

# Legal Digest

Last month the UJBL editorial team monitored novelties of legislation as well as significant amendments and hot legal topics. In this section our team has enlisted the help of experts to comment on some of them. Our latest digest includes Resolution *On Expanding the List of Goods Originating from Russia Prohibited for Import into the Customs Territory of Ukraine*, several resolutions of the National Bank of Ukraine and the court decision on nationalization of PrivatBank. Another milestone was adoption of Law *On Amendments to Certain Legislative Acts of Ukraine on Ensuring Competitive Terms of Production of Electricity from Renewable Sources*.



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It is worth noting that the decision of the District Administrative Court of Kyiv on the so-called abolition of the nationalization of JSC PrivatBank is only one of a number of legal mechanisms being used by former shareholders to regain control over the bank. According to available information, it was by this decision that the court cancelled virtually all major decisions adopted by the National Bank of Ukraine, the Cabinet of Ministers of Ukraine, the Deposit Guarantee Fund and the National Securities and Stock Mar-

**On 18 April the District Administrative Court of Kyiv announced the abolition of the nationalization of JSC PrivatBank [in 2016]. What were the arguments put forward by the Court when making this decision? Will the consequences of this decision be tangible for business, and how it will influence the future nationalization processes?**

ket Commission, which all envisaged nationalization. Therefore, in the event that this decision comes into force, it will really have an impact on the banking and economic system, as it will, in fact, show the need to return the largest system-creating bank to former shareholders.

Simultaneously, it should not be forgotten that in many cases court decisions about the illegality of the regulator's decisions on the withdrawal of banks from the market remained virtually unfulfilled.

It should be borne in mind that, in addition to the above-mentioned decision, the District Administrative Court of Kyiv has taken two other significant decisions regarding the nationalization of this bank.

Thus, through the first of those decisions the court canceled the entire list of persons affiliated with the bank,

which list had been determined by the National Bank of Ukraine immediately before nationalization. It is this list that was used for the implementation of the compulsory conversion of funds into the bank's capital.

This decision will be important for a large number of "players", because the list includes companies and individuals who have not always directly associated themselves with the so-called Privat group. By the second court decision, the District Administrative Court of Kyiv abolished the decision to appoint an extraordinary audit, the results of which were the formal grounds for the decision on insolvency of the bank and for the institution of its temporary administration. So far, it is this court decision that has already come into force.

In fact, with those three decisions lawyers of the former

shareholders of the bank succeeded in "knocking out the land from under the feet" of the National Bank of Ukraine, as it is not only the nationalization itself that was abolished but also the main grounds for its implementation. Moreover, the former shareholders of the bank initiated "second front line" — lawsuits in civil and commercial proceedings to get back shares in the bank. That is, the field of court battles is quite broad and its subsequent fate will depend on the decisions of higher courts. At the same time, the question of the reasons for the nationalization is largely in the economic plain rather than jurisprudence, because the objective answer requires independent and professional findings of auditors and experts regarding the condition of the bank as of December 2016.