of 16.07.2015 N 629-VIII,
in the wording of the Law of Ukraine of 13.05.2020 N 590-IX)

22. In case of cresting a bridge bank as an assuming bank in order to implement the method of insolvent bank resolution provided for in paragraphs 2, 3 or 4 of part two of Article 39 of this Law, such bank shall operate with the following specifics:

- 1) the authorized capital of the bridge bank is formed in the amount that meets the requirements of the National Bank of Ukraine to the authorized capital of a bank;
- 2) the bridge bank is formed by the decision of the DGF executive directorate;
- 3) the bridge bank must ensure compliance with the requirements established by the National Bank of Ukraine regarding capital and liquidity ratios, three months after its establishment;
- 4) banking supervision of such a bank shall be exercised by the National Bank of Ukraine taking into account the specificity and in accordance with the procedure

established by the regulations of the National Bank of Ukraine;

5) all or part of the property (assets) and all or part of the liabilities of the insolvent / another bridge bank are transferred to the bridge bank without financial support from DGF;

6) the amount of property (assets) and liabilities of the insolvent bank transferred to the bridge bank shall be identical (save for cases of the insolvent bank resolution with involvement of the state as provided for in Article 41 -1 of this Law), and the liabilities of the insolvent bank guaranteed by DGF may not be transferred in part;

7) property (assets) and liabilities of the parties related to the insolvent bank as specified in the list provided by the National Bank of Ukraine shall not be transferred to the bridge bank (save for cases of the transfer of property (assets) and liabilities to another bridge bank);

8) the bridge bank is exempt from initial and regular premiums to DGF. From the date when the bridge bank loses its bridge status, this bank shall pay premiums to DGF on a general basis.

In addition, all or part of the property (assets) and all or part of the liabilities of systemically important banks may be transferred as part of their resolution plans in the manner and under the conditions specified herein, and, provided the targeted decision of the executive directorate – of other banks not having the status of systemically important.

DGF is obliged to sell the bridge bank within a year from the date of its establishment. Given the reasonable grounds, this term may be extended by the DGF Executive Directorate for up to one year.

If the investor does not intend to buy a bridge bank within the terms specified in this part, DGF enjoys the right to transfer all or part of the property (assets) and all or part of the liabilities of such bank to another assuming bank, or no later than the day following the deadline – submit to the National Bank of Ukraine a proposal to liquidate such bank.

The National Bank of Ukraine shall make a decision to revoke the banking license and liquidate the bank no later than five days from the date of receipt of DGF's submission prepared in accordance with the requirements of the National Bank of Ukraine.

(part 22 of article 42 as amended by
the Law of Ukraine of 16.07.2015 N 629-VIII,
in the wording of the Law of Ukraine of 13.05.2020 N 590-IX)

23. DGF, as the owner of the bridge bank, shall not be liable for damages, non-pecuniary damage or other damages suffered by the creditors of such bank, as well as for actions or omissions taken in accordance with the insolvent bank resolution plan.

DGF is obliged to ensure control over the operation of the bridge bank until the day the latter loses its bridge status (save for cases of insolvent bank resolution with

involvement of the state as provided for in Article 41 -1 of this Law). DGF is obliged to ensure the uninterrupted operational activities and fulfillment of all current obligations of the bridge bank until the day of its sale, secure appropriate management, drafting and submission of reports in the manner prescribed by regulations of DGF.

(subparagraph 2 of part 23 of article 42 in the wording of the Law of Ukraine of 13.05.2020 N 590-IX)

(article 42 in the wording of the Law of Ukraine of 04.07.2014 N 1586-VII)

24. The Bank is obliged to provide DGF's curator with access to all information (including databases) for DGF to perform its functions defined by law. Obstruction of the access of the DGF curator to any information on the bridge bank, its participants, bank related parties, counterparts, etc. serves the basis for DGF to appeal to the National Bank of Ukraine with a proposal to revoke the banking license and liquidate the bank.

(subparagraph 1 of part 24 of article 42 as amended by, the Law of Ukraine of 13.05.2020 N 590-IX)

Persons who intentionally obstruct the access of DGF's curator to the bank, its premises, information (operating systems, assets, books, records, documents, etc.) shall entail the liability specified in part four of Article 37 of this Law.

(article 42 supplemented with part 24 pursuant to the Law of Ukraine of 16.07.2015 N 629-VIII)

Article 42¹. Removed

(The Law supplemented with article 42¹ pursuant to the Law of Ukraine of 16.07.2015 N 629-VIII, article 42¹ removed pursuant to the Law of Ukraine of 13.05.2020 N 590-IX)

Article 43. Financial support on the part of DGF

1. The DGF may provide financial support to the assuming bank or bridge bank in the form of compensation for assumed liabilities or in the form of a loan by the DGF Executive Directorate decision.

(part 1 of article 43 as amended by the laws of Ukraine of 04.07.2014 N 1586-VII, of 16.07.2015 N 629-VIII, of 01.04.2022 N 2180-IX)

2. The amount of compensation to the assuming bank or the bridge bank shall be based

on the analysis of the least cost bank resolution method, determined in the insolvent bank resolution plan, and may not exceed the amount of liabilities to depositors, up to the guaranteed deposit reimbursement ceiling, that were transferred to the bridge bank or the assuming bank less the value of assets transferred to the assuming bank or the bridge bank.

(part 2 of article 43 as amended by
the Law of Ukraine of 04.07.2014 N 1586-VII)

3. In case of a bank resolution by transferring part or all its assets and liabilities to the assuming bank or bridge bank, the DGF may provide such bank with financial support in the form of a loan on maturity conditions and interest to be paid not less than the NBU discount rate.

The amount of the loan granted by the DGF to the assuming bank or bridge bank shall not exceed the total amount of DGF's covered deposits and transferred by the insolvent bank to such assuming or bridge bank.

(article 43 supplemented with new part
pursuant to the Law of Ukraine of 04.07.2014 N 1586-VII,
in the wording of the Law of Ukraine of 01.04.2022 N
2180-IX)

4. Financial support shall not be provided to any troubled or insolvent bank or for the benefit of participants of such banks.

(article 43 in the wording of
the Law of Ukraine 02.10.2012 N 5411-VI)

Section VIII

LIQUIDATION OF BANKS

Article 44. Bank liquidation and appointment of the DGF authorized officer

1. The National Bank of Ukraine takes a decision to revoke the banking license and liquidate the bank on the proposal of DGF and on other grounds provided by the Law of Ukraine 'On Banks and Banking'.

2. DGF submits to the National Bank of Ukraine a proposal to revoke the banking license and liquidate the bank:

1) in accordance with the resolution plan;

2) in case of expiration of the bank provisional administration term and / or non-fulfillment of the resolution plan;

3) in other cases stipulated by law.

3. The National Bank of Ukraine is obliged to make a decision to revoke the banking

license and liquidate the bank within five days from the date of receipt of DGF's proposal to liquidate the bank. The National Bank of Ukraine shall inform DGF of the decision to revoke the banking license and liquidate the bank no later than the day following the day of such decision.

4. DGF shall start the bank liquidation procedure no later than the next business day after the official receipt of the decision of the National Bank of Ukraine to revoke the banking license and liquidate the bank, unless the liquidation is initiated by the bank owners.

(part 4 of article 44 in the wording of
the Law of Ukraine of 16.07.2015 N 629-VIII)

5. During three years from the starting date of the bank liquidation procedure (in case of liquidation of a systemically important bank - within five years) DGF shall ensure the implementation of measures to manage the property (assets) of the bank and meet creditor claims.

DGF enjoys the right to decide on the extension of the term of management of property (assets) of the bank and satisfaction of creditor claims in case of circumstances that prevent the sale of property (assets) of the bank and satisfaction of creditor claims for the duration of such circumstances.

The following circumstances serve grounds for DGF to extend the term of liquidation:

no access for DGF or the DGF authorized officer to the bank during the liquidation, to its property (assets), books, records, documents, databases;

entry into force of a court decision to overturn or invalidate the decision of the DGF Executive Directorate to initiate the bank liquidation procedure, if DGF appeals against this court decision;

failure to satisfy all creditor claims to the bank provided the availability of the bank's property (assets) not sold due to decisions of the court or other competent authority, which resulted in the lack of ability to sell property (assets) in the manner prescribed by parts six to thirteen of Article 51 of this Law or for the reason of non-granted statutory permit or consent to enter into the property (assets) alienation transaction.

(part 5 of article 44 as amended by
Law of Ukraine of 04.07.2014 N 1586-VII,
in the wording of the Laws of Ukraine
of 16.07.2015 N 629-VIII,
of 13.05.2020 N 590-IX)

6. DGF, in case that the property (assets) is unavailable or all creditor claims are met in the manner prescribed by the regulations of DGF, approves the liquidation balance sheet and report on the implementation of the liquidation procedure.

(article 44 supplemented with part 6 pursuant to the Law of Ukraine of 13.05.2020 N 590-IX)

7. Within a two-month term from the date of liquidation balance sheet and liquidation procedure report, DGF submits documents to make the bank termination record in the Unified State Register of Legal Entities, Sole Proprietors and Public Associations.

DGF enjoys the right to extend the deadline for submission of documents to make the bank termination record in the Unified State Register of Legal Entities, Sole Proprietors and Public Associations for the time required to completely implement:

measures to recover damages (loses) caused by decisions, actions or omissions of the parties specified in part 5 of article 52 of this Law;

measures to initiate processes, suits or proceedings and receive recovery (compensation) of damages (losses) inflicted to the bank as a result of:

direct or indirect nationalization or expropriation of the bank's property (investments), measures taken in relation to such investments, that entail consequences equal to expropriation;

requisition, destruction, damage or impairment of property (investment) of the bank as a result of hostilities, armed conflicts, riots or other similar actions.

(subparagraph 2 part seven of article 44 replaced with five subparagraphs pursuant to the Law of Ukraine of 30.06.2021 N 1588-IX)

(article 44 supplemented with part 7 pursuant to the Law of Ukraine of 13.05.2020 N 590-IX)

Article 45. Announcement of the bank liquidation

1. DGF, no later than on the business day following the day of receipt of the decision of the National Bank of Ukraine decision to revoke the banking license and liquidate the bank, shall place this information on its official website.

2. DGF shall publish information on the bank liquidation in the newspaper 'Uriadoviy Currier' or 'Holos Ukrainy' not later than seven days from the date of the bank liquidation procedure.

(part 2 of article 45 as amended by the Law of Ukraine of 04.07.2014 N 1586-VII, in the wording of the Law of Ukraine of 16.07.2015 N 629-VIII)

3. Information on the bank liquidation must contain:

- 1) name and other details of the bank in liquidation;
- 2) date and number of the decision of the National Bank of Ukraine to revoke the

banking license and liquidate the bank;

3) the date and number of the decision of the DGF Executive Directorate on the beginning of the bank liquidation procedure;

4) information on the place and deadline to accept creditor claims.

(part 3 of Article 45 in the wording of the Law of Ukraine of 16.07.2015 N 629-VIII)

4. DGF shall, within seven days from the starting day of the bank liquidation procedure, place an announcement containing information on the bank liquidation in accordance with part three of this Article in all premises of the bank where customer service is provided.

(part 4 of Article 45 in the wording of the Law of Ukraine of 16.07.2015 N 629-VIII)

5. Within 30 days from the date of publishing the information on the revocation of the banking license, liquidation of the bank, creditors enjoy the right to present to DGF their claims against the bank. Claims of household depositors in the amount up to the deposit reimbursement ceiling guaranteed by DGF are not subject to filing.

(subparagraph 1 of part 45 as amended by the Law of Ukraine of 16.07.2015 N 629-VIII)

In case of liquidating a bank that has bond liabilities, the bond issue administrator, who is the creditor for the purposes of this Law, files with DGF a claim against this bank in the interests of all holders of bonds of the relevant issue. This claim of the bond issue administrator filed in the interests of all the holders of same issue bonds shall be treated as the single creditor claim. Given that, no identification of each bond holder is required

(part 5 of Article 45 supplemented with a new subparagraph 2 in accordance with the Law of Ukraine of 19.06.2020 N 738-IX, therefore subparagraph 2 shall be deemed to be subparagraph 3)

In case of appointing the DGF authorized officer, who holds the DGF-delegated authority to compile a register of accepted creditor claims, the creditors shall present their claims against the bank to such authorized officer of DGF.

(part 5 of Article 45 supplemented with subparagraph 3 in accordance with the Law of Ukraine of 16.07.2015 N 629-VIII)

Article 46. Implications of the start of a bank liquidation procedure

(Name of article 46 in the wording of the Law of Ukraine)

1. Part 1 of article 46 removed

(in accordance with the Law of Ukraine of 16.07.2015 N 629-VIII)

2. From the starting day of the bank liquidation procedure:

(subparagraph 1 of part 2 of article 46 in the wording of the Law of Ukraine of 16.07.2015 N 629-VIII)

1) terminated shall be all the powers of the bank governance bodies (general meeting, supervisory board and management board) and bodies of control (audit committee and internal audit). If the bank in liquidation has been under provisional administration, the provisional administration in this bank shall be terminated from the date of the decision to revoke the banking license and liquidate the bank. Senior managers of the bank are dismissed in connection with the bank liquidation;

(paragraph 1 of part 2 of article 46 as amended by the Law of Ukraine of 04.07.2014 N 1586-VII, in the wording of the Law of Ukraine of 30.06.2021 N 1587-IX)

2) the banking activity of the bank shall end with the completion of the technological cycle of specific transactions if this contributes to the preservation or increase of the liquidation pool;

3) all cash liabilities of the bank and the obligation to pay taxes and contributions (mandatory payments) are deemed to be matured;

4) paragraph 4 of part 2 of article 46 removed

(paragraph 4 of part 2 of Article 46 as amended by the Law of Ukraine of 04.07.2014 N 1586-VII, in the wording of the Law of Ukraine of 16.07.2015 N 629-VIII)

4¹) accrual of interest, commissions, fines, other expected income on bank asset transactions may be terminated within the period specified in the agreements with the bank's customers if it contributes to the preservation or increase of the liquidation pool;

(part 2 of article 46 supplemented with paragraph 4¹ in accordance with the Law of Ukraine of 04.07.2014 N 1586-VII)

5) information on the bank's financial position, the debtors having overdue liabilities (on principal and interest) before the bank, as well as information on the bank's claims against such debtors cease to be confidential or constitute bank secrecy;

(paragraph 5 of part 2 of article 46 in the wording of the Law of Ukraine of 30.06.2021 N 1587-IX)

6) DGF takes measures to implement the resolution plan, which provides for the bank resolution in the manner prescribed by paragraph 2 of part two of Article 39 of this Law, and alienates property (assets) and liabilities in accordance with Article 40 of this Law in favor of the assuming bank during 30 days following the date of publication of information in accordance with part two of Article 45 of this Law. The exercise of transactions related to the alienation of property (assets) of the bank or the transfer of its property to third parties (other than the assuming bank) is allowed in the manner prescribed by Article 51 of this Law;

(paragraph 6 of part 2 of article 46 in the wording of the Law of Ukraine of 13.05.2020 N 590-IX)

7) public encumbrances or restrictions on disposition (including attachments, bans on decisions to sell or make other actions on sale) of any property (assets) including cash of the bank. Imposition of new encumbrances or restrictions (including attachments, bans on decisions to sell or make other actions on sale) on the bank's property (assets) including cash shall be disallowed.

(paragraph 7 of part 2 of article 46 in the wording of the Law of Ukraine of 30.06.2021 N 1587-IX)

8) it is prohibited to offset counterclaims, including homogeneous counter-claims, terminate liabilities by agreement (consent) of parties (including by direct debit), debt forgiveness, combination of debtor and creditor in one party through conclusion of any transactions/ deeds with other party other than the bank, offset at request of one of the parties. The restrictions established in this paragraph do not apply to transactions where liabilities are terminated under liquidation netting procedure conducted in line with procedure established in Article 54¹ of this Law, and termination of liabilities by offsetting homogeneous counter-claims of a debtor who is simultaneously a creditor of the bank in liquidation.

Homogeneous counter-claims of a debtor who is simultaneously a creditor of the bank in liquidation are offset when DGF meets the appropriate tier of creditor claims, which includes the claims of this creditor, provided his/her application and in the amount not exceeding the amount of accepted claims on the application of the bank.;

(paragraph 8 of part 2 of article 46 as amended by the Law of Ukraine of 19.06.2020 N 738-IX, in the wording of the Law of Ukraine of 30.06.2021 N 1588-IX)

paragraph 10 of part 2 of article 46 removed

(pursuant to the Law of Ukraine of 13.05.2020 N 590-IX)

subparagraph 11 of part 2 of article 46 removed

(pursuant to the Law of Ukraine of 13.05.2020 N 590-IX)

subparagraph 12 of part 2 of article 46 removed

(pursuant to the Law of Ukraine of 13.05.2020 N 590-IX)

subparagraph 13 of part 2 of article 46 removed

(pursuant to the Law of Ukraine of 13.05.2020 N 590-IX)

(part 2 of article 46 supplemented with paragraph 8 pursuant to the Law of Ukraine of 16.07.2015 N 629-VIII)

9) replacement of the creditor under the bank's liability does not change the tier of accepted creditor claims defined in article 52 of this Law.

(part 2 of article 46 supplemented with paragraph 9 in accordance with the Law of Ukraine of 30.06.2021 N 1588-IX).

3. During the liquidation procedure, no additional liability may emerge in the bank (including on payment of taxes and contributions (mandatory payments), except for costs directly related to the liquidation procedure.

Claims on the bank's liabilities to pay taxes and contributions arising in the course of liquidation may be presented only within the liquidation procedure and shall be paid as the seventh tier pursuant to Article 52 of this Law.

(paragraph 2 of part 3 of article 46 as amended by the Law of Ukraine of 16.07.2015 N 629-VIII, in the wording of the Law of Ukraine of 30.06.2021 N 1588-IX)

(part 3 of article 46 in the wording of the Law of Ukraine of 04.07.2014 N 1586-VII)

4. Within 15 days, but not later than the deadlines set by DGF, the bank senior managers (if the bank did not undergo provisional administration) secure the transfer of accounting and other bank documents, seals and stamps, tangible and other valuables to DGF / the DGF authorized officer. In case of evasion of the specified duties, the perpetrators shall be held liable before the law.

(part 4 of article 46 as amended by the Law of Ukraine of 04.07.2014 N 1586-VII, in the wording of the Law of Ukraine of 16.07.2015 N 629-VIII)

6. Any person who intentionally impedes the access of DGF and the DGF authorized officer to the bank, its premises, means of communication, operating systems, assets, books, records, documents, shall be liable for such illegal actions in accordance with

the legislation of Ukraine.

(part 5 of article 46 in the wording of
the Law of Ukraine of 16.07.2015 N 629-VIII)

Article 47. Working arrangements for the DGF authorized officer

1. The DGF authorized officer (several authorized officers of DGF) is designated by the DGF Executive Directorate. The DGF authorized officer is subject to the rules and requirements set forth in Article 35 of this Law.

2. Decisions of the DGF authorized officer are binding on the employees of the bank in liquidation.

3. The authority of DGF defined by this Law may be delegated in full or in part to one or several more authorized officers of DGF, except for organizing the asset sales for the bank in liquidation and filing claims and suits seeking the damages specified in parts 5 and 10 of article 52 of this Law. In case of delegating the authority to several authorized officer, DGF shall clearly indicate the limits of authority of each of them.

(part 3 of article 47 in the wording of the Laws of Ukraine of 16.07.2015 N 629-VIII, of 30.06.2021 N 1588-IX)

(article 47 in the wording of the Law of Ukraine of 16.07.2015 N 629-VIII)

4. Part 4 of article 47 removed

(article 47 supplemented with part 4 in accordance with the law of Ukraine of 16.07.2015 N 629-VIII, part 4 of article 47 removed in accordance with the Law of Ukraine of 30.06.2021 N 1588-IX)

Article 48. Authority of DGF in the course of bank liquidation

DGF directly or by delegating the authority to a DGF authorized officer, exercises the following authority from the starting day of bank liquidation:

- 1) exercise the powers of the bank governance bodies;
- 2) takes over the management of the bank's property (including cash), takes measures to ensure its preservation, forms the liquidation pool, performs management functions and sells the bank's property;
- 3) compiles the register of accepted creditor claims (makes changes to it) and takes measures to meet creditor claims;
- 4) take measures in accordance with the statutory procedure to collect receivables of the bank, debts of borrowers to the bank and search, detection, return (recovery) of bank property held by third parties, update the information contained in the Credit Register of the National Bank of Ukraine;

(paragraph 4 of part 1 of article 48 as amended by the Law of Ukraine of 06.02.2018 N 2277-VIII, amendments made by paragraph 3 of section I

of the Law of Ukraine of 06.02.2018 N 2277-VIII, take effect from 04.05.2018)

- 5) dismiss employees of the bank in accordance with the labor legislation of Ukraine;
- 6) declares refusal to perform contracts and terminates them in the manner prescribed by law. This paragraph shall not apply to the transactions with liabilities terminated in the liquidation netting procedure carried out in accordance with the procedure established in Article 54. -1 of this Law;

(paragraph 6 of part 1 of article 48 as amended by the Law of Ukraine of 19.06.2020 N 738-IX)

- 7) in due order, passes for storage the bank documents that are subject to mandatory storage;
- 8) exercises powers stipulated in part two, Article 37 of this Law;

(paragraph 8 of part 1 of article 48 in the wording of the Law of Ukraine of 30.06.2021 N 1588-IX)

- 9) disposes of the bank's assets and / or liabilities, if such action is anticipated under the resolution plan, or in other cases provided by this Law;
- 10) returns to the initiator the cash remitted to the bank's correspondent account for crediting to the current accounts of the bank's clients or for payment of transfers during the liquidation procedure before the bank opens an accumulation account with the National Bank of Ukraine (except for DGFs arriving with the purpose of paying liabilities to the bank).

2. DGF may exercise other powers that are necessary to complete the bank liquidation procedure.

All or part of the powers of DGF, defined in this Law, may be delegated to one or more DGF authorized officers. In case of delegating powers to several authorized officers, DGF shall clearly indicate the limits of authority of each of them. The powers of bank governance bodies may be delegated only to one authorized officer.

4. DGF enjoys the right to involve in its work other persons whose remuneration is made at the expense of the bank in liquidation, within the expense budget approved by the DGF Executive Directorate.

5. DGF enjoys the right to restructure a client debt to the bank in liquidation in accordance with the procedure established by DGF's regulations, including by way of:

- 1) amending the term of use of the property (asset) by the bank client (clients), including for a period exceeding the bank liquidation term;
- 2) partial fulfillment of liabilities;
- 3) changes in the interest rate on the loan;

- 4) changes in the type of collateral that will increase the value of property (asset) securing performance of the contract;
- 5) waiver of fines / interest penalties, forfeiture.

(part 5 of article 48 in the wording of the Law of Ukraine of 13.05.2020 N 590-IX)

(article 48 as amended by the Law of Ukraine of 04.07.2014 N 1586-VII, in the wording of the Law of Ukraine of 16.07.2015 N 629-VIII)

Article 49. Measures to prepare for meeting the creditor claims

1. DGF shall terminate the acceptance of creditor claims after 30 days from the date of publication of information in accordance with part two of Article 45 of this Law. Any claims arriving after this period expires shall be deemed to be repaid, except for depositor claims in the amount up to the deposit reimbursement ceiling guaranteed by DGF.

(part 1 of article 49 as amended by the Law of Ukraine of 16.07.2015 N 629-VIII)

2. Within 90 days from the date of publication of information in accordance with part two of Article 45 of this Law, DGF takes the following measures:

(paragraph 1 of part 2 of article 49 as amended by the Law of Ukraine of 16.07.2015 N 629-VIII)

- 1) determines the amount of debt before each creditor and allocates the claims to a certain tier;
- 2) rejects the claims in case they are not confirmed by the factual data available to DGF, and, if necessary, declares in the statutory manner the objections to the creditor claims filed with the bank;

(paragraph 2 of part 2 of article 49 as amended by the Law of Ukraine of 16.07.2015 N 629-VIII)

3) compiles a register of accepted creditor claims in accordance with the requirements established by the regulatory acts of DGF.

(part 3 of article 49 as amended by the Law of Ukraine of 04.07.2014 N 1586-VII)

3. The register of accepted creditor claims and changes thereto shall be subject to approval by the DGF Executive Directorate.

(part 3 of article 49 as amended by the Law of Ukraine

4. Any disputes concerning the acceptance of creditor claims shall be settled incourt. Litigation on such claims does not terminate the liquidation proceedings.

5. Within 20 days from the date of approval of the register of accepted creditor claims, DGF shall notify creditors of the acceptance of their claims by posting a notice on the official website of DGF, insolvent bank, as well as on the premises of such bank in a place accessible to visitors.

(part 5 of article 49 in the wording of the Law of Ukraine of 04.07.2014 N 1586-VII, as amended by the Law of Ukraine of 16.07.2015 N 629-VIII)

6. DGF has no right to satisfy creditor claims until the register of accepted creditor claims is approved, except for the purpose of meeting creditor claims under the transactions securing the liquidation procedure, if such satisfaction of claims is approved by the DGF Executive Directorate.

(part 6 of article 49 in the wording of the Law of Ukraine of 16.07.2015 N 629-VIII)

7. DGF is obliged within 60 days from the starting date of the bank liquidation procedure to send a notice to all customers who use the services of safekeeping, the need to withdraw their valuables within one month from the date of notification. Tangible assets that were in the safekeeping by the bank and were not withdrawn by the owners within the period specified in the notice are deemed to be funds that cannot be claimed by creditors of the bank. Such valuables are transferred to DGF for returning to the rightful owners.

(part 7 of article 49 as amended by the Law of Ukraine of 16.07.2015 N 629-VIII)

8. Claims not included in the register of accepted creditor claims shall not be satisfied in the liquidation procedure and shall be deemed to be repaid.

Article 50. Building the bank liquidation pool

1. From the starting day of the bank liquidation procedure, DGF shall commence the stock-taking and assessment of the bank's property in order to build the liquidation pool of the bank.

(part 1 of article 50 as amended by the Law of Ukraine of 16.07.2015 N 629-VIII)

2. The liquidation pool of a bank includes any immovable and movable property, funds, property rights and other assets of the bank. The liquidation pool of the bank

does not include property that is the item of property in trust, other property in cases expressly provided by law, as well as banknotes and coins transferred by the National Bank of Ukraine for storage and operations, license, goodwill.

(subparagraph 1 of part 2 of article 50 as amended by
the laws of Ukraine of 16.07.2015 N 629-VIII,
of 05.07.2018 N 2491-VIII,
of 20.09.2019 N 132-IX)

DGFs remaining after the satisfaction of secured claims and covering the costs associated with the maintenance, preservation and sale (transactions with the participation of the bank) of the collateral shall be included into the liquidation pool.

If the bank's property includes property withdrawn from circulation, DGF is obliged to transfer it to the appropriate persons in the prescribed manner.

(subparagraph 3 of part 2 of article 50 as amended by
the Law of Ukraine of 16.07.2015 N 629-VIII)

DGF, having identified a share owned by the bank in the joint property, in order to meet creditor claims in the prescribed manner raises the issue of spinning off this share.

(subparagraph 4 of part 2 of article 50 as amended by
the Law of Ukraine of 16.07.2015 N 629-VIII)

Property in respect of which the bank performs as a user or a custodian shall be returned to its owner in accordance with the law or contract.

(part 2 of article 50 in the wording of
the Law of Ukraine of 04.07.2014 N 1586-VII)

3. The bank's property included in the liquidation pool shall be subject to valuation by DGF in accordance with the procedure established by DGF. The list of the bank's property to be evaluated by appraisers shall be established by DGF. To evaluate the property, DGF enjoys the right to involve appraisers with payment for their services at the expense of the liquidation pool of the bank.

(part 3 of article 50 as amended by
the laws of Ukraine of 04.07.2014 N 1586-VII,
of 16.07.2015 N 629-VIII)

4. The inventory of the bank's property and the formation of the liquidation pool must be completed within six months from the date of the decision to liquidate the bank and revoke the banking license. The results of the stock-taking and building the liquidation pool are shown in the certificate subject to approval by the DGF Executive Directorate.

5. Mortgage assets managed by the bank, items of trust property, as well as balances on the account of the construction financing fund or property of the real estate fund including funds on its account managed by the bank, are not included in the bank liquidation pool. Such assets are disposed in accordance with the Civil Code of Ukraine, the Law of Ukraine ‘On Finance and Credit Arrangements and Property Management in Residential Construction and Real Estate Transactions’.

(subparagraph 1 of part 5 of article 50 in the wording of the Law of Ukraine 20.09.2019 N 132-IX, as amended by the Law of Ukraine of 19.06.2020 N 738-IX)

The bank’s assets included in the mortgage coverage of mortgage bonds are not included in the liquidation pool of the bank. The alienation of these assets, including compulsory alienation, is carried out in the manner prescribed by the Law of Ukraine ‘On Mortgage Bonds’.

The assets of a private pension plan (other than deposits) held by a bank are not included in the liquidation pool of this bank. The returning of these assets is carried out in accordance with the Law of Ukraine ‘On Non-Government Pension Provision’.

(part 5 of article 50 in the wording of the Law of Ukraine of 04.07.2014 N 1586-VII)

Article 51. Selling the property of a bank in liquidation

1. The DGF Executive Directorate approves measures for pre-sale preparation of property of one or more banks (property combined into pools of assets, integral property units, blocks of shares, etc.), repair of fixed assets, completion of construction in progress, implementation of development projects (in particular, transactions of real estate maintenance) on land owned by the bank with the involvement of investments, taking individual parts, assemblies, units from unserviceable property etc. for follow-up sale.

2. From the starting date of bank liquidation, DGF starts pre-sale preparation and sales of the bank’s property (assets) in the manner prescribed by this Law and by the DGF regulatory documents at the highest value and as soon as possible.

(part 2 of article 51 in the wording of the Law of Ukraine of 30.06.2021 N 1588-IX)

3. DGF approves the methods, procedure, composition and conditions of the alienation of the bank’s property included in the liquidation pool, if necessary, organizes the consolidated sale of property of several banks that undergo liquidation simultaneously.

DGF is prohibited from alienating the property of the bank until the DGF Executive Directorate approves the manner, procedure, composition, and terms of alienation of

the property of the bank, except when the DGF Executive Directorate grants permission to alienate selected property in order to prevent losses or risks of the property loss or damage, as well as in cases provided for by this Law.

5. In order to receive income, DGF enjoys the right to enter into agreements on the transfer of certain property (assets) of an insolvent bank for lease until this property is sold in the prescribed manner.

6. Property (assets) of a bank or several banks (pools of assets) can be sold as follows:

- 1) at open bidding (auction);
- 2) by selling directly to a legal or natural person.

The sale of property (assets) of the bank in the manner provided for in this part may be carried out in electronic form (on electronic platforms).

7. The procedure for selling the bank's property during the liquidation procedure is regulated by the regulatory acts of DGF.

The DGF Executive Directorate decides on:

- 1) approval of the list of the bank's property that is not subject to sale;
- 2) pooling the property of a bank or several banks and / or selling individual inventory items;
- 3) terms and measures of pre-sale preparation of property;
- 4) approval of the conditions of an open bidding (including auctions conducted by price increase / decrease methods and without limiting the reserved price of the property), including the size of the security deposit, lot and auction increment, price reduction, establishment or refusal to establish reserved selling price;
- 5) limitation of the total number of open auctions in which the same objects or asset pools are offered for sale;
- 6) conducting open bidding (auctions) by the DGF authorized officer or a trade intermediary, exchange, etc., including in the case of selling asset pools made of the property of several banks.

(paragraph 6 of part 7 of article 51 as amended by
the Law of Ukraine of 19.06.2020 N 738-IX)

Information on the selected method and procedure of sale (conditions, terms, payment procedure, venue, starting price, etc.) of the property of a bank or several banks is published on the official website of DGF and the website of the bank whose property is put up for sale.

8. The auctioneer (auction organizer) that is legal entity, which in accordance with its constituent documents enjoys the right to conduct the auction, may be engaged on contractual basis for holding an open auction. The auctioneer must not have a conflict of interest with the bank whose property is put up for sale.

9. The restricted property of a bank is subject to sale at open auctions. Such auctions are attended by persons who, in accordance with the law, may hold this property in ownership or on the basis of other property law and have the appropriate licenses and permits.

10. DGF organizes the sale of financial instruments through a professional capital market participant in the manner prescribed by law, in accordance with the agreement concluded between DGF and an investment firm.

(part 10 of article 51 in the wording of
the Law of Ukraine of 19.06.2020 N 738-IX)

11. The sale of shares of a private joint-stock company or shares of a limited or additional liability company owned by a bank shall be carried out taking into account the laws of Ukraine 'On Joint-Stock Companies' and 'On Business Associations'.

12. DGF enjoys the right to sell bank property as a single property unit or by parts.

(part 12 of article 51 in the wording of
the Law of Ukraine of 30.06.2021 N 1588-IX)

13. Sale at open auctions without limitation of the reserved price or directly to a legal or natural person shall apply to:

- 1) fixed assets with estimated value not exceeding 10 minimum wages on the day of sale;
- 2) low-value and perishable items, non-current assets of a bank, etc., with the book value for the relevant group below 10 minimum wages on the day of sale - without independent appraisal.

Such property may be sold directly by DGF or for commission through a retail outlet.

14. Property (assets) of the bank remaining at the end of the bank liquidation procedure, in case of the failure to meet all creditor claims to the bank shall be sold via open bidding (auction) without limiting the reserved price.

15. In the case of selling asset pools of several banks, the sale-related proceeds and expenses are distributed among banks in proportion to the value of property (assets) of the respective banks in the pool.

16. Bad debts remaining at the end of the bank liquidation procedure (bank claims on loans, bank-owned securities, receivables), on which less than 5 percent can be collected as suggested by the document analysis exercised by DGF, are written off the bank's balance sheet.

17. DGF is obliged to publish information about the sold property (assets) in the printed media, determined by the DGF Executive Directorate, on the website of the bank and the official website of DGF. Requirements to the content and timing of the information disclosure on information on the sale of bank property are regulated by

regulatory documents of DGF.

(article 51 amended by the Law of Ukraine of 04.07.2014 N 1586-VII, in the wording of the Law of Ukraine of 16.07.2015 N 629-VIII)

18. Disallowed shall be to secure a claim by imposing a ban or compelling DGF, a bank classified as insolvent, a bank in liquidation under this Law, their officials, other persons while DGF is selling the property (assets) of the insolvent bank, to perform certain actions or by compelling such persons to refrain from certain actions.

(article 51 supplemented with part 18 pursuant to the Law of Ukraine of 13.05.2020 N 590-IX)

Article 52. Tiers and procedure of meeting claims presented to the bank, payment of expense and making payments

1. Funds received from the liquidation and sale of property (assets) of a bank, and investment of temporarily free funds of a bank into government securities shall be channeled by the DGF to satisfy creditor claims in the following tiers:

(subparagraph 1 of article 52 in the wording of the Law of Ukraine of 30.06.2021 No 1588-IX)

- 1) liabilities arising from causing damage to life and health of citizens;
- 2) monetary claims of wages, that arose from the bank's obligations to employees before the decision to revoke the banking license and liquidate the bank;
- 3) claims of the DGF arising in cases specified by this Law;

(paragraph 3 of part 1 of article 52 as amended by the Law of Ukraine of 16.07.2015 No 629-VIII in the wording of the Law of Ukraine of 30.06.2021 No 1588-IX)

- 4) claims of retail depositors (including sole proprietors) who are not bank related parties, in the part exceeding the amount paid out by DGF;
- 5) claims of the National Bank of Ukraine arising from the impairment of collateral provided to secure refinancing loans, as well as to ensure the return of banknotes and coins transferred by the National Bank of Ukraine for safekeeping and transactions;

(paragraph 5 of part 1 of article 52 as amended by the Law of Ukraine of 05.07.2018 No 2491-VIII)

- 6) claims of individuals (including sole proprietors) who are not bank related parties, whose payments or payments to whom are frozen;
- 7) claims of other depositors who are not bank related parties, and claims of the

bank's corporate clients who are not bank related parties;

(paragraph 7 of article 52 in the wording of the Law of Ukraine of 30.06.2021 No 1587-IX)

8) other claims, save for claims under subordinated debt;

9) claims of bank creditors (individuals, including sole proprietors, as well as legal entities), which are related parties of the bank;

10) claims under subordinated debt;

11) claims under the instruments containing the terms of write-off/bail-in.

(part 1 of article 52 supplemented with subparagraph 12 pursuant to the Law of Ukraine of 30.06.2021 No 1587-IX, in connection with this, subparagraph 12 shall be deemed to be subparagraph 13)

Claims to the bank that remain outstanding as a result of liquidation procedure and sale of bank's property (assets) as of the date of the liquidation balance sheet, shall be treated as repaid.

(subparagraph 1 of article 52 in the wording of the Law of Ukraine of 30.06.2021 No 1588-IX)

DGF enjoys the right to approach the parties referred to in parts 5 and 10 of this article who are legally liable for damages (losses) inflicted on the bank, to present claims and file lawsuits seeking damages inflicted on the bank, if there are creditor claims specified in paragraphs 1- 8 of the part herein, save for claims on subordinated debt and claims of creditors who are bank related parties.

(part 1 of article 52 supplemented with subparagraph pursuant to the Law of Ukraine of 30.06.2021 No 1588-IX)

DGF enjoys the right to approach persons legally liable for damages (losses) inflicted on the creditors whose claims remain outstanding after liquidation is completed - in the event of termination of the insolvent bank or the bank subject to termination on the grounds set in part 2, Articles 77 of the Law of Ukraine 'On Banks and Banking'.

(part 1 of article 52 supplemented with subparagraph pursuant to the Law of Ukraine of 30.06.2021 No 1588-IX)

2. Liquidation costs of a bank, including costs of DGF related to the bank liquidation procedure (property (asset) management, property (asset) sales and other expenses) shall be paid off as priority during the entire liquidation procedure of the bank within the limits of the expense budget approved by DGF. Such expenses include, in particular:

(subparagraph 1 of part 2 of article 52 in the wording of the Law of Ukraine of 30.06.2021 No 1588-IX)

- 1) cost of publishing the announcement on bank liquidation, revocation of the banking license and information on the sale of bank's property (assets);
- 2) costs associated with the maintenance and preservation of property (assets) of the bank;
- 3) cost of appraisal and sale of property (assets) of the bank;
- 4) cost of audit;
- 5) expenses to pay off services of the persons involved by DGF to ensure the exercise of powers vested in DGF;
- 6) expenses to pay severance pay to dismissed employees of the bank;
- 7) costs of DGF related to the exercise of provisional administration and/or liquidation of the bank.

(part 2 of article 52 supplemented with paragraph 7 pursuant to the Law of
Ukraine of 30.06.2021 No 1588-IX)

3. Bank's property, being an item of collateral shall be included to the liquidation pool but used only to meet the claims of the pledge holder as priority. The pledge holder enjoys the right to foreclose the pledged property in the manner set by law or pledge agreement, and to have his/her claim met by disposing the pledged property at the price determined by an appraiser selected from the DGF-compiled list in the manner set by the regulatory instruments of DGF. The price of property subject to foreclosure as the item of collateral transferred by the parties to the liquidation netting agreement to execute their contracted liabilities when executing the net liability determined as set in Article 54¹ of this Law, as well as the procedure of foreclosing such collateral item shall be set in the underlying liquidation netting agreement for such liquidation netting.

(paragraph 1 of part 3 of article 52 as amended by the Law of Ukraine
of 19.06.2020 738-IX,
of 30.06.2021, No 1588-IX)

In case DGF sells pledged property (assets), the proceeds received by DGF shall go to the priority payment of the pledge holder's claims, but not exceed the amount of accepted claims, determined in line with paragraph 1, Article 49 of this Law, secured with the pledged property (assets). The amount subject to transfer to the pledge holder shall be reduced by the amount of the DGF's costs, calculated according to the regulatory instruments of DGF.

(subparagraph 2 of part 3 of article 52 in the wording of the Law of Ukraine
of 30.06.2021 No 1588-IX)

If the amount of proceeds from the sales of collateral by DGF is short to meet claims of

the pledge holder, the outstanding claims shall be met in the tiers established in this Law.

4. The claims of each subsequent tier are met once the proceeds from the sale of bank's property (assets) arrive and after the claims of the previous tier are met in full. If the amount of proceeds received from the sale of property (assets) is short to fully meet all the claims in one tier, the claims shall be met in proportion to the amount of claims of each creditor of the same tier. If a creditor refuses to have his claim met under the established procedure, the DGF shall not factor in the amount of cash claims of this creditor.

5. In case of identifying a damage (loss) inflicted on a bank, DGF seeks recovery in its favor of the damages (losses) inflicted on the bank, by applying to:

a bank related party and/or other party whose decisions, actions (including concluded legal transactions and operations, and executed contracts) and/or omissions inflicted damages (losses) on the bank;

and/or a bank related party, directly or indirectly benefiting from such decisions, actions (including legal transactions operations and contracts) or omissions.

(part 5 of article 52 in the wording of the Law of Ukraine
of 15.11.2016 1736-VIII,
of 30.06.2021, No 1588-IX)

(article 52 as amended by the Law of Ukraine of 02.10.2012 5411-VI,
of 04.07.2014, 1586-VII,
of 3/2/2015, No 218-VIII
in the wording of the Law of Ukraine of 16.07.2015 No 629-VIII)

6. Managers, qualified shareholders and ultimate beneficial owners of an insolvent bank or a bank subject to revocation of banking license and liquidation on the grounds set in part 2 Article 77 of the Law of Ukraine 'On Banks and Banking', who have been identified as set in law, are obliged to disclose to DGF during provisional administration or liquidation all the property (assets) they own and liabilities they have.

In the event that parties defined in paragraph 1 of this part fail to disclose information, DGF files the claims with the court. Claims of the DGF seeking disclosure of all property (assets) and liabilities shall be secured with attachment of all movable property and real estate and/or with a ban on certain actions claimed for precautionary attachment. Interim measures shall be in effect until the time of voluntary fulfillment of claims of DGF or enforcement of the court decision to disclose all property (assets) and liabilities in the manner prescribed by law.

DGF enjoys the right to apply to the court seeking to compel other parties, defined in part 5 of this Article, save for those defined in paragraph one of this part, to disclose property (assets) and liabilities'

The parties specified in part 5 of this Article shall be jointly and severally liable if damages (losses) were inflicted as a result of a jointly taken decision, a jointly committed action or omission.

In the event that the parties specified in part 5 fail to meet claims of damages (losses), DGF applies to court seeking compensation of damages (losses). Claims of damages (losses) filed by DGF may be secured with attachment of all movable property and real estate and/or with a ban on certain actions claimed for precautionary attachment.

If the claim of damages (losses) filed by DGF grounds, in particular, on the actions of bank related parties aimed at concealing the real financial position of the bank, including the regular submission and/or disclosure of inaccurate information or reports on transactions with bank related parties committed within three months before the bank was classified as insolvent, transactions of bank related parties declared null and void and/or transactions declared invalid in due order, or if the damages (losses) occurred as a result of the related party's actions specified in paragraphs 1 to 10 of part 8 of this Article, these grounds shall be sufficient for the court to decide to attach, within the amount in claim, the movable property and real estate of the parties and/or prohibit certain actions to the parties against whom DGF filed claims unless other circumstances are established in court.

If a motion seeking injunctive relief is filed before the statement of claim, the DGF must file a lawsuit within 30 working days from the date of the ruling to secure the claim.

(article 52 supplemented with a new part 6 pursuant to the Law of Ukraine of 30.06.2021 No 1588-IX)

7. The right to apply to courts of an appropriate jurisdiction (including foreign courts) with a lawsuit seeking damages (losses) caused to the bank, provided the availability of conditions determined in part 1 of this Article, arises for DGF from the time of finding the decisions, actions or omissions resulted in damages (losses) to the bank and/or its creditors, identifying the persons who contributed to such decisions-making, actions or omissions and/or received pecuniary benefits, as well as determining the amount of damages (losses) suffered.

DGF enjoys the right to file such lawsuits with the courts of an appropriate jurisdiction (including foreign courts) during the bank liquidation procedure and three years after making the bank termination record (special statute of limitations).

(article 52 supplemented with a new part 7 pursuant to the Law of Ukraine of 30.06.2021 No 1588-IX)

8. Damages (losses) inflicted by decisions, actions of omissions of the parties specified in part 5 of this article shall be compensated if such decisions, actions (including the actions qualifying to risky operation) or omissions were adopted or taken in violation of law, inclusive of regulatory instruments of the National Bank of Ukraine, and if damages (losses) were suffered as a result of:

1) concluding legal transactions (including contracts) that are null and void under

part 3, Article 38 of this Law;

- 2) failure of the parties specified in part 5 of this Article to discharge the duty of acting in the interest of the bank and its creditors, acting in good faith and reasonably and/or not to exceed their authority;
- 3) violation of bans and/or requirements set in legislation, including the Law of Ukraine 'On Banks and Banking' in terms of agreements with bank related parties or in the interests of bank related parties, or for benefit thereof;
- 4) purchase of non-government securities and/or other financial instruments in violation of the requirements set by the National Bank of Ukraine;
- 5) provision by the bank of its own assets (property) as security (pledge, surety, guarantee, retention, trust management title, etc.) backing the liabilities of third parties before their creditor in the manner other than exercise of transactions in accordance with the Law of Ukraine 'On Banks and Banking', save for property (assets) pledged by the bank to secure liabilities before the National Bank of Ukraine or to secure payments and settlements under the contracts with payment systems or payment system operators;
- 6) failure of the bank to ensure control over the target use of loan funds by borrowers;
- 7) changes in debt repayment schedule (deadlines and repayment amounts on principal, interest/commissions, payment sequence) under a loan agreement and pledge agreement executed in violation of legal requirements;
- 8) unjustified reduction and/or release of the debtor from the payment of interest and other remunerations accrued on asset transactions;
- 9) unjustified termination of the eligible collateral to the bank under a transaction, or its replacement with a less liquid one;
- 10) transactions performed by the bank contrary to the restrictions imposed by the National Bank of Ukraine, including transactions with bank related parties;

(article 52 supplemented with a new part 8 pursuant to the Law of Ukraine of 30.06.2021 No 1588-IX)

9. DGF acquires the rights of a victim in criminal proceedings initiated against the parties specified herein, after the bank liquidation is completed.

Funds recovered and/or received by DGF from the parties specified in part 5 of this Article shall be directed by DGF proportionally to satisfy claims of the bank creditor specified in paragraphs 1- 8, part 1 of this Article due to the damages (losses) they suffer as their claims remain outstanding, in the manner set by part 4 of this Article, after DGF is reimbursed for its expenses related to recovery of damages (losses).

Termination of the bank as a legal entity does not serve the ground for and does not

lead to finalization or termination of processes, lawsuits or proceedings initiated under the part herein by the DGF, and does not serve the ground for lifting liabilities and/or terminating liabilities of the persons against whom such processes, lawsuits or proceedings were initiated. All claims of DGF relating to such processes, lawsuits or proceedings, including all claims for damages (losses) inflicted on creditors (former creditors) of the bank, are not terminated with the termination of the bank.

(article 52 supplemented with a new part 9 pursuant to the Law of Ukraine of 30.06.2021 No 1588-IX)

10. DGF or DGF authorized officer, acting on behalf and in the interests of the bank as an investor, enjoys the right to initiate processes, lawsuits or proceedings (civil, administrative, criminal or arbitration) in any courts and/or arbitrations of an appropriate jurisdiction (including foreign and international courts), including arbitration or other processes against states under the international treaties of Ukraine, including international treaties on promotion and mutual protection of investment, for the damages (losses) caused to banks by physical persons or legal entities (private or public law) and states as a consequence of:

direct or indirect nationalization or expropriation of property (investments) of the bank, subjecting such investment to measures compatible to expropriation;

requisition, ruining, damages or impairment of property (investments) of the bank as a result of military activities/ hostilities, armed conflicts, civic unrest or other similar actions.

Funds received as a result of processes, lawsuits and proceedings specified herein are included in the liquidation pool of the bank, V. if such funds arrive after approval of the liquidation balance sheet they are directed to satisfy the claims of bank creditors due to the damages (losses) they suffer as their claims remain outstanding, in the tiers and manner set by parts 1 and 4 of this Article, after DGF is reimbursed for its expenses to carry on such processes, lawsuits and proceedings as well as all related enforcement processes.

(article 52 supplemented with a new part 10 pursuant to the Law of Ukraine of 30.06.2021 No 1588-IX, in connection with this, part 6 shall be deemed to be part 11)

11. In the case that an administrator is designated for bonds issue, the payments received while liquidating a bank that has liabilities on the bonds, shall be distributed among the bond holders in the manner set by the Law of Ukraine ‘On Capital Markets and Organized Commodity Markets’.

(article 52 supplemented by part 11 pursuant to the Law of Ukraine of 19.06.2020 No 738-IX)

Article 52¹. Safekeeping of documents

1. DGF ensures proper execution, arrangement and storage of all documents,

including financial and business ones, of an insolvent bank during the liquidation procedure.

(part 1 of article 52¹ as amended by the Law of Ukraine of 16.07.2015 No 629-VIII)

2. Until the liquidation of the insolvent bank is complete, DGF ensures safekeeping of the archival documents of the insolvent bank and transfer them for storage to the National Bank of Ukraine.

(part 2 of article 52¹ as amended by the Law of Ukraine of 16.07.2015 No 629-VIII)

3. The National Bank of Ukraine is obliged to accept the documents of an insolvent bank for safekeeping as they are submitted by DGF.

(part 3 of article 52¹ as amended by the Law of Ukraine of 16.07.2015 No 629-VIII)

(The Law supplemented with article 52¹ pursuant to the Law of Ukraine of 04.07.2014 No 1586-VII)

Article 52². Removed

(The Law supplemented with article 52² pursuant to the Law of Ukraine of 04.07.2014 No 1586-VII)
article 52² removed pursuant to the Law of Ukraine of 13.05.2020 No 590-IX)

Article 53. Completion of bank liquidation

1. To complete a bank liquidation procedure, DGF enjoys the right to put up for sale the remaining assets (assets) of the bank by holding an open auction without limiting the reserved price provided for in this Law and regulations of DGF.

(part 1 of article 53 in the wording of the Law of Ukraine of 13.05.2020 No 590-IX)

2. Based on the bank liquidation outcomes, DGF compile the liquidation balance sheet and the report subject to approval by the DGF Executive Directorate.

The report is prepared in accordance with regulatory documents of DGF and shall contain, in particular, information on the sale of bank assets and meeting creditor claims and/or exhaustion of possibility to implement measures aimed at meeting creditor claims.

3. The bank liquidation procedure is deemed to be complete from the time when of

approval of the liquidation balance sheet, and the bank is deemed to be liquidated from the time of the bank termination record in the Unified State Register of Legal Entities, Sole Proprietors and Public Associations.

(part 1 of article 53 in the wording of the Law of Ukraine of 13.05.2020 No 590-IX)

4. On the day of making the record in the Unified State Register of Legal Entities, Sole Proprietors and Public Associations, DGF shall send to the National Bank of Ukraine a report on the implementation of the liquidation procedure, and the liquidation balance sheet.

(part 1 of article 53 in the wording of the Law of Ukraine of 13.05.2020 No 590-IX)

5. No later than the next working day after approval of the bank liquidation balance sheet and/or making the bank termination record in the Single State Register of Legal Entities, Sole Proprietors and Public Associations, DGF publishes on its official website the information on the completion of liquidation procedure and approval of the liquidation balance sheet and/or termination of the bank.

(part 5 of article 53 in the wording of the Law of Ukraine of 13.05.2020 590-IX, of 30.06.2021, No 1588-IX)

(article 53 in the wording of the Law of Ukraine of 16.07.2015 No 629-VIII)

6. Powers of DGF specified in paragraph 17 of part 5 of Article 12, paragraphs 5 and 6 of part 2 of Article 37, part 7 of Article 44 and parts 5 to 10 of Article 52 of this Law shall be terminated after the full completion of the measures concerning this bank as stipulated in parts 5 to 10, Article 52 of this Law.

(article 53 supplemented by part 6 pursuant to the Law of Ukraine of 30.06.2021 No 1588-IX)

Article 54. Challenging the decisions

1. Decisions made in accordance with this Law by the National Bank of Ukraine, the Cabinet of Ministers of Ukraine, the Ministry of Finance of Ukraine, the National Commission on Securities and Stock Market, the DGF, the employees of DGF performing functions provided for in this Law, including in the process of provisional administration, liquidation of the bank, implementation of the resolution plan, may be challenged in court solely for the purpose of establishing their legality.

(part 1 of article 54 as amended by the Law of Ukraine of 13.05.2020 No 590-IX)

2. The challenging of the decisions specified in part one of this article shall not suspend the implementation of the challenged decision or action.

3. Specificities of challenging the decisions (individual acts) of DGF to introduce provisional administration in the bank, start of bank liquidation, approve the resolution plan and any other decisions (individual acts) adopted for its implementation, as well as decisions (individual acts) to appoint authorized officers of DGF, delegate powers, the decisions (individual acts) of the National Bank of Ukraine to approve the proposal of the National Bank of Ukraine on state involvement in the insolvent bank resolution, decisions of the Cabinet of Ministers of Ukraine on state involvement in the insolvent bank resolution, and decisions (individual acts) of the Ministry of Finance of Ukraine adopted in pursuance of the decisions taken by the Cabinet of Ministers of Ukraine, as well as decisions (individual acts) of the National Commission on Securities and Stock Market adopted in the process of resolving an insolvent bank from the market, are established by the Ukraine Code of Administrative Justice.

(article 54 supplemented by part 3 pursuant to the Law of Ukraine of 13.05.2020 No 590-IX)

4. The initiated procedure of insolvent bank resolution may not be suspended/terminated, including if the individual regulatory instruments of the National Bank of Ukraine and the DGF underlying this initiation have been delegalized and overturned.

(article 54 supplemented by part 4 pursuant to the Law of Ukraine of 13.05.2020 No 590-IX)

5. The initiated procedure of insolvent bank liquidation may not be suspended/terminated, including if if the individual regulatory instruments of the National Bank of Ukraine and the DGF underlying this initiation have been delegalized and overturned.

(article 54 supplemented by part 5 pursuant to the Law of Ukraine of 13.05.2020 No 590-IX)

6. The declaration as unlawful (illegal) and the overturn of decisions (individual acts), defined in part 3 of this article, does not restore the bank's position existing before the the act/decision was adopted, including restoration of the legal status of this bank and restoration of the shareholder rights as of the time of the act/decision; it cannot serve grounds for voidance, invalidity, delegalization and overturn of any decisions, transactions or other actions / declaration as illegal the omissions allowed, committed or admitted in the procedure of bank resolution and liquidation; does not give rise to any rights of parties who had participation in the bank at the time this individual act/decision was adopted, except for the right to compensation for damages.

(article 54 supplemented by part 6 pursuant to the Law of Ukraine of 13.05.2020 No 590-IX)

7. In case that the decision (individual act) specified in part 3 of this article is declared unlawful (illegal) and overturned, the party enjoys the right to claim compensation of the damage caused by such decision (individual act), in the manner set in law. In case

the National Bank of Ukraine adopts a decision (individual act) to classify a bank as insolvent/ revoke the banking license and liquidate the bank, or DGF adopts a decision initiating the bank resolution or liquidation procedure, as well as in the event that the Cabinet of Ministers of Ukraine, Ministry of Finance Ukraine, the National Commission on Securities and Stock Market issue individual acts to implement the resolution plan, which terminated the ownership of shares, the right of bank participants or persons who were participants in the bank on the date of such decision (individual act) to compensate for damage caused by such decision (individual act), this decision shall be applied considering the specificities established in Article 79¹ Law of Ukraine ‘On Banks and Banking’.

(article 54 supplemented by part 7 pursuant to the Law of Ukraine of 13.05.2020 No 590-IX)

Section VIII-1

SPECIFICITIES OF PROVISIONAL ADMINISTRATION AND LIQUIDATION OF A BANK HAVING THE LIABILITIES THAT AROSE WITH REFERENCE TO A BINDING LIQUIDATION NETTING AGREEMENT

Article 54¹. Liquidation netting

1. For the purposes of this article:

1) the term ‘transaction in financial instruments’ is used in the meaning given in part 1 of Article 2 of the Law of Ukraine ‘On Capital Markets and Organized Commodity Markets’, and the terms ‘net liabilities’, ‘calculation of the value of liabilities’, ‘parties to a liquidation netting agreement’, ‘liquidation netting agreement’ are used in the meanings given in part 2 of Article 40 of the Law of Ukraine ‘On Capital Markets and Organized Commodity Markets’;

2) liquidation netting date means the date of the decision to classify an insolvent bank that is a party to the liquidation netting agreement, or the decision to revoke the bank's banking license and liquidate it, if this decision has the effect of limiting or delaying transfer of assets or transfer of funds.

2. Liquidation netting refers to the implementation of all of the following actions in accordance with the liquidation netting agreement:

1) the person specified in the liquidation netting agreement as responsible for the liquidation netting (hereinafter - the person specified in the liquidation netting agreement) exercises calculation of the value of liabilities of the bank that is a party to the liquidation netting agreement and subject to the decision referred to in paragraph 2 of part 1 of this article, as well as the liabilities of each counterpart as the other party

to such liquidation netting agreement, for one or more derivatives contract(s) that existed as at the date of liquidation netting and was (were) concluded by such parties with reference to the binding nature of such liquidation netting agreement. The calculation procedure is set by the liquidation netting agreement;

2) termination of all existing as of the date of liquidation netting liabilities under one or more derivative contracts, regardless of their content and/or term of implementation, entered into (concluded) by such parties to the liquidation netting agreement with reference to the binding nature of liquidation netting agreements for the following parties and in the following order:

a) replacement pursuant to article 604 of the Civil Code of the liabilities that existed as of the date of liquidation netting, with new cash liabilities in the amount equal to the value of the liability calculated in accordance with paragraph 1 of the part herein. The assumption is that the deadline for honoring these new cash liabilities has come;

b) termination of new cash liabilities provided for in subparagraph 'a' of this paragraph, by offsetting homogeneous counter-claims on these liabilities and determining the net liability.

3. A liquidation netting agreement may provide for a method different from that in part 2 of this article to terminate the liabilities existing as of the date of liquidation netting under one or more derivatives entered into (concluded) by the parties to the liquidation netting agreement.

4. Liquidation netting is not carried out in the following cases:

1) the relevant general agreement does not provide for the possibility of liquidation netting;

2) the relevant liquidation netting agreement is concluded after the date of the decision specified in paragraph 2 of part 1 of this article;

3) a derivative contract containing a reference to the binding nature of the liquidation netting agreement was concluded by the bank after the date of the decision specified in paragraph 2 of part 1 of this article.

5. Any other provisions of this Law, except those provided for in this Article, may not serve grounds for:

1) declaring the actions performed during liquidation netting under this article as illegal, invalid and/or null and void;

2) refraining from exercise liquidation netting in accordance with the terms of the liquidation netting agreement and/or referencing to the impossibility of such exercise;

3) refraining from foreclosure of encumbrance item that secures liabilities of parties to the liquidation netting agreement, and/or making references to the impossibility of such foreclosure.

6. Exercise by the person specified in the liquidation netting agreement, of liquidation

netting and foreclosure on encumbrance item that secures liabilities of the bank being a party to the liquidation netting agreement and subject to the decision referred to in paragraph 2 of part 1 of this Article for one or more derivative contracts specified in paragraph 1 of part 2 of this article, shall be carried out of court and shall not require any consent and/or approval of this bank or any other person.

7. Liquidation netting of a bank under provisional administration or liquidation shall be exercised within seven working days from the date of liquidation netting. The person specified in the liquidation netting agreement shall provide the bank and the DGF in writing within three working days after the liquidation netting date a list of derivative contracts referred to in paragraph 1 of part 2 of this article and the approximate date of liquidation netting.

8. During provisional administration and/or liquidation, DGF is obliged to ensure verification of derivative contracts concluded by the bank outside the organized capital markets with related parties within six months before the liquidation netting date (with other parties - within one month) in order to identify the derivative contracts concluded with reference to the liquidation netting agreement binding for them, and are void on the following grounds:

1) the conclusion of this derivative contract resulted in an unfair privilege granted by the bank to an individual creditor (group of creditors) compared to other creditors in terms of meeting creditor claims (including in terms of claim tiers) under provisional administration and/or liquidation of the bank;

2) the derivative contract was concluded by the bank for the purpose of unfair exclusion of property of the bank from the liquidation pool;

3) the conclusion of this derivative contract resulted in the unfair increase in the amount of cash liabilities of the bank to an individual creditor (group of creditors).

The procedure of detecting void derivative contracts as well as actions to be taken by DGF, if such contracts are detected, are set in the regulatory instruments of DGF.

9. DGF:

1) during provisional administration and/ or liquidation, notifies the parties to the derivative contracts specified in paragraphs 1-3 of part 8 of this article and the person specified in the liquidation netting agreement about the voidness of such derivatives, and also acts to apply consequences of the voidness of the derivative contracts;

2) takes measures to recover bank's property (funds) transferred under such derivative contracts;

3) enjoys the right to claim damages caused by entering into these derivative contracts.

Upon receipt of the Fund's notification of the voidness of a derivative contract on the grounds provided for in part eight of this Article, the person specified in the liquidation netting agreement shall re-conduct the procedure for determining the net

liability without factoring in the liabilities under such derivative contract and notify the parties to such derivative contract of the new amount of the net liability. The other party to the derivative contract, which received funds from the bank as a result of the previous liquidation netting, is obliged to return to the bank the difference between the amount of the previous and the new net liability.

10. The provisions of this Article, except for parts 8 and 9, also apply to transactions made by a bank in organized capital markets and outside these markets with respect to financial instruments and currency values, if such transactions were made with reference to the liquidation netting agreement binding for them, as well as transactions made to ensure the honoring of liabilities under derivative contracts and other transactions specified in this part. The provisions of parts eight and nine of this Article shall apply only to the transactions specified herein that have been committed by the bank outside the organized capital markets.

(article 54¹ in the wording of the Law of Ukraine of 19.06.2020 No 738-IX)

(the Law supplemented with section VIII¹ pursuant to the Law of Ukraine of 19.06.2020 No 738-IX)

Section IX

COORDINATION OF DGF ACTIVITIES WITH NATIONAL BANK OF UKRAINE

Article 55. Cooperation and coordination of activities between DGF and the National Bank of Ukraine

1. DGF and the National Bank of Ukraine shall cooperate in order to ensure the stability of the banking system of Ukraine and to protect the interests of depositors and other creditors of banks. To this end, DGF and the National Bank of Ukraine enter into a cooperation agreement, which provides for the principles of cooperation of these institutions in the process of regulating and supervising banks, applying enforcement measures, conducting inspections of banks, implementing the measures of bank resolution.

2. DGF and the National Bank of Ukraine in a timely manner shall share with each other any observation and opinion on bank activities, that is necessary for the performance of their vested duties. The National Bank of Ukraine must, within 10 days of receiving such information from DGF, provide DGF with a list of measures that the National Bank of Ukraine plans to take against the bank exposed to risks resultant from its operation.

(part 2 of article 55 amended by the Law of Ukraine of 04.07.2014 N 1586-VII)

3. DGF and the National Bank of Ukraine enjoy the right to receive documents and information on issues within their competence.

(part 3 of article 55 as amended by the Law of Ukraine of 04.07.2014 N 1586-VII)

4. The DGF Managing Director or a person replacing him/her shall be invited to a meeting of the Management Board of the National Bank of Ukraine to discuss the supervision of banks and / or the application of enforcement measures to them. The DGF Managing Director or a person replacing him/her shall be invited to a meeting of the Management Board of the National Bank of Ukraine to discuss the issue of classifying a bank as insolvent.

(part 4 of article 55 as amended by the Law of Ukraine of 04.07.2014 N 1586-VII)

5. In order to cooperate and coordinate their activities, DGF and the National Bank of Ukraine shall hold operational meetings at least once a quarter or more frequently at the request of one of the senior managers of these bodies.

6. DGF and the National Bank of Ukraine enjoy the right to raise the issue of the need to amend each other's regulations.

Article 56. Providing information to DGF

1. DGF enjoys the right to receive from the National Bank of Ukraine and executive authorities the documents and information necessary for DGF to perform the functions provided for in this Law.

(part 1 of article 56 amended by the Law of Ukraine of 04.07.2014 N 1586-VII)

2. The National Bank of Ukraine shall inform DGF on the next day after the adoption of the relevant decision or receipt of information on:

1) recording information into the State Register of Banks, granting or revoking a banking license;

(paragraph 1 of part 2 of article 56 as amended by the Law of Ukraine of 04.07.2014 N 1586-VII)

2) application of enforcement measures to a bank;

3) decision to classify the bank as problem or insolvent;

4) inspection outcomes on a problem bank, and provide copies of the bank inspection reports for the last 12 months;

(paragraph 4 of part 2 of article 56 as amended by the Law of Ukraine of 04.07.2014 N 1586-VII)

- 5) the performance of the problem bank implementing financial recovery measures.
3. The National Bank of Ukraine shall on a monthly basis provide DGF with information on the activities and financial condition of banks stipulated in the cooperation agreement.
4. At the request of DGF, the National Bank of Ukraine shall provide documents and information, including those obtained through banking supervision, on the bank's transactions, its liquidity, solvency, profitability, as well as other documents and information necessary for DGF to perform the functions provided for in this Law.

(part 4 of article 56 as amended by the Law of Ukraine of 04.07.2014 N 1586-VII)

Article 57. Providing information to the National Bank of Ukraine and other public authorities

1. DGF, within three days after the adoption of the relevant decision, shall provide the National Bank of Ukraine with information on:
 - 1) violation by the bank of the requirements established by this Law, regulations of DGF and the legislation of Ukraine;
 - 2) the results of the bank inspection exercised by DGF;
 - 3) introduction of provisional administration or liquidation of the bank;
 - 4) approval of a resolution plan;
 - 5) implementation of the resolution plan as a whole and its selected stages, including the creation of a bridge bank, the sale of an insolvent bank or a transitional bank to an investor, the transfer of assets and liabilities of an insolvent bank to the assuming bank;
 - 6) termination of the provisional administration of the bank and completion of the bank liquidation;
 - 7) risks identified in the activities of banks.

(part 1 of article 57 supplemented with paragraph 7 pursuant to the Law of Ukraine of 04.07.2014 N 1586-VII)

2. DGF is obliged to provide the National Bank of Ukraine in a timely manner with any data and information revealed by DGF, giving evidence of the violation by banks of the legislation of Ukraine.
3. DGF shall provide quarterly and at the first request of the National Bank of Ukraine the information on the status of provisional administration or liquidation of

the bank.

4. DGF shall provide the National Bank of Ukraine with information and other documents within the time limits and in the manner prescribed by this Law.

5. DGF and / or the authorized person of DGF submits to the central executive authority implementing the state policy in the field of prevention and counteraction to legalization (laundering) of proceeds from crime, terrorist financing and financing of proliferation of weapons, information in cases provided by the Law Ukraine 'On Prevention and Counteraction to Legalization (Laundering) of Proceeds from Crime, Financing of Terrorism and Financing of Proliferation of Mass Destruction Weapons. DGF provides, upon request (demand, decision) of the National Anti-Corruption Bureau, information containing banking secrecy.

(part 5 of article 57 in the wording of
the Law of Ukraine of 06.12.2019 N 361-IX)

Article 58. Direct debit of outstanding premiums to DGF

1. In case a bank fails to pay premiums to DGF within one month from the payment date set forth in this Law, DGF enjoys the right to apply to the National Bank of Ukraine with a request for the direct debit of the outstanding premiums and accrued penalty interest from the bank's correspondent account.

2. The National Bank of Ukraine within three days from the date of receipt of the request is obliged to meet in full (or partially in the amount available on the account of such bank) DGF's request by debiting the bank's account and crediting DGF's account, and inform DGF about the implemented request or about the lack of possibility to implement it.

(part 2 of article 58 as amended by the Law of Ukraine
of 04.07.2014 N 1586-VII)

3. The exceptional reason for non-compliance with DGF's request shall be the lack of funds on the bank's correspondent account.

(part 3 of article 58 as amended by the Law of Ukraine
of 04.07.2014 N 1586-VII)

Section X FINAL AND TRANSITIONAL PROVISIONS

1. This Law takes effect six months after the day of its publication, except for paragraph 10 of part 1 of article 12 and subparagraph 2 of paragraph 3 of section X 'Final and

Transitional Provisions' of this Law that take effect on the day following the day of its publication.

2. Declare as invalid the Law of Ukraine 'On the Household Deposit Guarantee Scheme' (Vidomosti of Verkhovna Rada of Ukraine, 2002, No. 5, Art. 30; 2007, art. 15; 2010, N 2- 3, art. 11, N 37, art 496) from the day this Law takes effect.

3. A bank liquidation procedure initiated before this Law takes effect shall be exercised in accordance with the law effective before this Law enters into force.

The decisions of the DGF Administrative Board to increase the deposit reimbursement ceiling taken under with article 3 of the Law of Ukraine 'On the Household Deposit Guarantee Scheme' applies to banks that were in liquidation on the day of this decision.

4. The remedial bank established before this Law takes effect shall continue to operate under the procedure set in the regulation of the National Bank of Ukraine concurred by the Cabinet of Ministers of Ukraine and the Verkhovna Rada Committee on Finance and Banking, Tax and Customs Policies.

Subparagraph 2 of paragraph 4 of section X removed

(paragraph 4 of section X supplemented by subparagraph 2 pursuant to the Law of Ukraine of 28.12.2014 No 78-VIII) subparagraph 2 of paragraph 4 of section X removed pursuant to the Law of Ukraine of 16.07.2015 No 629-VIII)

5. Within three months from the date this Law takes effect, the National Bank of Ukraine shall assess the condition of banks where provisional administration was introduced before this Law takes effect. If the National Bank of Ukraine decides to classify a bank as insolvent based on the results of this assessment, provisional administration shall be introduced to such bank in accordance with this Law. If the National Bank of Ukraine decides that the bank appropriately implements its financial rehabilitation program, the provisional administration shall continue operating in this bank as required by the legislation in effect before this Law enters into legal force.

(paragraph 6 of section X removed pursuant to the law of Ukraine of 01.04.2022 N 2180-IX)

6. Qualification requirements to members of the DGF Administrative Board and the DGF Executive Directorate, defined by this Law, apply to individuals appointed to the positions of members of the DGF Administrative Board and the DGF Executive Directorate after this Law takes effect.

Members of the DGF Administrative Board and the DGF Executive Board appointed to their positions before this Law takes effect, shall continue exercising their powers until their term of office expires.

7. Legislative and other regulatory acts adopted before this Law takes effect shall

apply in the part not contravening this Law.

8. Amend the following legislative acts of Ukraine:

1) in the Law of Ukraine ‘On the National Bank of Ukraine’ (Vidomosti of Verkhovna Rada, 1984, annex to No 51, art. 1122):

a.) article 166⁷ shall read as follows:

Article 166⁷. Counteracting the provisional administration or liquidation of a bank

Creation of obstacles by any person for the DGF authorized officer to access to the bank during provisional administration or liquidation, to its assets, books, records, documents, databases -

entails a fine of three hundred to five hundred non-taxable minimum personal incomes’;

b) add articles 166¹⁹ and 234⁴ reading as follows

Article 166¹⁹. Violation of law in the area of household deposit guarantee

Violation by a senior bank manager of the procedure for compiling or submitting information to the Household Deposit Guarantee Fund entails a fine of five hundred to one thousand non-taxable minimum personal incomes.

Failure to implement or late implementation by a senior bank manager of legal decisions of the Household Deposit Guarantee Fund is punishable by a fine of two hundred to four hundred of minimum non-taxable personal incomes.

Failure to pay or late payment by a bank of the premium to the Household Deposit Guarantee Fund entail a fine on the senior bank manager in the amount of four hundred to one thousand non-taxable minimum personal incomes.

Article 234⁴. Household Deposit Guarantee Fund

The Household Deposit Guarantee Fund, considers cases of administrative offenses related to violations of legislation in the household deposit guarantee area, regulations of Household Deposit Guarantee Fund (Article 166¹⁹).

The Managing Director of the Household Deposit Guarantee Fund and his/her deputies are entitled to consider cases of administrative offenses and impose administrative penalties on behalf of the Household Deposit Guarantee Fund’;

c) paragraph 1 of part 1 of article 255 shall be supplemented with a new subparagraph as follows:

‘employees of the Household Deposit Guarantee Fund (Article 166¹⁹)’;

2) part 4 of article 67 of the Commercial Procedure Code of Ukraine (Vidomosti of

Verkhovna Rada of Ukraine, 1992, No. 6, art. 56) shall be added with subparagraph 5 to read as follows:

‘implementation of decisions of the Household Deposit Guarantee Fund to appoint the DGF authorized officer and exercise provisional administration or liquidation of a bank, prohibiting the DGF authorized officer to take certain actions for exercise of provisional administration and/or liquidation of a bank, or prohibiting the Household Deposit Guarantee Fund to take certain actions in the implementation of provisional administration or liquidation of a bank’;

3) part 4 of article 342 of the Criminal Code of Ukraine (Vidomosti of Verkhovna Rada of Ukraine, 2001, No. 25, 131):

a) the title shall be supplemented with the wording ‘authorized officer of the Household Deposit Guarantee Fund’;

b) paragraph 1 of part 2 shall be supplemented with the wording ‘or to an authorized officer of the Household Deposit Guarantee Fund’;

4) part 6 of article 152 of the Civil Procedure Code of Ukraine (Vidomosti of Verkhovna Rada of Ukraine, 2004, NN 40 - 42, art. 492) shall read as follows:

‘6. Disallowed shall be to secure a claim by suspending the provisional administration or liquidation of a bank, prohibiting or compelling the Household Deposit Guarantee Fund to perform certain actions while exercising provisional administration or liquidation of a bank’;

5) paragraph 2 of part 5 of article 117 of the Code of Administrative Procedure of Ukraine (Vidomosti of the Verkhovna Rada of Ukraine, 2005, NN 35 - 37, art. 446) shall read as follows:

(2) suspending decisions of the Household Deposit Guarantee Fund to appoint an authorized officer of the Household Deposit Guarantee Fund and to exercise provisional administration or liquidation of a bank, prohibiting certain actions to an authorized officer of the Household Deposit Guarantee Fund exercising provisional administration or liquidation of a bank’;

6) article 2 of the Law of Ukraine ‘On Appeals of Citizens’ (Vidomosti of Verkhovna Rada of Ukraine, 1996, No. 47, art. 256) shall be supplemented with part 5 reading as follows:

‘Appeals of depositors to the Household Deposit Guarantee Fund seeking the guaranteed payout by DGF shall be considered under the procedure set by the legislation on household deposit guarantee scheme’;

7) in the Law of Ukraine ‘On the National Bank of Ukraine’ (Vidomosti of Verkhovna Rada, 1999, No 29, art. 238 with the following amendments):

a) paragraph 11 of article 7 shall be removed;

b) paragraph 1 of article 15 shall be supplemented with the following subparagraphs:

‘on classifying the bank as problem or insolvent;

on the financial capacity of an assuming bank to meet its liabilities to depositors and other creditors’;

c) part 1 of article 42 shall be supplemented with new paragraph 16 as follows: ‘16)

keeps accounts of the Household Deposit Guarantee Fund’;

d) article 73 shall be supplemented with part 3 as follows:

‘The National Bank of Ukraine also applies the right of direct debit of funds from the bank’s correspondent account in favor of the Household Deposit Guarantee Fund if DGF applies in the manner set in the Law of Ukraine ‘On the Household Deposit Guarantee Scheme’;

8) subparagraph 8 of paragraph 9 of section X expired on 21.10.2019

due to expiry of the Law of Ukraine of 14.05.1992 N 2343-XII pursuant to the
Bankruptcy Code of Ukraine
of 18.10.2018 N 2597-VIII)

9) in the Law of Ukraine ‘On the National Bank of Ukraine’ (Vidomosti of Verkhovna Rada of Ukraine, 2001, No 5 - 6, art. 30 with the following amendments):

a) in article 2:

definition of terms ‘liquidator’, ‘liquidation pool’, ‘moratorium’, ‘bank insolvency’, ‘provisional administration’, ‘provisional administrator’ shall be removed;

definition of the term ‘bank liquidation’ shall be supplemented with the wording ‘and the Law of Ukraine ‘On the Household Deposit Guarantee Scheme’;

b) part 2 of article 6 shall be supplemented with the wording ‘and the Law of Ukraine ‘On the Household Deposit Guarantee Scheme’;

c) sentence two of part 19 of article 7 shall read as follows: ‘From the date of appointment of the DGF authorized officer, the powers of the supervisory board of the state-owned bank shall be suspended’;

d) article 20 shall be removed;

e) in part eleven of article 24, the wording ‘introduce provisional administration and’ shall be removed;

f) part 1 of article 26 shall read as follows:

‘Bank may be reorganized by the decision of the bank owners’;

g) part 1 of article 27 shall be removed;

h) in article 44:

replace part 1 with two parts as follows:

‘Taking into account the specificity of its operation, the bank is obliged to establish an adequate risk management system, which should ensure on a regular basis the detection, measurement, control and monitoring of all risks in all areas of the bank’s operation at all organizational levels, and be adequate to risks accepted by the bank.

The Bank is obliged to establish a standing risk management unit, which concentrates risk management functions and is responsible for the development, implementation of internal regulations and risk management procedures, informs management about risks and tolerance to risks, and proposes on the necessary decisions to be taken by senior management.’

In connection with this, parts 2 and 3 shall be deemed to be parts 3 and 4 respectively;

part 4 shall be removed;

i) paragraph 5 of part 1 of article 46 shall read as follows:

‘5) the presence of at least one of the grounds for classifying a bank as problem or insolvent or for revoking its banking license and liquidating the bank’;

j) in part 1 of article 57, the words ‘and foreign bank branches’ shall be removed;

k) in article 58:

in part 2, the wording ‘pronouncing a moratorium on meeting creditor claims’ shall be removed;

in part 4, the word ‘(bankruptcy)’ shall be removed;

replace part 5 with two parts as follows:

‘Qualified shareholders, senior bank managers (except for managers of stand-alone units) for fictitious bankruptcy, causing bankruptcy or concealment of persistent financial insolvency of the bank shall be held liable.

Qualified shareholders and senior bank managers may be held liable by a court for the bank’s liabilities if the bank has been classified as insolvent for their fault’;

l) part 4 of article 59 shall read as follows:

‘Funds are charged from the bank’s correspondent account by the National Bank of Ukraine on request of the Household Deposit Guarantee Fund only in cases provided for in the Law of Ukraine’ On the Household Deposit Guarantee Scheme’;

m) in article 62:

in part 6, the wording ‘(provisional administrator)’ shall be removed; following part 7, add three new parts reading as follows:

‘The restrictions on obtaining information containing banking secrecy that are stipulated in this article do not apply to employees of the Household Deposit Guarantee Fund exercising their functions and powers under the Law of Ukraine ‘On the Household Deposit Guarantee Scheme.’

The National Bank of Ukraine enjoys the right to provide the Household Deposit Guarantee Fund with information on banks or bank customers, which is collected through banking supervision and constitutes banking secrecy, in cases provided for in the Law of Ukraine ‘On the Household Deposit Guarantee Scheme’.

In the case of provisional administration or liquidation of an insolvent bank, the Household Deposit Guarantee Fund enjoys the right to disclose information containing banking secrecy to the assuming bank, the bridge bank, the investor acquiring the insolvent or bridge bank, and other persons involved in the provisional administration and liquidation of the bank. These persons are obliged to ensure the preservation of the received information that contains banking secrecy.’

In connection with this, parts 8 to 10 shall be deemed to be parts 11 to 13 respectively.

n) in article 67:

part 5 shall be supplemented with the following sentence: ‘If the National Bank of Ukraine exercising banking supervision derives the opinion that the bank’s risk management system is inefficient and/or inadequate, the bank on request of the National Bank of Ukraine is obliged to immediately develop and submit the remedy plan to the National Bank of Ukraine’;

in part 6, the wording ‘procedure of the bank provisional administration or’ shall be removed;

in part 12, the wording ‘except in cases of appointing a provisional administrator or revoking the bank’s banking license and appointing a liquidator’ shall be removed;

o) in article 71:

part 8 shall be supplemented with the wording ‘except for the sharing of inspection materials with the Household Deposit Guarantee Fund’;

add part 10 reading as follows:

‘The National Bank of Ukraine enjoys the right to involve employees of the Household Deposit Guarantee Fund in the inspections of a problem bank’;

p) in article 73:

in part 1:

subparagraph 1 shall read as follows:

‘In case banks or other parties who may be subject to inspection by the National Bank of Ukraine pursuant to this Law, violate banking legislation, regulations of the National Bank of Ukraine, its requirements established in accordance with article 66 of this Law, or exercise risky operation that threatens the interests of depositors or other creditors of the bank, the National Bank of Ukraine enjoys the right to apply the enforcement measures commensurate to committed violation or level of threat, including’;

paragraphs 1, 2 and 3 shall read as follows:

‘1) a written warning;

2) convening a general meeting of participants, the bank supervisory board, the bank management board (board of directors);

3) concluding a written agreement with the bank, under which the bank or a person specified in the agreement undertakes to take measures to remedy violations, improve the bank’s financial position, increase the efficiency and/or adequacy of the risk management system, etc.’;

paragraph 4 shall be replaced with paragraphs 4 to 13 as follows:

‘(4) suspending payment of dividends or distribution of capital in any other form;

5) setting higher economic standards for the bank;

6) increasing provisions backing up losses on loans and other assets;

7) restricting, suspending or terminating certain types of transactions carried out by the bank;

8) prohibiting to grant blank loans;

9) imposing fines on:

senior manager of the bank in the amount up to one hundred non-taxable minimum personal incomes;

the bank in accordance with the provisions approved by the Board of the National Bank of Ukraine, but in the amount of not exceeding 1 percent of the value of registered authorized capital;

qualified shareholders of the bank, provided that they violate the requirements of article 34 of this Law on the procedure for acquiring or increasing qualified shareholding in the bank in the amount of up to 10 percent of the acquired (increased) share;

10) temporary, until the violation is remedied, prohibition to an qualified shareholder

to use the voting right over acquired stock (participatory interest);

11) temporary, until the violation is remedied, removal of a bank official from office;

12) classifying the bank as problem or insolvent;

13) revocation of the banking license and liquidation of the bank'; parts 2 and 7 shall be removed;

in part 3, the words and the figure 'in subparagraph h of paragraph 4' shall be replaced with the words and figure 'in paragraph 10';

q) in part 2 of article 74, the wording 'enforcement stipulated in this Law' shall be replaced with the wording 'enforcement (sanctions) stipulated in law';

r) sections V and VI shall read as follows:

**'Section V
PROBLEM AND INSOLVENT BANK. LIQUIDATION OF A BANK**

Chapter 15

**CRITERIA FOR CLASSIFYING A BANK AS PROBLEMS AND
INSOLVENT**

Article 75. Classifying a bank as problem

The National Bank of Ukraine is obliged to take a decision to classify a bank as problem provided that it meets at least one of the following criteria:

1) the bank allowed a reduction of its regulatory capital value and/or capital ratios set in law and/or regulations of the National Bank of Ukraine, by 10 percent or more during the reporting month;

2) the bank failed to meet the claim of a depositor or other creditor, which matured five or more working days ago;

3) the bank regularly violates the legislation regulating prevention of and counteraction to legalization (laundering) of proceeds from crime or terrorist financing;

4) the bank violated the legislative requirements on the procedure of submitting and/or publishing reports, in particular it submitted to the National Bank of Ukraine and/or published inaccurate reports, which led to significant distortion of the financial position of this bank;

5) regular failure to ensure the efficiency of operation and/or adequacy of the risk management system, which poses a threat to the interests of depositors or other creditors of the bank.

The National Bank of Ukraine enjoys the right to classify a bank as problem on other grounds stipulated in the regulations of the National Bank of Ukraine.

The decision of the National Bank of Ukraine to classify a bank as problem constitutes banking secrecy.

The National Bank of Ukraine enjoys the right to prohibit the problem bank from using direct correspondent accounts for payments and/or require the problem bank to make payments exclusively through the consolidated correspondent account.

The problem bank within 180 days is obliged to bring its operation in line with the requirements of legislation, including regulations of the National Bank of Ukraine.

The problem bank is obliged to inform the National Bank of Ukraine within seven days about the measures it will take to bring its operation in line with the requirements of legislation, and at the request of the National Bank of Ukraine to inform it about the implementation of these measures.

The National Bank of Ukraine within 180 days from the date of classifying the bank as problem enjoys the right to decide whether to recognize the bank's operation as compliant with legislation or to classify the bank as insolvent.

The National Bank of Ukraine, no later than 180 days from the day of classifying the bank as problem, must decide whether to recognize the bank's operation as compliant with legislation or to classify the bank as insolvent.

Article 76. Classifying a bank as insolvent

The National Bank of Ukraine must decide to classify the bank as insolvent in the case of:

- 1) failure of the bank to comply with the requirements of legislation, including regulations of the National Bank of Ukraine, after it is classified as problem but not later than 180 days from the date of its classification as problem;
- 2) reduction of the regulatory capital or capital ratios of the bank to one third of the minimum rate established by law and/or regulations of the National Bank of Ukraine;
- 3) failure of the bank to honor 10 percent or more of its liabilities vis-à-vis depositors and other creditors during 10 consecutive working days.

The National Bank of Ukraine no later than on the day following the day of the decision to classify a bank as insolvent communicates this decision to the Household Deposit Guarantee Fund for the latter to take measures stipulated in the Law of

Ukraine 'On the Household Deposit Guarantee Scheme'.

The National Bank of Ukraine does not exercise banking supervision over a bank classified as insolvent and a bridge bank, except for receiving their reports under the procedure set by the National Bank of Ukraine.

The National Bank of Ukraine resumes banking supervision of the bank on the day it receives the decision of the Household Deposit Guarantee Fund to terminate provisional administration in connection with the bank capitalization by an investor in the amount that secures compliance with regulations of the National Bank of Ukraine, including on economic standards, and taking other measures to restore the solvency and sustainable operation of the bank.

Chapter 16

BANK LIQUIDATION

Article 77. Revocation of banking license and liquidation of a bank

A bank may be liquidated:

- 1) by decision of the bank owners;
- 2) if the National Bank decides to revoke the banking license at its own initiative or on proposal of the Household Deposit Guarantee Fund.

The National Bank of Ukraine enjoys the right to revoke the banking license on its own initiative if:

- 1) it is revealed that the documents submitted seeking the banking license contain inaccurate information;
- 2) the bank did not perform any banking transaction during one year from the date of obtaining its banking license.

The National Bank of Ukraine decides to revoke the bank's banking license and liquidate the bank on proposal of the Household Deposit Guarantee Fund within five days from the date of receipt of such proposal of DGF.

The procedure of revoking the banking license of a bank being liquidated at initiative of its owners is set by regulations of the National Bank of Ukraine.

The National Bank of Ukraine, no later than on the day following the day of the decision to revoke the banking license and liquidate the bank, communicates that to the bank and sends the decision to the Household Deposit Guarantee Fund.

The Household Deposit Guarantee Fund on the day of receipt of the decision of the National Bank of Ukraine to liquidate the bank acquires the rights of the bank liquidator and begins its liquidation procedure in accordance with the Law of Ukraine 'On the Household Deposit Guarantee Scheme.'

The bank liquidation procedure is deemed to be completed, and the bank is deemed to be liquidated from the time of making the subject-matter record in the Unified State Register of Legal Entities and Sole Proprietors.

The National Bank of Ukraine makes the bank liquidation record in the State Register of Banks on the basis of the decision to approve the liquidation balance sheet and the liquidator's report received from the Household Deposit Guarantee Fund.

Article 78. Bank liquidation on owners' initiative

Liquidation of a bank on initiative of its owners is carried out in the manner prescribed by the legislation on liquidation of legal entities if the National Bank of Ukraine, having received the decision of owners to liquidate the bank does not find the traces for which the bank may be classified as problem or insolvent.

Bank owners enjoy the right to start the procedure of bank liquidation by decision of the general meeting only after the National Bank of Ukraine grants its consent to such liquidation and provided the revocation of banking license.

If a bank being liquidated on initiative of its owners is classified as problem or insolvent by the National Bank of Ukraine, the National Bank of Ukraine and the Household Deposit Guarantee Fund shall take measures provided for by the Law herein and the Law of Ukraine 'On the Household Deposit Guarantee Scheme.'

Section VI

CHALLENGING THE DECISIONS OF THE NATIONAL BANK OF UKRAINE

Article 79. Challenging the decisions of the National Bank of Ukraine

Bank or other persons covered by the supervisory activities of the National Bank of Ukraine enjoy the right to challenge in court, in the manner prescribed by law, the decisions, actions or omissions of the National Bank of Ukraine or its officials.

Decisions of the National Bank of Ukraine and its employees may be challenged in court solely for the purpose of establishing the legality of such decisions.

An appeal does not suspend the implementation of the challenged decision or action.

Employees of the National Bank of Ukraine and persons involved by NBU are not personally liable for any actions or omissions if they acted in good faith and on legal grounds. Lawsuits filed against such persons shall be treated as lawsuits filed against the

National Bank of Ukraine.

The National Bank of Ukraine provides legal protection to its employees and persons involved by NBU if lawsuits are filed against them in relation to their performance of the functions of the National Bank of Ukraine.

Damage caused by professional error of an employee of the National Bank of Ukraine and persons involved by NBU shall be compensated in accordance with the legislation of Ukraine, regulations of the National Bank of Ukraine and financial liability insurance contracts’;

10) paragraph 17 of part 1 of article 7 of the Law of Ukraine ‘On Insurance’ (Vidomosti of Verkhovna Rada of Ukraine, 2002, No. 7, art. 50; 2010, N 2- 3, art. after the wording ‘provisional administrator, liquidator of a financial institution’ add the wording ‘(for banks - the authorized officer of the Household Deposit Guarantee Fund), members of the executive board and the administrative board of the Household Deposit Guarantee Fund’;

11) subparagraph 11 of paragraph 9 of section X expired on 21.10.2019

(due to expiry of the Law of Ukraine of 01.06.2010 N 2289-VI in the wording of the Law of Ukraine of 10.04.2014 N 1197-VII)

12) part 10 of article 6 of the Law of Ukraine ‘On Personal Data Protection’ (Vidomosti of Verkhovna Rada of Ukraine, 2010, No. 34, art. 481) shall be supplemented with paragraph 3 reading as follows:

‘The procedure of personal data processing with respect to ensuring the functioning of the household deposit guarantee scheme is approved by the Household Deposit Guarantee Fund.’

13) part 1 of article 5 of the Law of Ukraine ‘On Court Fees’ (as amended by laws of Ukraine of October 6, 2011 N 3828-VI and of December 23, 2011 N 4289-VI) shall be supplemented with paragraph 22 as follows:

‘22) an authorized officer of the Household Deposit Guarantee Fund - in cases related to the exercise of provisional administration and liquidation of a bank’;

14) part 1 of article 4 of the Decree of the Cabinet of Ministers of Ukraine of January 21, 1993 N 7 - 93 ‘On State Duty’ (Vidomosti of Verkhovna Rada of Ukraine, 1993, No. 13, art. 113 as amended) shall be supplemented with new paragraph 49 as follows:

‘49) authorized officer of the Household Deposit Guarantee Fund - for lawsuits in court and commercial court, including the recovery (return) of bank property (funds) transferred under contracts that are void pursuant to the Law of Ukraine ‘On the Household Deposit Guarantee Scheme’, as well as compensation for damages caused by their conclusion’.

9. The Cabinet of Ministers of Ukraine shall: during six months from the date this

Law if published, shall:

bring their regulations in compliance with this Law;

ensure the adoption of legislative acts necessary for the implementation of this Law;

ensure that ministries, other central executive authorities bring their regulations in compliance with this Law.

Subparagraph 5 of paragraph 10 of section X removed

(pursuant to the Law of Ukraine of 04.07.2014 No 1586-VII)

10. The National Bank of Ukraine within six months from the date of publication of this Law shall bring its regulations in compliance with this Law.

11. The Household Deposit Guarantee Fund together with the National Bank of Ukraine and the National Commission on Securities and Stock Market within six months from the date of publication of this Law shall develop and approve the procedure for establishing, registering shares and issuing a banking license to a bridge bank under a simplified procedure.

12. The Household Deposit Guarantee Fund within six months from the date of publication of this Law shall bring its regulations in compliance with this Law and ensure the adoption of regulations to implement the provisions of this Law.

13. For the period of validity of the Law of Ukraine ‘On Financial Restructuring’, the Household Deposit Guarantee Fund operates considering the powers defined by the Law of Ukraine ‘On Financial Restructuring’ and takes part in the procedures provided for in the Law of Ukraine ‘On Financial Restructuring’, under the conditions set in the Law of Ukraine ‘On Financial Restructuring’.

(section X supplemented with paragraph 14 pursuant to the Law of Ukraine of 14.6.2016 No 1414-VIII)

14. Equated to a deposit shall be the funds raised from an individual as a loan or a contribution to a non-bank financial institution through a bank that acted as an attorney under the relevant contract and on the date of entry into force of the Law of Ukraine ‘On Amendments to Selected Laws of Ukraine on Reimbursing Individuals through Deposit Guarantee Scheme for Damage Caused by Abuse in Banking and Other Financial Services’, is classified as insolvent if the bank failed to inform the individual against his/her signature that such funds are not covered by guarantees under this Law, and the individual who placed such funds, is equated to a depositor.

The Household Deposit Guarantee Fund shall carefully examine the documents of every individual equated to a depositor and whose funds are equated to a deposit under this paragraph, and no later than 20 working days from the date of entry into force of the Law of Ukraine ‘On Amendments to Selected Laws of Ukraine on Reimbursing Individuals through Deposit Guarantee Scheme for Damage Caused by Abuse in Banking and Other Financial Services’ shall at the expense of DGF within the amount of reimbursement specified in part one of Article 26 of this Law start paying reimbursement to individuals entitled to such reimbursement as equated to depositors.

(section X supplemented with paragraph 15 pursuant to the Law of Ukraine of 15.11.2016 No 1736-VIII)

15. Establish that in case of restructuring a retail debt on a foreign currency loan secured by a mortgage of an apartment or house, which is the only place of residence of the debtor’s family, that is carried out under the personal insolvency procedure in accordance with the restructuring plan or amicable agreement, factoring in the specificities set in paragraph 5 of section ‘Final and Transitional Provisions’ of the Bankruptcy Code of Ukraine, the DGF no later than 30 calendar days before publishing the announcement of open auction is obliged to offer the debtor to repay his/her debt in the amount of the appraised value of property (asset) by sending him/her an offer to the debtor’s address specified in the loan agreement and/or by publishing the information on the property (assets) put up for sale in the print media determined by the DGF Executive Board, on the bank’s website and on the official website of DGF. Requirements to the content and timing of the publication of information on the sale of bank property are stipulated by the regulations of DGF. The debtor may enter into a preliminary agreement with DGF (DGF authorized officer) on the fulfillment of obligations specified in the written notice of DGF before the open bidding is publicly announced.

(section X supplemented with paragraph 16 pursuant to the Law of Ukraine of 13.4. 2021 No 1382-IX)

16. Establish that DGF reimburses funds on registered certificates of savings (deposit) issued by a bank before June 30, 2021 regardless of the date of the decision of the National Bank of Ukraine to classify this bank as insolvent or revoke its banking license and liquidate the bank on the grounds set in part 2, Article 77 of the Law of Ukraine ‘On Banks and Banking’.

(section X supplemented with paragraph 17 pursuant to the Law of Ukraine of 30.06.2021 No 1588-IX)

18. Joint-Stock Company “State Savings Bank of Ukraine” (“Oschadbank”) acquires the status of a DGF member from the date of entry into force of the Law of Ukraine On Amendments to Certain Laws of Ukraine to Ensure Stability of the Deposit Guarantee System.

The DGF shall reimburse deposits, which are defined as the term "deposit" in Article 2 of this Law, attracted by the Oschadbank from depositors identified by the Oschadbank in accordance with the law.

(Section X supplemented with the paragraph 18 pursuant to the Law of Ukraine of
01.04.2022 N 2180-IX)

19. From the date Oschadbank acquires the DGF member status:

if the deposit raised by Oschadbank before the date of its acquisition of the DGF member status exceeds the deposit reimbursement ceiling, the part of such deposit exceeding the deposit reimbursement ceiling shall be guaranteed by the state;

if the DGF does not reimburse the deposit raised by the Oschadbank before the date of its acquisition of the DGF member status, such deposit shall be guaranteed by the state.

The state guarantees specified in this paragraph shall be valid until the expiration of the six-month period from the date of acquisition by Oschadbank of the DGF member status.

(Section X supplemented with the paragraph 19 pursuant to the Law of Ukraine of
01.04.2022 N 2180-IX)

20. Within 90 calendar days from the date of acquiring the DGF member status, Oschadbank shall pay to the DGF an initial premium in the amount of 1 percent of its regulatory capital, as of the date of acquiring the DGF member status.

(Section X supplemented with the paragraph 20 pursuant to the Law of Ukraine of
01.04.2022 N 2180-IX)

21. Within three years from the date of acquisition by the Oschadbank of the DGF member status:

1) Oschadbank shall pay a regular premium to the DGF only at the baseline annual rate specified in Article 22 of this Law. The calculation of the regular premium amount to the DGF as a differentiated fee shall not be applied to Oschadbank;

2) the DGF, by its regulations, shall establish the peculiarities of Oschadbank's reporting to the DGF and DGF's inspection of the Oschadbank;

3) the DGF shall have the right to apply to the Oschadbank administrative and economic sanctions in the form of fines for violations specified in part 2 of Article 33 of this Law, in the amount determined in accordance with Article 33 of this Law, if Oschadbank has not complied with or untimely complied with the order to eliminate violations of the law on deposit guarantee system or has repeatedly committed an offense within a year.

Signs of recurrence during the year of the offense committed by the Oschadbank shall be determined by the DGF's regulations.

(Section X supplemented with the paragraph 21 pursuant to the Law of Ukraine of
01.04.2022 N 2180-IX)

22. Following the legal termination of the DGF's obligations under promissory notes issued in 2015 and 2016 in exchange for government bonds held by the Ministry of Finance of Ukraine (the relevant promissory notes), the DGF Executive Directorate shall decide on the possibility of transfers to the State Budget of Ukraine:

1) within the amount of the DGF's terminated obligations to pay interest accrued on the amounts specified in the relevant promissory notes:

funds in the amount received after the termination of the DGF's obligations on the relevant promissory notes to satisfy the DGF's claims to the bank, which in 2014-2017 was declared insolvent or for which in 2014-2017 a decision was made to liquidate on the grounds specified in part 2 of Article 77 of the Law of Ukraine On Banks and Banking in the process of liquidation of such a bank in accordance with the Law of Ukraine On Households Deposit Guarantee System, including funds paid by persons specified in part 5 of Article 52 of the Law of Ukraine On Households Deposit Guarantee System, or collected from them, but not more than the amount of unsatisfied claims of the DGF to such a bank;

funds in the amount paid to persons specified in part 5 of Article 52 of the Law of Ukraine On Households Deposit Guarantee System, or collected from them to satisfy the DGF's claims arising in connection with the damage (loss) due to unsatisfied claims because of insufficiency of the bank's property, which was declared insolvent in 2014-2017 or in respect of which a decision was made to liquidate it in 2014-2017 on the grounds specified in part 2 of Article 77 of the Law of Ukraine On Banks and Banking;

2) funds calculated as of the end of the reporting year in the amount the adjusted capital exceeds the size of the target fund size, taking into account the timeframes for reaching it, but not more than the amount of terminated obligations of the DGF to pay bills (excluding interest), provided that such a transfer will not reduce the adjusted capital below the size of the target fund size during the relevant period.

The procedure for transferring funds to the State Budget of Ukraine in accordance with this paragraph shall be determined by an agreement between the DGF and the Ministry of Finance of Ukraine.

(Section X supplemented with the paragraph 22 pursuant to the Law of Ukraine of
01.04.2022 N 2180-IX)