

NBU Simplifies Rules for the Reorganization of Commercial Banks

Starting from 21 December 2009, the rules for the reorganization of commercial banks have been simplified by Resolution No. 683 of the Board of the National Bank of Ukraine (the “NBU”), adopted on 18 November 2009, which introduced amendments (the “Amendments”) to NBU Regulation No. 189 “*On the Reorganization of a Bank Pursuant to the Decision of Its Owner*”, dated 27 June 2008 (the “Regulation”). The Amendments are aimed at bringing the Regulation into conformity with the latest legislative changes relating to financial recovery of commercial banks and with the requirements of the Law of Ukraine “*On Joint Stock Companies*” (the “JSC Law”).

The Amendments provide, *inter alia*, for two significant changes in the procedure for the reorganization of commercial banks in Ukraine:

- (a) unlike in the past, the mere change (transformation) of the organizational form of a bank (e.g., into a public joint stock company) does not require the termination of the bank as a legal entity. Consequently, the creditors of the bank should not be entitled to the early discharge and/or termination of the contractual obligations owed to them by the bank as a result of the implementation of the bank’s transformation. Such transformation can be effected upon the obtaining of an NBU permit for the reorganization, but without the approval of the bank’s reorganization plan by the NBU; and
- (b) the Amendments have abolished the provision of the Regulation requiring the amount of the charter capital of the successor bank after the reorganization to equal the total amount of the charter capitals of the reorganized banks, i.e., in accordance with the requirements of the JSC Law, it should now be possible to exchange the shares of the reorganizing banks not only at their nominal value (as was required before), but also pursuant to a formula agreed by the shareholders.

Additional notes

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