

as of August 1, 2010

On Securities and Stock Market
N 3480-IV, 23.02.2006, Law, Supreme Council of Ukraine

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LAW OF UKRAINE ON SECURITIES AND STOCK MARKET

*(Changed and amended according to Laws of Ukraine
#692-VI of December 18, 2008
#514-VI of September 17, 2008)*

Extract

Article 10. Government Bonds of Ukraine

1. Government bonds of Ukraine may be:

long-term bonds with the tenor over five years;

mid-term bonds with the tenor of one to five years;

short-term bonds with the tenor less than one year.

2. Government bonds of Ukraine shall be categorised into the internal government loan bonds of Ukraine, the foreign government loan bonds of Ukraine, and special-purpose internal government loan bonds of Ukraine.

3. The internal government loan bonds of Ukraine shall be understood as the government securities placed solely on the domestic stock market that confirm the undertaking of Ukraine to reimburse the holders of such bonds for their par value and pay the income in accordance with conditions of the placement of the bonds.

4. The special-purpose internal government loan bonds of Ukraine shall be understood as the bonds of domestic government loans, whose issue is used to fund the deficit of the state budget in the volumes envisaged by the law on the State Budget of Ukraine for the relevant year and within the ultimate value of the state debt.

The major detail of the special-purpose internal government loan bonds of Ukraine shall be the indication of the designated use of the funds derived from the placement of such bonds envisaged by the law on the State Budget of Ukraine for the relevant year.

Funds raised into the State Budget of Ukraine from the placement of the special-purpose internal government loan bonds of Ukraine shall be used solely to fund the state or regional programmes and projects on conditions of their repayment in volumes envisaged for the said purpose by the law on the State Budget of Ukraine for the relevant year. The funding shall take place in accordance with the loan agreements to be concluded between the state in the person of the Ministry of Finance of Ukraine and the recipient of funds. Conditions of the loan agreements must comply with conditions of the issue of the special-purpose internal government loan bonds of Ukraine with the mandatory specification of the date of service and repayment of the loan five days prior to the date of service and repayment of the special-purpose internal government loan bonds of Ukraine.

5. The foreign government loan bonds of Ukraine shall be understood as the government debt securities placed on international stock markets that confirm the undertaking of Ukraine to reimburse the bearers of such bonds for their par value and pay the income in accordance with conditions of the issue of the bonds.

6. The issue of government bonds of Ukraine shall be a part of the budgetary process and shall not be regulated by the State Commission for Securities and Stock Market.

7. The issue of the government bonds of Ukraine shall be regulated by the law of Ukraine on the State Budget of Ukraine for the relevant year that specifies the ultimate amounts of the state foreign and domestic debt.

The decision to place the domestic and foreign government loan bonds of Ukraine and conditions of their issue shall be made in accordance with the Budget Code of Ukraine (2542-14).

The placement of government bonds of Ukraine shall take place in case of the compliance with the ultimate amounts of the state foreign and domestic debt set by the Supreme Council (Parliament) of Ukraine in the law on the State Budget of Ukraine for the relevant year as of the end of the year.

8. Conditions of the placement and redemption of the internal government loan bonds of Ukraine and the special-purpose internal government loan bonds of Ukraine that are not covered by the placement conditions shall be specified by the Ministry of Finance of Ukraine in accordance with the legislation.

9. The National Bank of Ukraine shall perform the state debt service transactions related to the placement of the internal government loan bonds of Ukraine and the special-purpose internal government loan bonds of Ukraine, the redemption thereof and the interest payment thereunder, and carry out the depository activities in respect of such securities. The procedure of the performance of transactions related to the placement of such bonds shall be specified by the National Bank of Ukraine in concurrence with the Ministry of Finance of Ukraine. Specific features of the exercise of the depository activities with the government bonds of Ukraine shall be specified by the State Commission for Securities and Stock Market together with the National Bank of Ukraine.

10. The placement, the service and the redemption of the foreign government loan bonds of Ukraine shall be performed by the Ministry of Finance of Ukraine; the latter may involve banks and investment companies, etc. to this end. Relations between the Ministry of Finance of Ukraine and these organisations shall be governed by the relevant contracts.

11. The expenses on the preparation of the placement, as well as the placement, the redemption of the government bonds of Ukraine, the payment of the interest shall be made in accordance with conditions of the placement of the government bonds of Ukraine at the expense of funds earmarked for such purposes in the State Budget of Ukraine.

12. The government bonds of Ukraine may be registered bonds or bearer bonds.

Government bonds of Ukraine shall be placed in a documentary or non-documentary form.

13. The internal government loan bonds of Ukraine shall be sold in the domestic currency; the foreign government loan bonds of Ukraine shall be sold in the borrowing currency.

14. The interest payment and the redemption of government bonds of Ukraine shall be made in monies or state bonds of Ukraine of other types subject to the agreement of the parties.

Article 11. Treasury Notes of Ukraine

1. The treasury notes of Ukraine shall be understood as the government securities placed solely on a voluntary basis among individuals that certify the fact of the debt of the State Budget of Ukraine to the holder of the treasury note of Ukraine, vest the holder with the right to receive the pecuniary income, and be redeemed in accordance with conditions of the placement of the treasury notes of Ukraine.

The volume of the issue of treasury notes of Ukraine together with the issue of the internal government loan bonds of Ukraine may not exceed the ultimate amount of the domestic state debt and the volume of the expenses related to the state debt service specified by the law on the State Budget of Ukraine for the relevant year.

The issue of treasury notes of Ukraine shall be a part of the budgetary process and shall not be regulated by the State Commission for Securities and Stock Market.

The redemption and the interest payment under treasury notes of Ukraine shall be guaranteed with the revenues of the State Budget of Ukraine.

2. Treasury notes of Ukraine may be:

long-term notes with the tenor over five years;

mid-term notes with the tenor of one to five years;

short-term notes with the tenor less than one year.

3. The state in the person of the Ministry of Finance of Ukraine on instruction of the Cabinet of Ministers of Ukraine shall be the issuer of the treasury notes of Ukraine.

4. The treasury notes of Ukraine may be registered notes or bearer notes.

The treasury notes of Ukraine shall be placed in a documentary or non-documentary form.

A certificate shall be issued in case of the placement of treasury notes of Ukraine in a documentary form.

The certificate of a treasury note of Ukraine shall indicate the type of the security, the name and the location of the issuer, the amount of payment, the date of payment of the interest, the maturity date, the indication of the place of the redemption, the date and the place of the issue of the treasury note of Ukraine, the series and the number of the certificate of the treasury note of Ukraine, the signature of the chief executive officer of the issuer or another authorised officer authenticated with the seal of the issuer. The certificate of a registered treasury note of Ukraine shall also indicate the name of the holder.

Specific features of the redemption and the exercise of rights under the treasury notes of Ukraine shall be

determined by their placement conditions.

5. The decision to place the treasury notes of Ukraine shall be made in accordance with the Budget Code of Ukraine (2542-14). The decision shall specify the conditions of the placement and the redemption of treasury notes of Ukraine.

6. Placement conditions of treasury notes of Ukraine may provide for the redemption thereof by means of the reduction in the liabilities of the holder of the treasury note of Ukraine to the State Budget of Ukraine by the value of the note in question.

7. The procedure of determining the selling value of the treasury notes of Ukraine during the placement thereof shall be specified by the Ministry of Finance of Ukraine.

8. Specific features of the exercise of the depository activities with the treasury notes of Ukraine shall be specified by the State Commission for Securities and Stock Market together with the National Bank of Ukraine.