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The Ukrainian Parliament adopted the Law On Prevention and Counteraction of Legalization (laundering) of Proceeds of Crime, Financing of Terrorism and Financing of Proliferation of Weapons of Mass Destruction. How effective can this law be in the long-term?

On 6 December 2019 the Verkhovna Rada of Ukraine adopted the Law On Prevention and Counteraction of Legalization (laundering) of the Proceeds of Crime, Financing of Terrorism and Financing of Proliferation of Weapons of Mass Destruction in order to

harmonize financial monitoring procedures in line with international and EU standards. In particular, the law provides for the following innovations, which can be regarded as positive:

- application of a risk-oriented approach by the subjects of the initial financial monitoring and proceeding to case reporting on suspicious transactions of clients;

- raise the threshold of financial transactions subject to financial monitoring from UAH 150,000 to UAH 400,000, together with a reduction in the number of characteristics by which financial transactions

are considered the threshold from 17 to 4 (transactions of political persons, money transfers abroad, cash transactions, transactions where a participant / bank is from a country that does not comply with FATF recommendations);

- possibility to introduce remote verification mechanisms for clients.

The following changes introduced by the said Law should also be noted:

- introduction of an asset freezing mechanism, as well as regulation of the actions of the subjects with assets related to terrorism and its financing;

- improvement of the procedure by which business entities disclose their ultimate beneficial owners;

- a significant increase in the number of penalties that can be applied to subjects.

It should also be noted in general that the changes introduced by the Law should enable focusing on higher-risk transactions. On the one hand, the Law provides for more clear game rules for the subjects and, on the other hand, it remains to be seen how positive the effect of the new instruments and approaches introduced by the law will actually be.



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On 18 December 2019 Law No. 2261, which allows legal entities and authorities to represent their interests in court by themselves, was adopted. What will be the main consequences of this law for the Ukrainian legal market?

the right to act on their behalf as specified by a law, articles of association, provision or labour contract under the procedure of self-representation.

The changes made to procedural codes have expanded the notion of self-representation for legal entities and enabled its application by government bodies and institutions, which was unknown before. In particular, the law of 18 December 2019, abolished the lawyer's monopoly regarding presentation of interests of legal entities and government bodies in court. Today, as it was in 2016, legal entities may yet again be represented in court by in-house lawyers and legal counsels. At the same time, such content of the procedural codes in respect of self-presentation of government bodies is not in line with the existing

version of the temporary provisions of the *Constitution of Ukraine*, which states that from 1 January, 2020, government and local self-government bodies are represented in courts solely by a prosecutor or trial lawyer.

We predict that the rights protection practice will side with the lawmaker in implementation of amendments to the Law of 12 December 2019, though such changes yet again refer to the lack of consistency in the reform of legislation.

What about the implications of such changes?

The aforementioned changes have resolved one of the most acute problems, namely labour dependence of the in-house lawyer (former legal counsel) on his employer, which contradicted certain provisions of the Lawyer's Code

of Ethics and excluded even a chance of independent actions by such a lawyer. In addition to this, such changes will help to cut budgets expenditures of both government bodies and legal entities to engage trial lawyers into court representation. In turn, such changes may bring about certain unpleasantness for the Bar in general caused by a loss of clients in less complicated disputes which, in its turn, is going to intensify the ongoing battle for clients. Apart from this, the aforementioned changes may be felt by the judiciary as new/old legal counsels or representatives are not burdened by the rules of the lawyer's professional conduct in their professional activities, and may not be aware of procedure subtleties of litigation and the need to respectfully treat the judiciary.