

LEGISLATION NEWS

Public procurement

- Public procurement via agents
- New law on public procurement

Real estate

- New order for registration of real estate title
- Changes to the procedure for real estate title registration
- Coming into force of the law on land moratorium
- Minimum lease term for state property has been approved
- List of regulation technical conditions and building norms
- The procedure for provision of approvals in construction sphere has been changed
- Procedure for issuing building passport

Regulatory

- Application of tacit approval principle
- Extension of the term for return of foreign currency to Ukraine
- Pharmacy market regulation

Public Private Partnership

Tax

- Simplified taxation system in the period of exiting recession
- Some issues of taxation of income of foreign citizens

Dispute Resolution

Determination of jurisdiction of land cases

Changes in the legislation on international private law

Agriculture

- Government restarts VAT refunds to grain traders through Agrarian Fund

Retail

- Economy Ministry proposes to declare wholesale and retail prices for main foodstuffs

Corporate Law

- The procedure for replacement of certificates on registration of equity securities issue
- Procedure for conversion of certificated bearer shares into the registered shares
- Changes in the Regulation on disclosure of information by issuers of securities
- Ukrainian government to support producers of modern wind-powered electric generators

PUBLIC PROCUREMENT

Public procurement via agents

- The Cabinet of Minister of Ukraine with its Decree #51 dd. 27.01.2010 has amended the Provision on purchase of goods, works and services for public funds (public procurement). The amendments, in particular, allow to purchase goods, works and services not only by national and international producers directly, but also by their representatives, dealers and distributors.

We remind that previously the Decree of the Cabinet of Ministers of Ukraine #1335 dd. 08.12.2009 excluded official representatives of producers, their dealers, distributors and official representatives of non-residents from the list of potential tender participants.

New law on public procurement

- On 11.02.2010 the Parliament of Ukraine passed the Law “On public procurement” (draft law #226.-1, as to 25.02.2010 has not come into force yet).

The Law provides for principles of public procurement. It shall be applied to all buyers and purchasing of goods, works and services, which are to be entirely or partially purchased for public funds, if the price of the procurement goods and services is equal or exceeds 100 thousand UAH, and works – 300 thousand UAH.

The state regulation and control over public procurement shall be carried out by the authorized body (the Ministry of Economy, where a special separate structural unit shall be established) and other authorities according to their powers.

According to the draft law the public procurement can be conducted through open tenders, two-level tenders, quotation requests, preliminary qualification of participants, and purchase by one participant. The Cabinet of Ministers upon presentation of the authorized body is entitled to approve the list of goods to be purchased on principals of coordination for funds of the state budget of Ukraine and to appoint a key buyer.

The law provides that in order to deal with appeals and claims a special appeal body is being established and functions at the Ministry of Economy created on the principles of parity participation of

representatives of state bodies and independent experts on public procurement and consisting of 14 members. The decisions of the appeal body are to be obligatory published in the state official printed media on public procurement and on the web-site of the authorized body within 7 days after their making.

In case the draft law will be signed by the President, it will come into force 30 days after its publication.

REAL ESTATE

New order for registration of real estate title

- On 11.02.2010 the Parliament of Ukraine has repeatedly passed the Law “On amendments to the Law “On state registration of corporeal rights to the real estate and their limitations” and introduced new version of the Law of Ukraine “On state registration of corporeal rights to real estate and their limitations”.

According to the Law, obligatory registration of proprietary rights to real estate and their limitations as of 01.01.2012 shall be conducted by the Ministry of Justice through the State register of rights (State register of proprietary rights to real estate) established by it.

Therefore, the Bureau of technical inventory as of 01.01.2012 will not conduct state registration of ownership rights and rights of use to real estate, rights of use (lease) to buildings or any other permanent structures and their parts as well as maintain records on abandoned property and real estate management through registration of such data into the Register of real estate ownership rights.

The State committee on land resources will not register ownership rights and rights of use to land plots, rights of permanent use to land plots, rights of use to land plots for agricultural needs as well as building leasehold to land plots anymore. Notaries will not be entitled to register mortgage agreements anymore.

The registration procedure is public, the Ministry of Justice and its territorial bodies are obliged to provide information on registration of proprietary rights and limitations to them as provided by the law.

Changes to the procedure for real estate title registration

- The Ministry of Justice of Ukraine with its Order #324/5 dd. 17.02.2010 “On regulation of relations as to state registration of real estate title”:
 - stipulated that before establishment of a unified system of bodies of state title registration and establishment of the State register of real estate title and their limitations according to the Law of Ukraine “On state registration of corporeal rights to real estate and their limitation” the bureau of technical inventory shall conduct state registration of real estate title;
 - approved Changes to the Temporary provision on the procedure of state registration of real estate title approved by the Order of the Ministry of Justice of Ukraine dd. 07.02.2002 #7/5.

These Changes provide, in particular, for:

- procedure for registration of real estate title based on mortgage agreements with notation about satisfaction of the mortgagee’s claims;
- procedure for registration of title to unfinished construction objects;
- procedure for making entry on registration of real estate title being in state or communal ownership and belonging to other economic entities on the right of full economic or operative management;
- New list of information included to the informational certificate from the Register of real estate title and the Certificate on real estate title.

Coming into force of the law on land moratorium

- Due to official publication in the paper “Golos Ukrainy” #17 dd. 02.02.2010 the Law “On amendments to par. 14 and 15 section X “Transitional provisions” of the Land code of Ukraine as to terms

for land plots sale” #1783-VI dd. 19.01.2010 came into force. This law introduced amendments to the Land code of Ukraine according to which the moratorium on sale of land plots of agricultural designation shall cease to be in force after coming into force of the laws of Ukraine on state land cadastre and land market but not earlier than as of 01.01.2012.

Minimum lease term for state property has been approved

- The State Property Fond with its Decree “On validity terms for state property lease agreements” #43 dd. 20.01.2010 stipulated the minimum term for state property lease agreements of 5 years provided that lessee does not ask for a minor term. At this, requirements of the Civil and Economic codes as to lease shall be adhered to.

List of regulation technical conditions and building norms

- The Ministry of regional development and construction of Ukraine with its Decree #56 dd. 11.02.2010 has approved a new List of regulation technical conditions and building norms, compliance with requirements of which evidences the compliance with requirements of the Technical rules for building products, buildings and structures. The Ministry of regional development and construction noted that users shall follow up all information about new regulation technical conditions on its official web-site during the current year. Due to approval of the said Decree the Ministry of regional development declared its Decree dd. 05.03.2009 #94 “On Approval of the List of regulation technical conditions and building norms, compliance with requirements of which evidences the compliance with requirements of the Technical rules for building products, buildings and structures” as ceased to be in force.

The procedure for provision of approvals in construction sphere has been changed

- The Cabinet of Ministers of Ukraine with its Decree dd. 27.01.2010 #90 has amended:
 - the Procedure for putting into operation of finished construction objects;
 - Temporary procedure for putting into operation of finished construction residential mansion houses, bungalows and garden cottages with household outbuildings and structures, built without building permit;
 - the Procedure for issuing approvals for early works;
 - the Procedure for issuing building permits, and stipulated that documents to be submitted by the applicant for obtaining respective approval (permit) are accepted by an official of the Inspection of state architectural and construction control at the approval centre according to the location of the object/work fulfillment and, respectively, the permit/certificate is issued at the approval centre according to the location of the object/work fulfillment.

Procedure for issuing building passport

- The Ministry of regional development and construction of Ukraine with its Decree #459 dd. 30.10.2009 has approved changes to Model building regulations and stipulated the procedure for issuing of building passports for urban construction objects with note that its requirements shall not apply to construction of residential houses, bungalows and garden cottages on areas with difficult engineering, geological and technogenic conditions (manipulated, carstic and waterlogged areas, artificial and landslide, settling and expanding soil, plots within marine abrasion areas).

Hence, if there are no local building rules citizens being owners or users of land plots in villages, settlements and district centers can obtain at the respective town planning and architecture authority a building passport for a urban construction object instead of basic data.

The building passport is issued for building or reconstruction of following objects:

- residential houses (mansion houses, cottages and villas), bungalows and garden cottages with total area up to 500 sq.m., including household outbuildings and utility premises in basement (I and II complexity level);
- household buildings and structures on mansion plots, individual garages.

The building passport is executed and issued by a special authorized body of town planning and architecture within one month after submission of a respective written application.

The building passport shall have as attachment:

- report on land plot development;
- land plot location scheme;
- land plot development scheme;
- explanatory note to the land plot development scheme.

With the building passport (if necessary) the owner or user of the land plot to be developed can address asset holders of engineering networks or respective operating entity as to provision of technical conditions for engineering support of the town development object which can be included to the building passport.

The Decree is registered with the Ministry of Justice on 22.01.2010 #71/17366 and shall come into force as of its official publication.

REGULATORY

Application of tacit approval principle

- In the execution of the Law of Ukraine On Amendments to Certain Laws of Ukraine

concerning Simplifying of Business Environment in Ukraine N1759-VI dd. 15.12.2009 the Cabinet of Ministers of Ukraine adopted Resolution N77 dd. January 27 2010, whereby it determined the procedure for application of tacit approval principle. The Resolution stipulates that if a business entity does not obtain a permit or refusal to provide such permit within the established term, such business entity shall be entitled to perform certain actions or engagement in certain types of economic activity in 10 days after expiration of the term established for issuance of a permit or refusal to issue such permit. Copies of submitted and accepted documents with a note of receipt affixed to them will be ground for performance of the activity in this case.

Extension of the term for return of foreign currency to Ukraine

- On February 11 2010 the Law of Ukraine On Amendments to Certain Laws of Ukraine concerning Government Support of Aircraft Industry in Ukraine N1814-VI dd. 20.01.2010 took effect. Besides privileges for operators of the aircraft industry the law also provides for extension of the term for return of foreign currency received from export transactions and deferments of delivery in import transactions for Ukraine-based exporter and importers from 90 to 180 days. To recap, in November 2009 this term was decreased to 90 days.

Pharmacy market regulation

1. On February 03 2010 the Cabinet of Ministers of Ukraine adopted a draft resolution “On Some Issues Concerning Trade in Drugs and Medicines”

The specified regulatory act eliminates temporary and financial barriers for business entities operating in the pharmaceutical market by means of amending the resolution of the Cabinet of Ministers dd. 04.07.2001 N756 On Approval of the List of Documents to be Attached to the Application on Issuance of License for Certain Types of Economic Activity .

Pursuant to these amendments a copy of passport of a pharmaceutical institution signed and sealed on each page by the head of the economic entity shall be attached to the application for a license to engage in wholesale and retail trade with medicines. The signed and sealed copy will not be subject to agreement with regulatory authorities.

The new form of passport of the drug-store (its structural subdivision) and passport of its storehouse is approved by the same Resolution.

2. On 03 February 2010 the Cabinet of Ministers of Ukraine adopted resolution N81 which provides for establishment of a network of pharmaceutical institutions on the basis of State Enterprise “Ukrposhta”.

The main objective of this network is to provide the population of Ukraine, and in the first place the dwellers of the distant inhabited localities, with a broad range of medicines at moderate prices.

Procurements of medicines will be performed by Ukrposhta pursuant to Art.6 of the Regulation on Procurement of Goods, Works and Services for Public Funds approved by the Resolution of the Cabinet of Ministers of Ukraine N921 dd. 17.10.2008 according to the procedure for procurement from one participant upon agreement with the Ministry of Economy of Ukraine.

It should be noted here that economic activity on retail trade through the network of pharmaceutical institutions ST “Ukrposhta” is subject to licensing on the general basis, that is why all requirements applicable to pharmaceutical institutions should be met according to Licensing Conditions for performance of economic activity on manufacture of medicines, wholesale and retail trade with medicines approved by the Decree of the State Committee for Entrepreneurship of Ukraine and the State Inspectorate for Quality Control of Medicines dd. 03.03.2009 dd. 44/27.

3. Draft Law N 5506 “On Amendments to Art. 12 of the Law of Ukraine “On Drugs and Medicines” concerning marking of drugs and medicines with Braille type” was registered with the Verkhovna Rada of Ukraine.

It is proposed in the draft law to amend Art. 12 of the Law “On Drugs and Medicines” having abolished the requirement concerning obligatory marking with Braille type of all drugs and medicines sold in Ukraine which entered into force on January 01 2010. Pursuant to the draft law the list of medicines which are liable to marking is to be determined by the Ministry of Health of Ukraine. Hospital and injection medicines are not liable to marking. Obligatory marking requirement was established only for pharmacies serving visually impaired patients and for medicines registered in Ukraine for the first time.

4. On 17 February 2010 the Ministry of Health of Ukraine submitted to public consideration draft resolution of the Cabinet of Ministers of Ukraine “Some Issues of Improvement of State Control of Prices for Medicines”.

The draft resolution is aimed to continue the state policy in the sphere of stabilization and control of prices for medicines as well as effective utilization of public funds.

The specified regulatory act approves the Procedure for State Registration of Wholesale Ex-Works Prices for Medicines. It is envisaged that since 01 July 2010 drugs and medicines whose prices are not registered can not be procured for public funds. Thus prices for hospital medicines i.e. those included in the List of Home-Produced and Imported Medicines (approved by the resolution of the cabinet of Ministers of Ukraine dd. 05.09.1996 N 1071) shall be registered until July 01 2010.

Under the draft starting from 01.03.2010 state registration of wholesale ex-works prices shall be performed according to declarative principle. It is obvious that since draft regulatory acts are subject to public consideration within 1 month the state registration commencement term will put off.

Wholesale ex-works prices for each medicinal form, dosage and consumer packing of any medicine of each producer will be subject to state registration.

During registration the wholesale ex-works price will be fixed in Hryvnya (for national producers) and in foreign currency as well as in Hryvnya according to the official exchange rate established by the National Bank of Ukraine at the date of registration (for foreign producers). Taking into account that re-registration of the registered wholesale ex-works price can be performed not oftener than once a quarter, under conditions of significant currency fluctuations all segments of pharmaceutical business will be exposed to significant currency risks.

PUBLIC PRIVATE PARTNERSHIP

- On February 10 2010 the Verkhovna Rada of Ukraine passed at first reading the draft law On the Peculiarities of Lease and Concession of Central Water- and Heat Supply Facilities, and Sewage Systems under Municipal Ownership. (Draft law N2320).

The Draft law proposes to establish the peculiarities of lease and concession of central water- and heat supply facilities and sewage systems under municipal ownership.

Pursuant to the document decisions on lease and concession of central water- and heat supply facilities, as well as sewage systems shall be made by relevant village, rural, and city councils or relevant district and regional councils exclusively via a tender. Tender conditions are to be agreed with the central executive authority for housing and communal services.

Draft law contains provision on peculiarities of lease and concession of central water- and heat supply facilities, as well as sewage systems. Namely a lessee is not entitled to sublease the leased facilities, is obliged to use the leased facilities for their intended purpose in accordance with the profile production activity of the enterprise, whose facilities were leased, and to render services in the amount necessary for satisfaction of needs of the consumers.

TAX

Simplified taxation system in the period of exiting recession

- On February 11 2010 the Verkhovna Rada of Ukraine adopted as basis the draft law On Peculiarities of Application of the Simplified System of Taxation, Accounting and Reporting of Small Business Entities in the Period of Exiting Recession. In the draft law N4549 it is proposed to create a mechanism of protection of small business entities, which are subjects of the simplified system of taxation, accounting and reporting.

Namely the draft law contains provisions about: ban on increasing single tax rates established for January 1 2009; restriction in the categories of small business entities which are subject to simplified system of taxation, accounting and reporting; obligating small business entities paying single tax to pay other taxes and duties (obligatory payments); change in the mechanism of collection of single tax; exemption of insurance premiums (established by the Law On Mandatory State Pension Insurance) of natural persons – entrepreneurs who pay single tax and their family members participating in performance of entrepreneurial activity and not related to them by labor relations.

Some issues of taxation of income of foreign citizens

- In association with the American Chamber of Commerce in Ukraine and the European Business Association the State Tax Administration of Ukraine developed Amendments to the Survey of Taxation of Incomes of Foreign Citizens and Non-Residents N28593/7/17-0717 dd. 23.12.09. The Amendments also aimed at abolishment of conditions for unreasoned refusal to confer the status of tax resident of Ukraine.

The Amendments also provide for a list of documents to be submitted by foreigners for determination of a residential status for each reason envisaged by the Law of Ukraine On Personal Income Tax. The Amendments also provide for the rights of foreigners, who have work permit or are employed at representative offices of foreign companies in Ukraine and in accordance with the concluded contracts work in Ukraine for more than one year, to obtain resident status for the next year in advance in case they prove the fact of their residence or stay in Ukraine for more than 183 days in a previous calendar year.

The American Chamber of Commerce of Ukraine and the European Business Association forwarded letters to Prime-Minister of Ukraine and Head of the State Tax Administration with the request to take measures aimed at removal of discrimination of foreign employees and violation of employer's rights.

DISPUTE RESOLUTION

Determination of jurisdiction of land cases

- On 18 February 2010 Ukrainian Parliament adopted Law of Ukraine On Amendments to Economic Procedural Code of Ukraine Concerning Determination of Jurisdiction of Land Cases (draft law N1047 as of February 25 2010 did not enter into forth).

The law is aimed at resolving cases on land relations to which legal entities are the parties (except cases within the competence of administrative courts) in economic courts at the location of the parties to land relations.

Therefore the law supplemented Article 16 of the Economic Code of Ukraine, which regulates issues of exclusive jurisdiction, by a provision about exclusive competence of land cases. This category of cases shall now be heard by economic courts at the location of parties to such land relations or their major part except cases stipulated in Section 4 Art.16 of the Economic Code of Ukraine.

Changes in the legislation on international private law

- On February 16 2010 the Law of Ukraine N1837-VI dd.21.01.2010 "On Amendments to Some Legislative Acts of Ukraine Concerning International Private Law Issues" became effective. Under the Law some "liberal amendments" and important refinements have been made to procedural legislation (Civil and Procedural Code, Economic Code and Code of Administrative Proceedings of Ukraine), and in particular from now on:

- a common for civil, economic and administrative proceedings procedure for filing letters of request to foreign courts or other competent authorities of foreign states, execution in Ukraine of letters of request filed by foreign courts, and execution of letters of request by foreign diplomatic institutions of Ukraine is envisaged;
- established that the court is obliged to suspend proceedings in case of filing a letter of request for provision of legal defense with a foreign court or other competent authority of a foreign state;
- more precisely determined (Art. 123 ECU) that foreign business entities have the same procedural rights and obligations as national ones except cases established by law or international treaty declared binding by the Verkhovna Rada of Ukraine;
- respective provisions of the Civil Procedural Code of Ukraine (Art.414) and Economic Procedural Code of Ukraine concerning jurisdiction of cases with foreign elements. Thus from now on, jurisdiction of cases with foreign element (to a foreign economic entity is a party) shall be determined by respective code (Procedural Code of Ukraine or Economic Procedural

Code of Ukraine), a law or international treaty declared binding by the Verkhovna Rada of Ukraine. Thus now the possibility to apply respective provisions of the Law of Ukraine On International Private Law (Art. 75-77) concerning jurisdiction of cases with foreign element is more specifically envisaged. Namely, part 1 par. 1 Art. 76 of the Law of Ukraine On International Private Law envisage that parties can stipulate in an agreement between them that disputes should be resolved in Ukrainian courts (except cases of exclusive jurisdiction);

- the procedure for recognition of foreign judgments was more precisely determined. In particular, it definitely envisages the possibility to apply provisions of Section VIII of the Civil Procedural Code to recognition and enforcement of both court judgments and arbitral awards. Thus Art. 390 of the Civil Procedural Code establish that a foreign judgment includes: a foreign judgment proper; decisions of other competent foreign authorities competent to hear civil or economic cases, as well as foreign or international arbitral awards. Respective judgments are recognized and enforced in Ukraine if their recognition and enforcement is stipulated by an international treaty accepted as binding by the Verkhovna Rada of Ukraine or according to a principle of reciprocity. Moreover availability of the principle of reciprocity is established. Thus in par. 2 Art. 390 of the civil Procedural Code it is specified that if recognition and enforcement of a foreign judgment depends on the principle of reciprocity, it is considered that this principle is applicable unless the contrary is proved.

Furthermore, the Law amended:

- Art. 382 of the Economic Code of Ukraine having established that the form and procedure for concluding a foreign economic agreement (contract), all rights and obligations of the parties shall be governed by the law of Ukraine On International Private Law and other laws;
- Art. 18 of the Law of Ukraine On Enforcement Proceedings having more precisely envisaged the possibility of opening enforcement proceedings based on the enforcement document in case an enforcement letter was received from the court based on the resolution on enforcement of a foreign judgment according to the procedure established by the legislation;

- labor law, having established (Art. 8 of the Labor Code) that labor relations of Ukrainian citizens employed abroad, as well as labor relations of foreign citizens employed with enterprises, institutions and organizations of Ukraine, shall be governed by the Law of Ukraine On International Private Law.

From now on, pursuant to par. 2 Art. 1 of the law of Ukraine On International Private Law, a foreign element shall be considered if at least one party is Ukrainian citizen residing abroad Ukraine.

Commentary of Arzinger lawyers

Markiy Malskiy and Volodymyr Yaremko

- The “liberality of changes” is confirmed by the fact that legislator removed from the Economic Code and Civil Procedural Code provisions that Ukrainian legislation can establish respective restrictions for individuals and legal entities of those countries where certain restrictions of civil and procedural rights of Ukrainian natural and legal persons are admitted. The legislator also removed from the Civil Procedural Code and Economic Procedural Code provisions which refer to immunity from prosecution of states and international organizations, but remained unchanged the respective provisions of the Law of Ukraine On International Private Law (Art. 79) on immunity from prosecution.

Thus the specified amendments afford greater opportunities for foreign persons (citizens, states and legal entities) to protect their rights in Ukrainian courts and a number of procedural issues with the participation of a foreign element have been regulated in more detail. Moreover, more favorable conditions have been created for recognition and enforcement of foreign judgments and arbitral awards in Ukraine. At the same time establishment of additional ground for obligatory suspension of proceedings (provided letter of request for legal defense is filed with a foreign court or other competent foreign authority) will hardly facilitate quick and effective justice but on the contrary can lead to procrastination in the proceedings.

AGRICULTURE

Government restarts VAT refunds to grain traders through Agrarian Fund

- Ukraine's government has resumed the use in 2010 of a model of granting value-added tax refunds to grain exporters through the Agrarian Fund that was utilized in 2009.

This is stipulated in cabinet resolution No. 140 dated February 11, 2010.

The procedure will not only cover exporters of grain, flour, spirit and sunflower oil, but the exporters of farm products.

An algorithm for reimbursing VAT to traders with grain through the Agrarian Fund Ukraine's was approved by government in February 2009. The model suggested that the Agrarian Fund should conclude contracts on the agrarian exchange with traders for the sale of grain at average weighted prices calculated on the basis of previous three trading sessions, but they should not be lower than the purchase price together with storage costs. The offset model was handled via the State Treasury's accounts. Later on, the model was extended to flour and ammonium nitrate.

RETAIL

- Economy Ministry proposes to declare wholesale and retail prices for main foodstuffs

The Economy Ministry of Ukraine has proposed to introduce the declaration of wholesale and retail prices for main foodstuffs in addition to the current procedure of declaring changes in prices if they are raised by more than 1% within a month. The relevant draft government's resolution on amendments to part 2 of the procedure on declaring a change in the wholesale and retail prices for foodstuffs was published on the Web site of the Economy Ministry.

The draft envisages the declaration of wholesale and retail prices for foodstuffs, determined by part 1 of the procedure, if this concerns the production or sale of new types goods, or the registration of businessmen.

The operating procedure foresees the declaration of changes to wholesale and retail prices by

businessmen, in particular, for wheat and rye flour, beef, pork, poultry, boiled sausage, milk, cheese, butter, sunflower oil, eggs, and granulated sugar.

CORPORATE LAW

- On February 11 2009 the Verkhovna Rada of Ukraine adopted the Law On Amendments to Certain Legislative Acts of Ukraine concerning formation of authorized capitals of economic entities. The legislative act refers to regulations of Article 86 of the Economic Code of Ukraine and Article 13 of the Law On Economic Companies, which prohibit forming authorized capital of economic entities out of budget funds in pursuance of the Law of Ukraine On Banks and Banking Activity, which authorizes to do this only when establishing a state-owned bank.

Pursuant to the new wording of the said articles of the Economic Code of Ukraine and the Law On Economic Companies it is prohibited to form authorized capital out of budget funds, funds obtained as loan or against a pledge except cases established by law for banks and other financial institutions as well as cases provided for by the Law On First-Priority Measures Aimed at Preventing Adverse Consequences of the Financial Crisis and on Amendments to Some Legislative Acts of Ukraine during the effective term of this law.

The procedure for replacement of certificates on registration of equity securities issue

- The Securities and Stock Market State Commission ("Commission") by its Decision N 1638 dd. 30.12.2009 approved Regulation on the procedure for replacement of the certificate (certificates) of equity securities issue (issues) due to change in the name of a joint stock company (became effective on 20.02.2009).

The Regulation regulates replacement by the Commission of the certificate on registration of issue of shares, bonds, mortgage certificates, mortgage

bonds, real estate transaction fund certificates (“equity securities”) and establishes:

- terms and procedure for replacement of the certificate;
- list of documents to be submitted;
- procedure for refusal to replace the certificate;
- requirements to the form of documents to be submitted.

The Regulation shall apply only in cases of change in the type and/or name of the joint stock company.

Procedure for conversion of certificated bearer shares into the registered shares

- The Securities and Stock Market State Commission with the purpose to secure observance by stock market participants of legislative requirements concerning securities by its decision N 1129 dd. 29.09.2009 established as follows:
 - if authorized capital of a joint stock company before entering into force of the Law of Ukraine “On Securities and Stock Market” was formed exclusively of issue(s) of bearer shares, the latter should be converted into non-certificated registered shares of the same type as the bearer shares or into ordinary registered shares;
 - if authorized capital of a joint stock company before entering into force of the Law of Ukraine “On Securities and Stock Market” was formed of bearer shares and registered shares, the bearer shares should be converted into registered shares of the same type as bearer shares or into ordinary registered shares which form of existence should be the same as of the registered shares of the respective type in a previous issue, or in a non-certificated form, if registered shares of the respective type were not placed. If a certificated form is chosen, the conversion should be completed until 29 October 2010;
 - conversion of certificated bearer shares into registered shares shall be performed subject to immobilization and transfer to depositary not less than 75% of all placed bearer shares excluding bought-out;

- depositaries of securities and custodians from the effective date of this decision shall be disallowed to convert immobilized bearer shares into a certificated form.

At the same time the Securities and Stock Market State Commission approved the Procedure for Conversion of Certificated Bearer Shares into Registered Shares, which became effective on 15.02.2010.

Changes in the Regulation on disclosure of information by issuers of securities

- The Securities and Stock Market State Commission by its Resolution N 1355 dd. 10 October 2009 approved amendments to the Regulation on disclosure of information by issuers of securities (became effective on 26.02.2010).

The Commission established that this Regulation would now apply only to those issuers whose securities are publicly offered as well as open (public) joint stock companies which performed first closed (private) placement of shares and would not apply to issuers of public and investment securities.

Thus closed and private joint stock companies are no longer obliged to observe the provisions of the Regulation.

According to the amendments this Regulation should now apply to disclosure of information in a notice on holding general meetings. Due to this the Regulation was supplemented with a new section regulating the procedure for disclosure of information in the notice on holding general meetings.

Ukrainian government to support producers of modern wind-powered electric generators

- The Cabinet of Ministers of Ukraine by its Resolution N 399 dd. 10.04.2009 approved Support Plan for national producers of wind-powered electric generators with a capacity of not less than 2 MW, their components and assembly units.

The Plan includes in particular the approval of:

- the list and scope of duty exempted facilities, which operate from alternative and renewable energy sources, component parts used for their production, energy saving equipment and materials;
- the list and scope of VAT exempted facilities, which operate from alternative and renewable energy sources, component parts used for their production, energy saving equipment and materials; and
- the list and scope of tax exempted facilities, which operate from alternative and renewable energy sources.

The Cabinet of Ministers of Ukraine also supplemented the List and scope of import duty exempted energy-saving materials, equipment, facilities and component parts, whose import to Ukraine is VAT exempted, approved by the resolution of the Cabinet of Ministers of Ukraine N 444 dd. 14.05.2008 with the following provision: wind-powered electric generators with a capacity of not less than 2 MW and more.