

Banking and Finance Law - Ukraine

Banking and finance law forms a substantial portion of the legal framework of most businesses. It is a complex and far-reaching legal area and is one which commands great expertise to navigate its challenges efficiently and effectively. Of course, like most other laws, banking and finance law changes from country to country, and this month, *Lawyer Monthly* speaks to Glib Bondar, partner at Ukrainian law firm, Avellum Partners about the issues surrounding banking and finance law in the Ukraine.



Glib Bondar

Q Please introduce yourself and your firm. What is your involvement within the firm?

I am Partner at Avellum Partners, and I concentrate my practice on banking and finance matters, particularly in the areas of capital markets, bank and corporate lending, securitisation and structured finance, project finance and debt restructuring. I have unique expertise in debt capital markets and a long track record of Eurobond offerings from Ukraine, including sovereign, municipal, bank and corporate debt offering transactions. I also have significant experience advising borrowers and lenders on various types of credit facilities, securitisation and structured finance.

Avellum Partners is a leading Ukrainian law firm

specialising in corporate finance. Our core practices are Banking and Finance, Capital Markets, Mergers and Acquisitions, and Restructurings. We also cover Antitrust, Real Estate, and Tax.

Q What regulatory challenges face the banking industry at the moment? How can you help your clients overcome these challenges?

The banking and finance sector in Ukraine has suffered heavily from the financial crisis. The consequences of financial crisis for Ukrainian businesses were more severe than for other more developed economies due to the Ukraine specific reasons such as political instability; volatile exchange rates; currency inflation; dependence on export revenues and import of energy sources; weak banking system; dependence on the sources of foreign currency financing; significant amount of foreign currency denominated loan portfolios extended to borrowers with local currency denominated incomes/revenues.

Due to our specialisation in corporate finance, we accumulate know how, expertise and practical experience in each of related areas. The combination of deep knowledge of law and extensive practical experience enables us to develop viable structuring solutions using available legal instruments which allow us to safely navigate our clients out of rocks of stormy Ukrainian legal environment.

Q What are the principal governmental and regulatory policies that govern the banking sector in your jurisdiction?

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regulations in the sector aimed to overcome its consequences. As example, the Parliament passed anti-crisis legislation tightening up Ukrainian currency control rules and introduced certain changes to the Ukrainian banking and commercial legislation improving rules for financial recovery of Ukrainian commercial banks. In addition, the regulator introduced a number of restrictions on the activities of commercial banks with the aim of stabilising Ukrainian banking sector and neutralising the impact of external financial crisis. The efficiency of such anti-crisis measures in a long-term perspective still remains to be seen. At the same time, it is difficult to argue that the Ukrainian banking system has survived in the aftermath of the credit crunch in the international financial markets and its severe affect on the Ukrainian financial system generally.

Q Do you see any need for any legislative change within the banking and finance sectors over the next 12-24 months? What are the reasons for your answer?

Despite some important legislative developments, the legislation is still underdeveloped. There are still quite strict and complex currency control rules.

Reasons for this include the absence of the hedging instruments and the weak Ukrainian court system.

Notwithstanding the afore-mentioned, in terms of legislative developments, the last year and the first half of this year could be viewed as a remarkable step forward towards accepted best practices in the developed jurisdictions, in particular in the area of corporate governance, securities and banking regulation.

Q What are the future goals and aspirations for your firm?

Our goal is to be the firm of choice for clients with respect to their most significant business transactions in corporate finance. We are dedicated to delivering the highest possible level of service to our clients. Our partners are actively involved in every transaction. We always search for practical and unique solutions for our clients. The success of our clients is our success and we support our clients every step of the way in structuring, negotiating and consummating their transactions to help the growth of their business. We emphasise that our approach is aimed at the successful achievement of the end results, and we are always ready to go an extra mile. **LM**

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