

February 2017

KNOW YOUR UKRAINIAN PARTNER

For secure foreign investment it is important to know more about your Ukrainian partner before entering into any agreements with them. Some of the questions you should ask include: is the company on the letterhead actually registered? Who are the real owners? What do they own? Have they ever been sued for non-payment? Who are they connected with, if anyone? There are three different options for foreign investors to learn this vital information.

1. Obtaining official confirmation of registration with the State Statistics Service of Ukraine and/or the Regional State Registration Chambers (an “extract” from the Unified State Register of Legal Entities, Individual Entrepreneurs and Public Organizations in Ukraine (Commercial Register). This document confirms that a certain company was duly registered, the name of the founders and ultimate beneficiaries (introduced in 2016 – information on individuals who are the beneficiaries of any legal entities owning a company regardless of their country of origin), and whether any bankruptcy or liquidation proceedings have been initiated against them. It provides the absolute bare minimum information, and does not reveal the personal data of real owners (ultimate beneficiaries), their prior history, financial responsibility or connections.

It is currently possible to independently carry out a search for information about any company registered in Ukraine in the Unified State Register of Legal Entities, Individual Entrepreneurs and Public Organizations at the following link: <https://usr.minjust.gov.ua/>. The Ministry of Justice provides two options: (1) to receive electronic information or (2) to receive an electronic document that has legal force with a corresponding official reference number (on a payment basis).

Please note, however, that such electronic search may only be carried out in Ukrainian. If you wish to review information contained in the Commercial Register, you firstly need to agree with the conditions of search by marking the appropriate box. If you search for a private entrepreneur, you need to insert his/her tax identification number or full name. If you search for a legal entity, you need to insert such entity’s code in the Commercial Register (registration number) or the full name of the entity. The electronic version of the Commercial Register is opened to the public on a free-of-charge basis. Any person can review the information about a legal entity or private entrepreneur and print it out.

Should you wish to receive the aforementioned information on an official form with an official reference number or seal of the state registration authority, then you need to either order a physical extract from the Commercial Register at any State Administration Department or you may use the electronic version of the Commercial Register on a payment basis. Please note that each local State Administration Department has access to the Commercial Register and it is possible to obtain information on any Ukrainian company notwithstanding the fact that such company is registered in another city or region of Ukraine.

In this case, you should fill in the required request form for obtaining an extract which can be found on the website of local State Administration or at such Administration's office. The official request form is in Ukrainian and should also be filled out in Ukrainian. Upon submission of a request form, it will be necessary to pay the official fee which is currently 80 UAH plus a bank commission of approximately 10 UAH (in total, 90 UAH which is approximately EUR 3.10). Payment must be effectuated in UAH through an authorized bank. The requesting party must bring his or her passport, completed request form and a payment receipt to obtain an extract for a specific company.

It is also possible to obtain information on any Ukrainian entity from the General Department of Statistics of Ukraine. The procedure is similar to the one described above. However, the official fee is lower (32 UAH + 10 UAH bank commission) and the information is provided within 2-3 business days. Please note that a certificate from the State Statistics Service does not contain as much information as an official extract from the State Administration.

2. Obtaining an official document from the Chamber of Commerce. This is far from the best or the most reliable method of obtaining information because the entity in question may not be a member of this organization. If the company is a member, then the information about the company will range from basic to detailed, depending on how much information the member provides the database. Please note that in Ukraine it is not obligatory for a company to be registered at the Chamber of Commerce.

The Chamber of Commerce of Ukraine maintains its own non-governmental Register of Ukrainian enterprises which are deemed as reliable partners. Upon the request of any entity, the Chamber of Commerce of Ukraine provides information from the said Register which is not deemed a commercial secret. The official fee for provision of information by the Chamber of



Commerce ranges from 1,200 UAH (approximately EUR 41) for basic information up to USD 304 for information available about a member's financial documents, legal proceedings, tax paying history, etc.. Please note, however, that any company within the Register may designate its information as a commercial secret and restrict its accessible information to only its name.

3. Obtaining a background research from private investigators. In Ukraine, as in other civilized nations, it is illegal to gather information about private entities (legal companies and physical person). Many licensed private investigation agencies, however, routinely provide such services to clients for prices that start at Euro 1,000 and upwards. Due to the current currency fluctuations in Ukraine, we advise verifying the amount on a case-by-case basis as needed.

In conclusion, to find out more about who you are actually dealing with, there are sufficient tools for obtaining vital information at your fingertips...