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{As amended by Law
Nos. 2424-IV of 4 February 2005, BVR, 2005, No. 11, Article 205
No. 2452-IV of 03 March 2005, BVR, 2005, No. 16, Article 257
No. 2454-IV of 03 March 2005, BVR, 2005, No. 16, Article 259
No. 2505-IV of 25 March 2005, BVR, 2005, No. 17, Nos. 18–19, Article 267
No. 2664-IV of 16 June 2005, BVR, 2005, No. 31, Article 420
No. 2668-IV of 16 June 2005, BVR, 2005, No. 29, Article 384
No. 2705-IV of 23 June 2005, BVR, 2005, No. 33, Article 427
No. 2738-IV of 6 July 2005, BVR, 2005, No.34, Article 434
No. 3164-IV of 1 December 2005, BVR, 2006, No. 12, Article 101
No. 3201-IV of 15 December 2005, BVR, 2006, No. 13, Article 110
No. 3202-IV of 15 December 2005, BVR, 2006, No. 14, Article 117
No. 3205-IV of 15 December 2005, BVR, 2006, No. 14, Article 118
No. 3480-IV of 23 February 2006, BVR, 2006, No. 31, Article 268
No. 3528-IV of 15 March 2006, BVR, 2006, No. 34, Article 291
No. 3541-IV of 15 March 2006, BVR, 2006, No. 35, Article 296
No. 133-V of 14 September 2006, BVR, 2006, No. 43, Article 414
No. 358-V of 16 November 2006, BVR, 2007, No. 2, Article 15
No. 424-V of 01 December 2006, BVR, 2007, No. 9, Article 67
No. 483-V of 15 December 2006, BVR, 2007, No. 9, Article 77
No. 549-V of 09 January 2007, BVR, 2007, No. 12, Article 106
No. 514-VI of 17 September 2008, BVR, 2008, Nos. 50–51, Article 384
No. 523-VI of 18 September 2008, BVR, 2009, No. 6, Article 21
No. 639-VI of 31 October 2008, BVR, 2009, No. 14, Article 181 –
amendments shall be effective no later than by 1 January 2011
No. 800-VI of 25 December 2008, BVR, 2009, No. 19, Article 257
No. 1070-VI of 05 March 2009, BVR, 2009, No. 30, Article 416
No. 1509-VI of 11 June 2009, BVR, 2009, No. 46, Article 700
No. 1617-VI of 24 July 2009, BVR, 2010, Nos. 2–3, ст.11
No. 1837-VI of 21 January 2010, BVR, 2010, No. 12, Article 120
No. 1873-VI of 11 February 2010, BVR, 2010, No. 18, Article 137
No. 2289-VI of 01 June 2010, BVR, 2010, No. 33, Article 471

No. 2435-VI of 06 July 2010, BVR, 2010, No. 46, Article 539
No. 2457-VI of 08 July 2010, BVR, 2010, No. 48, Article 564
No. 2510-VI of 09 September 2010, BVR, 2011, No. 4, Article 20
No. 2522-VI of 9 September 2010, BVR, 2011, No. 4, Article 26
No. 2592-VI of 7 October 2010, BVR, 2011, No. 10, Article 63
No. 2756-VI of 2 December 2010, BVR, 2011, No. 23, Article 160
No. 2850-VI of 22 December 2010, BVR, 2011, No. 28, Article 252
No. 3262-VI of 21 April 2011, BVR, 2011, No. 43, Article 445
No. 3263-VI of 21 April 2011, BVR, 2011, No. 43, Article 446
No. 3269-VI of 21 April 2011, BVR, 2011, No. 44, Article 458
No. 3322-VI of 12 May 2011, BVR, 2011, No. 45, Article 478
No. 3384-VI of 19 May 2011, BVR, 2011, No. 46, Article 512
No. 3531-VI of 16 June 2011, BVR, 2012, No. 4, Article 23
No. 3569-VI of 5 July 2011, BVR, 2012, Nos. 12–13, Article 76
No. 3610-VI of 7 July 2011, BVR, 2012, No. 7, Article 53
No. 3686-VI of 08 July 2011, BVR, 2012, No. 15, Article 92
No. 3713-VI of 8 September 2011, BVR, 2012, No. 15, Article 100
No. 4212-VI of 22 December 2011, BVR, 2012, Nos. 32–33, Article 413
No. 4220-VI of 22 December 2011, BVR, 2012, No. 29, Article 345
No. 4498-VI of 13 March 2012, BVR, 2012, No. 40, Article 480
No. 4618-VI of 22 March 2012, BVR, 2013, No. 3, Article 23
No. 4835-VI of 24 May 2012, BVR, 2013, No. 15, Article 112
No. 5007-VI of 21 June 2012, BVR, 2013, Nos. 19–20, Article 190
No. 5042-VI of 4 July 2012, BVR, 2013, No. 26, Article 264
No. 5044-VI of 04 June 2012, BVR, 2013, No. 25, Article 249
No. 5060-VI of 05 July 2012, BVR, 2013, No. 28, Article 295
No. 5063-VI of 5 July 2012, BVR, 2013, No. 28, Article 298
No. 5073-VI of 5 July 2012, BVR, 2013, No. 25, Article 252
No. 5080-VI of 5 July 2012, BVR, 2013, No. 29, Article 337
No. 5178-VI of 6 July 2012, BVR, 2013, No. 39, Article 517
No. 5203-VI of 6 September 2012, BVR, 2013, No. 32, Article 409
No. 5204-VI of 6 September 2012, BVR, 2013, No. 31, Article 369
No. 5213-VI of 6 September 2012, BVR, 2013, No. 32, Article 413
No. 5405-VI of 2 October 2012, BVR, 2013, No. 40, Article 540
No. 5463-VI of 16 October 2012, BVR, 2014, No. 4, Article 61
No. 5480-VI of 6 November 2012, BVR, 2013, No. 50, Article 696
No. 245-VII of 16 May 2013, BVR, 2014, No. 12, Article 178
No. 399-VII of 04 July 2013, BVR, 2014, No. 14, Article 255
No. 406-VII of 4 July 2013, BVR, 2014, Nos. 20–21, Article 712
No. 642-VII of 10 October 2013, BVR, 2014, No. 22, Article 773
No. 663-VII of 24 October 2013, BVR, 2014, No. 22, Article 781}

{On the repeal of Law No. 2592-VI of 7 October 2010, also refer to Law No. 763-VII of 23 February 2014,
BVR, 2014, No. 12, Article 189}

{As amended by Law
Nos. 1197-VII of 10 April 2014, BVR, 2014, No. 24, Article 883
No. 1206-VII of 15 April 2014, BVR, 2014, No. 24, Article 885
No. 1255-VII of 13 May 2014, BVR, 2014, No. 27, Article 912
No. 1258-VII of 13 May 2014, BVR, 2014, No. 28, Article 936
No. 1315-VII of 05 June 2014, BVR, 2014, No. 31, Article 1058
No. 1508-VII of 17 June 2014, BVR, 2014, No. 34, Article 1167
No. 1555-VII of 01 July 2014, BVR, 2014, No. 34, Article 1173
No. 1602-VII of 22 July 2014, BVR, 2014, Nos. 41–42, Article 2024
No. 1700-VII of 14 October 2014, BVR, 2014, No. 49, Article 2056
No. 1701-VII of 14 October 2014, BVR, 2014, No. 46, Article 2048
No. 1702-VII of 14 October 2014, BVR, 2014, Nos. 50–51, Article 2057
No. 191-VIII of 12 February 2015, BVR, 2015, No. 21, Article 133
No. 198-VIII of 12 February 2015, BVR, 2015, No. 17, Article 118
No. 222-VIII of 2 March 2015, BVR, 2015, No. 23, Article 158
No. 289-VIII of 07 April 2015, BVR, 2015, No. 25, Article 188
No. 310-VIII of 9 April 2015, BVR, 2015, No. 24, Article 185
No. 629-VIII of 16 July 2015, BVR, 2015, No. 43, Article 386
No. 922-VIII of 25 December 2015, BVR, 2016, No. 9, Article 89
No. 1390-VIII of 31 May 2016, BVR, 2016, No. 28, Article 531
No. 1405-VIII of 2 June 2016, BVR, 2016, No. 28, Article 533
No. 1540-VIII of 22 September 2016, BVR, 2016, No. 51, Article 833
No. 1670-VIII of 06 October 2016, BVR, 2016, No. 48, Article 808
No. 1982-VIII of 23 March 2017, BVR, 2017, No. 18, Article 222
No. 2002-VIII of 06 April 2017, BVR, 2017, No. 21, Article 245
No. 2019-VIII of 13 April 2017, BVR, 2017, Nos. 27–28, Article 312
No. 2210-VIII of 16 November 2017, BVR, 2018, Nos. 6–7, Article 38
No. 2258-VIII of 21 December 2017, BVR, 2018, No. 9, Article 50
No. 2269-VIII of 18 January 2018, BVR, 2018, No. 12, Article 68
No. 2275-VIII of 6 February 2018, BVR, 2018, No. 13, Article 69
No. 2473-VIII of 21 June 2018, BVR, 2018, No. 30, Article 239
No. 2491-VIII of 5 July 2018, BVR, 2018, No. 46, Article 369
No. 2581-VIII of 2 October 2018, BVR, 2018, No. 46, Article 371
by Code
No. 2597-VIII of 18 October 2018, BVR, 2019, No. 19, Article 74
by Laws
No. 2672-VIII of 17 January 2019, BVR, 2019, No. 7, Article 43
No. 79-IX of 12 September 2019, BVR, 2019, No. 44, Article 277
No. 123-IX of 20 September 2019, BVR, 2019, No. 45, Article 290
No. 124-IX of 20 September 2019, BVR, 2019, No. 46, Article 295

No. 155-IX of 03 October 2019, BVR, 2019, No. 48, Article 325 – as for its entry into force refer to clause 1 of Section XII
No. 157-IX of 3 October 2019, BVR, 2020, No. 4, Article 25
No. 264-IX of 31 October 2019, BVR, 2020, No. 2, Article 6
No. 286-IX of 12 November 2019, BVR, 2020, No. 2, Article 10
No. 340-IX of 05 December 2019, BVR, 2020, No. 12, Article 66
No. 367-IX of 12 December 2019, BVR, 2020, No. 15, Article 92
No. 440-IX of 14 January 2020, BVR, 2020, No. 28, Article 188
No. 540-IX of 30 March 2020, BVR, 2020, No. 18, Article 123
No. 691-20 of 16 June 2020
No. 808-IX of 17 July 2020
No. 815-IX of 21 July 2020
No. 819-IX of 21 July 2020 – as for its entry into force refer to clause 1 of Section X
No. 1183-IX of 03 February 2021}

{In the text of the Code, the words "authorised fund" in all cases and numbers have been replaced with the words "authorised capital" in the corresponding case and number in accordance with Law No. 2850-VI of 22 December 2010}

{In the text of the Code, the words "national economy" in all cases have been replaced with the word "economy" in the corresponding case in accordance with Law No. 4498-VI of 13 March 2012}

{In the text of the Code, the words "state tax service body", "tax body" and "state tax body" in all cases and numbers have been replaced with the words "revenue and duties body" in the corresponding case and number in accordance with Law No. 406-VII of 04 July 2013}

{In the text of the Code, the words "state standard" in all cases and numbers have been replaced with the words "national standard" in the corresponding case and number in accordance with Law No. 1602-VII of 22 July 2014}

{In the text of the Code, the words "disabled person" in all cases and numbers have been replaced with the words "person with a disability" in the corresponding case and number in accordance with Law No. 2581-VIII of 02 October 2018}

{In the text of the Code, the words "asset package" in all cases and numbers have been replaced with the words "unified assets" in the corresponding case and number in accordance with Law No. 157-IX of 03 October 2019}

The Economic Code of Ukraine shall establish legal fundamentals of the economic activity pursuant to the Constitution of Ukraine, based on the diversity of economic entities of different forms of ownership.

The Economic Code of Ukraine shall aim to ensure growth of business activity of economic entities, development of entrepreneurship, and an increase of efficiency of social production on this basis, its social orientation pursuant to the requirements of the Constitution of Ukraine, strengthen social order in the economic system of Ukraine, facilitate its streamlining with other economic systems.

Section I
BASIC FUNDAMENTALS OF ECONOMIC ACTIVITY

Chapter 1
GENERAL PROVISIONS

Article 1. Scope of the Code

1. This Code shall determine basic fundamentals of economic activity in Ukraine and regulate economic relations arising in the process of organisation and exercising economic activity between economic entities, as well as between these entities and other parties to economic activity.

Article 2. Parties to economic relations

1. Parties to economic relations shall be economic entities, consumers, government authorities and local governments, vested with economic powers, as well as individuals, public and other organisations being co-founders of economic entities, or exercising with respect to those organisational and economic powers based on ownership relationships.

Article 3. Economic activity and economic relations

1. Under this Code, economic activity shall be understood as the activity of economic entities in the area of social production, aimed at manufacture and sale of products, execution of works or providing services of value nature that have price distinction.

2. Economic activity conducted to achieve economic and social outcome and to generate profit shall be deemed entrepreneurship, and economic entities shall be deemed entrepreneurs. Economic activity may be conducted without the purpose to generate profit (non-profit economic activity).

3. Operation of non-economic entities, aimed at creation and maintaining required material and technical conditions of their functioning, conducted with or without involvement of economic entities, shall be deemed economic support of non-economic entities.

4. The area of economic relations shall consist in economic and production, organisational and economic, and internal economic relations.

5. Economic and production relations shall be deemed property relations and those relations arising between economic entities in the course of economic activity.

6. Under this Code, organisational and economic relations shall be deemed those established between economic entities and entities of organisational and economic powers in the course of economic activity's management.

7. Internal economic relations shall be deemed those relations established between structural units of an economic entity, and relations of an economic entity with its structural units.

Article 4. Delimitation of relations in the economic sector and other types of relations

1. The following shall not be governed by this Code:

property and personal non-property relations, regulated by the Civil Code of Ukraine;

land, mountain, forest and water relations, and those associated with the use and protection of flora and fauna, territories and sites of natural reserve fund, atmospheric air;

labour relations;

financial relations with participation of economic entities arising in the course of forming and controlling implementation of budgets of all levels;

administrative and other management relations with participation of economic entities, where a government authority or a local government shall not be deemed an entity vested with economic power, and shall not directly exercise organisational and economic powers with relation to an economic entity.

relations with the participation of economic entities arising in the course of meeting the requirements of the legislation regulating relations in the area of preventing and countering the legalisation (laundering) of proceeds from crime, the financing of terrorism and the proliferation of weapons of mass destruction.

{Part 1 of Article 4 has been supplemented with Paragraph 7 under Law No. 1702-VII of 14 October 2014}

2. Specific features of regulating property relations of economic entities shall be defined by this Code.

3. Economic relations arising from trade seafaring, and not regulated by the Merchant Shipping Code of Ukraine, shall be governed by the rules of this Code.

Article 5. Constitutional fundamentals of legal order in the economic sector

1. Legal economic order in Ukraine shall be secured based on the best possible combination of market self-regulation of economic relations between economic entities and state regulation of macroeconomic processes, pursuant to the constitutional requirement of responsibility of the state before an individual for its activity, and

declaration of Ukraine as a sovereign, independent, democratic, social and constitutional state.

’2. Constitutional fundamentals of legal economic order in Ukraine shall consist in: the ownership right of the Ukrainian people to land, its mineral resourses, atmospheric air, water and other natural resources, located within the territory of Ukraine, natural resources of its continental shelf, exclusive (sea) economic zone, exercised on behalf of the Ukrainian people by government authorities and local governments within the limits determined by the Constitution of Ukraine; the right of each citizen to use natural sites of the ownership right of the nation pursuant to the law; the state’s protection of rights of all entities of the ownership right and economic activity, social orientation of the economy, nonadmission of the use of property to the detriment of an individual and society; the right of each individual to possess, use and manage his/her property, outcome of his/her intellectual, creative activity; recognition of equality of all entities of ownership right against the law, inviolability of private property right, nonadmission of illegal deprivation of property; economic diversity, the right of each individual to entrepreneurial activity, allowed by law, exclusive law determination of legal fundamentals and guarantees of entrepreneurship; protection of competition in entrepreneurial activity secured by the state, nonadmission of abuse of the monopoly state at the market, illegal restriction of competition and unfair competition, establishing the rules of competition and standards of antimonopoly regulation exclusively by law; ecological safety and preserving the ecological balance throughout the territory of Ukraine secured by the state; due safe and healthy labour conditions, protection of consumer rights secured by the state; reciprocal partnership with other states; recognition and practicing of the principle of supremacy of law in Ukraine.

3. Economic entities and other parties to economic relations shall conduct their activity within the limits of the established legal economic order, and adhering to the legislative requirements.

Article 6. Basic principles of economic activity

1. Basic principles of economic activity in Ukraine shall be as follows:

economic diversity and equal protection of all economic entities secured by the state;

freedom of entrepreneurial activity within the limits defined by law;

free flow of capital, products and services throughout the territory of Ukraine;

restriction of state regulation of economic processes in view of the necessity to ensure the social orientation of the economy, fair competition in entrepreneurial activity, public ecological protection, protection of consumer rights and safety of the society and the state;

protection of domestic commodity producers;

prohibition of illegal intervention of government authorities and local governments and their officials into economic relations.

Article 7. Legal regulation of economic activity

1. Economic relations shall be regulated by the Constitution of Ukraine, this Code, Laws of Ukraine, regulatory acts of the President of Ukraine and the Cabinet of Ministers of Ukraine, regulatory acts of other government authorities and local governments, and other regulatory acts.

Chapter 2.
PRIORITY AREAS AND FORMS OF PARTICIPATION OF THE STATE AND LOCAL GOVERNMENTS IN THE ECONOMIC ACTIVITY

Article 8. Participation of the state, government authorities and local governments in the economic activity

1. The state, government authorities and local governments shall not be deemed economic entities.

2. Decisions of government authorities and local governments on financial issues arising in the course of forming and monitoring the implementation of budgets of all levels, as well as on administrative and other managerial relations, except for organisational and economic ones, where a government authority of a local government shall be entities vested with economic power, shall be made on behalf of such authorities and within their powers.

3. Economic competence of government authorities or local governments shall be exercised on behalf of a corresponding state or communal institution. Direct participation of the state, government authorities or local governments in the economic activity shall occur only on the basis, within powers and under procedure established by the Constitution and Laws of Ukraine.

Article 9. Forms of implementation of the state economic policy

1. In the economic sector, the state shall implement a long-term (strategic) and current (tactical) economic and social policy, aimed at exercising and the most favourable conciliating of interests of economic entities and consumers, as well as various social sectors and the public as a whole.

2. Economic strategy shall be understood as the state-determined line of the economic policy, long-term and targeted upon resolving of large-scale economic, social and cultural issues, securing economic safety of the state, preserving and augmentation of its economic capacity and national wealth, increase of the public well-being. The economic strategy shall determine priority goals of the economy, means and ways of their implementation, according to the objective processes and trends of the national and global economy, with due regard to legitimate interests of economic entities.

’3. Economic tactics shall be understood as a set of short-term goals, objectives, means and ways of their achievement to implement the strategic line of the economic policy in the particular context of the current period of the national economy’s development.

4. Legal exercising of the economic policy shall be conducted through determination of the grounds of internal and external policy in forecasts and programmes of the economic and social development of Ukraine and its particular regions, action programmes of the Cabinet of Ministers of Ukraine, target programmes of economic, science and technology, and social development, as well as in corresponding legislative acts.

Article 10. Priority areas of the state economic policy

1. Priority areas of the economic policy determined by the state shall be as follows:

structural and industry policy aimed at introducing progressive changes by the state in the structure of the national economy, upgrading of inter-industry and intra-industry proportions, boosting the growth of industries that facilitate technological advances, providing competitiveness of domestic products and growth of public living standards. The components of this policy shall be industrial, agricultural, construction and other sectors of economic policy, with respect to which a relevantly independent set of incentive measures shall be introduced by the state;

investment policy aimed at creating conditions for economic entities required for raising and accumulating funds for extended reproduction of major means of production facilities, predominantly in industries, development of which is deemed top priority of the structural and industry policy, as well as ensuring efficient and responsible use of such funds and monitoring such use;

depreciation policy aimed at creating the most favourable and equal conditions for economic entities to ensure the process of regular reproduction of major production and non-production assets predominantly on a new technical and technological basis;

policy of the institutional changes aimed at creating an efficient, multi-structural economic system through transformation of ownership relationships, denationalisation of economy, privatisation and nationalisation of production assets, ensuring development of various sustainable forms of ownership and economic activities, equivalency of relations between economic entities, state support and protection of all forms of efficient economic activities and elimination of any illegal economic entities;

pricing policy aimed at the state regulation of exchange relations between market players in order to secure equivalence in the course of selling domestic products, observing due parity of prices among industries and types of economic activity, as well as ensuring stability of wholesale and retail prices;

antimonopoly and competition policy aimed at creating the most favourable competitive environment for economic entities’ activity, ensuring their interaction based on non-admission of discrimination, first of all in the sector of monopoly pricing

and at the expense of decrease of products' and services' quality, facilitating growth of effective socially beneficial economy;

budget policy aimed at streamlining and efficiency promotion of generating income and using state financial resources, increasing the effectiveness of state investments in the national economy, reconciliation of state and local interests in the area of inter-budget relations, regulation of the state debt and ensuring social justice when redistributing the national income;

tax policy aimed at securing economically substantiated tax burden on economic entities, encouragement of socially required economic activity of entities, as well as observing the principle of social justice and constitutional guarantees of citizens' rights when taxing their income;

monetary and credit policy aimed at ensuring required monetary supply in the national economy, achieving effective monetary turnover, attracting funds of economic entities and the public to the banking system, encouraging the use of lending resources for the needs of the economy's proper functioning and growth;

foreign exchange policy aimed at establishing and maintaining a parity exchange rate of the national currency against foreign currencies, encouraging the state foreign currency reserves' growth and efficient use;

foreign economic policy aimed at state's governing the relations between domestic economic entities and foreign economic entities and protecting the national market and domestic producers.

2. The state shall implement ecological policy to ensure efficient use and full-value reproduction of natural resources, securing safe living conditions for the population.

3. As for the socio-economic sector, the state shall implement social policy to protect consumer rights, salary and personal income policy, employment policy, social protection and security policy.

Article 11. Forecasting and planning of economic and social development

1. The state's implementation of the economic strategy and tactics in the economic sector shall be aimed at securing economic, organisational and legal conditions, whereby economic entities take into consideration indicators of forecast and programme documents of economic and social development in their activities.

2. Legislation shall determine principles of state forecast and elaboration of programmes of economic and social development of Ukraine, the system of forecast and programme documents, requirements to their content, as well as a common procedure of drafting, approval and execution of forecast and programme documents of economic and social development, powers and responsibilities of government authorities and local governments regarding these issues.

3. Basic forms of the state planning of the economic activities shall be the State Programme of Economic and Social Development of Ukraine, the State Budget of

Ukraine, and other state economic and social development programmes, procedure of elaboration, objectives and implementation of which shall be defined by the law on state programmes.

4. Authorities of the Autonomous Republic of Crimea, local executive authorities and local governments shall draft and approve programmes of social, economic, and cultural development of respective administrative and territorial units, and plan economic and social development thereof pursuant to the Constitution of Ukraine.

5. Economic entities that do not take into account public concerns defined in the programme documents of economic and social development, shall not be granted benefits and privileges established by law when conducting their economic activities.

Article 12. Means of state regulation of economic activity

1. To implement its economic policy, targeted economic and other programmes, as well as economic and social development programmes, the state shall employ various means and mechanisms of economic activity's regulation.

2. Basic means of regulating influence of the state on economic entities' activities shall be as follows:

state order;

{Paragraph 2, Part 2 of Article 12 as amended by Law No. 3205-IV of 15 December 2005}

licensing, patenting and assignment of quotas;

technical regulation;

{Paragraph 4, Part 2 of Article 12 as amended by Law No. 1315-VII of 05 June 2014}

applying standards and limits;

regulation of prices and tariffs;

providing investment, tax and other benefits;

providing grants, compensations, targeted innovations, and subsidies.

3. Terms, scope, areas and procedure for application of certain means and types of state regulation of economic activity shall be governed by this Code, other legislative acts, and economic and social development programmes. Introduction and cancellation of benefits and privileges in economic activity of certain categories of economic entities shall be effected pursuant to this Code and other laws.

4. Restrictions to conduct entrepreneurial activity, and the list of types of activities, wherein entrepreneurship is prohibited, shall be established by the Constitution of Ukraine and the legislation.

Article 13. State order

{Title of Article 13 as amended by Law No. 3205-IV of 15 December 2005}

1. State order shall be deemed a means of state regulation of the economy through creating of the composition and volumes of products (works, services) on a contractual basis, required for priority state needs, placement of state contracts for supply (procurement) of these products (execution of works, providing services) among economic entities irrespective of their form of ownership.

2. A state contract shall be an agreement concluded between a state customer on behalf of the state and an economic entity, contractor of the state order, which shall provide for economic and legal obligations of the parties and regulate their economic relations.

3. Delivery of products for priority state needs shall be paid out of the State Budget of Ukraine and other sources of funding, involved for such purposes under procedure established by law.

{Paragraph 2, Part 3 of Article 13 has been deleted under Law No. 922-VIII of 25 December 2015 – as for the the entry into force of the amendments, refer to Clause 1 of Section IX of Law No. 922-VIII of 25 December 2015}

{Part 4 of Article 13 has been deleted under Law No.3205-IV of 15 December 2005}

5. Fundamentals and general procedure for placing a state order for supply (procurement) of products, execution of works, providing services to satisfy priority state needs shall be established by law.

6. Specific aspects of relations arising from supplies (procurement) of agricultural products, foodstuffs, munitions and military machinery for priority state needs, and other specially defined (specific) products, shall be regulated in compliance with the law.

{Article 13 as amended by Law No. 3205-IV of 15 December 2005}

Article 14. Licensing, patenting and assignment of quotas in economic activities

1. Licensing and patenting of certain types of economic activity, as well as assignment of quotas, shall be means of state regulation in the economic sector aimed at securing the unified state policy in this sector, and protection of economic and social interests of the state, society and individual consumers.

2. Legal fundamentals for licensing and patenting of certain types of economic activity, and assignment of quotas shall be determined pursuant to the constitutional right of everyone to conduct entrepreneurial activity not prohibited by law, as well as principles of economic activities provided for by Article 6 hereof.

3. Relations arising from licensing of some types of the economic activities shall be regulated by law.

{Part 3 of Article 14 as amended by Law No. 222-VIII of 02 March 2015}

4. As for sectors related to trading for money (cash, cheques, and using other forms of settlements and payment cards in the territory of Ukraine), the exchange of cash foreign currency valuables (including transactions with monetary means of payment in foreign currency, and with payment cards), in the sector of gambling and consumer services, other sectors defined by law, patenting of economic activities of economic entities may be provided.

Trade patent shall be deemed a state certificate confirming the right of an economic entity to engage in certain types of entrepreneurial activity during a specified term. Special trade patent shall be deemed a state certificate confirming the right of an economic entity to the special procedure for taxation pursuant to the law. The procedure for patenting certain types of entrepreneurial activity shall be determined by law.

5. Whenever necessary, the state shall apply assignment of quotas, establishing limits of volume (quotas) of production or turnover of certain products and/or services. The procedure for assignment of quotas for production and/or turnover (including export and import), and distribution of quotas shall be established by the Cabinet of Ministers of Ukraine in accordance with law.

Article 15. Technical regulation in the economic sector

1. Technical regulations, standards, codes of good practice and technical terms shall be applied in the economic sector.

{Part 1 of Article 15 as amended by Law No. 1315-VII of 05 June 2014}

2. Application of standards, codes of good practice or their certain provisions shall be mandatory for:

{Paragraph 1, part 2 of Article 15 as amended by Law No.1315-VII of 05 June 2014}

economic entities, provided the obligation to apply standards or codes of good practice is established by regulatory acts;

{Paragraph 2, Part 2 of Article 15 as amended by Law No.1315-VII of 05 June 2014}

parties to the agreement (contract) on designing, manufacturing or supply of products, provided such agreement (contract) has a reference to certain standards or codes of good practice;

{Paragraph 3, Part 2 of Article 15 as amended by Law No. 1315-VII of 05 June 2014}

manufacturer or supplier of products, provided it has completed a declaration of conformity of products to certain standards, or it has applied indications of such standards in their markings;

3. In the event the products are manufactured for exporting, but the agreement (contract) provides for other requirements than those established by technical regulations, application of the agreement's (contract's) provisions shall be allowed inasmuch as they do not contradict Ukrainian legislation on the process of products' manufacturing, storage and transportation within the territory of Ukraine.

{Article 15 as amended by Law No. 3164-IV of 01 December 2005}

Article 16. Grants and other means of state support for economic entities

1. The state may provide grants to economic entities: to support production of vital foods, medicines and means of rehabilitation of people with disabilities, for importation of certain types of products, transportation services that provide socially important transportation, as well as to economic entities being in critical social, economic or ecological situation, in order to fund capital investments at the level required for maintaining their activity, to promote technical advance that provides significant economic effect, as well as in other cases provided by law.

2. The state may provide reimbursements or additional payments to agricultural producers for the products they sell to to the state.

3. Grounds and the procedure for application of the means of state support for economic entities shall be established by law.

Article 17. Taxes in the mechanism of state regulation of the economic activity

1. The taxation system in Ukraine, taxes and duties shall be established exclusively by laws of Ukraine. The taxation system shall be based on the principles of economic expediency, social justice, reconciliation of interests of the public, the state, territorial communities, economic entities and individuals.

2. In order to resolve top-priority economic and social state issues, the laws that regulate taxation of economic entities shall provide for:

the best possible combination of fiscal and incentive functions of taxation;

stability (invariability) of general taxation rules during several years;

elimination of double taxation;

conformity with taxation systems of other states.

3. Tax rates shall be of a regulatory nature, and shall not be established individually for each economic entity.

4. The taxation system in Ukraine shall provide for limit sizes of taxes and duties that may be collected from economic entities. Moreover, tax and other mandatory payments, included to the price of products (works, services) or attributed to their total cost shall be paid by economic entities irrespective of the outcome of their economic activity.

Article 18. Restriction of monopoly and promotion of competitiveness in the economic sector

1. The state shall exercise the antimonopoly and competitive policy, and promote the development of competitiveness in the economic sector based on the national programmes approved by the Verkhovna Rada of Ukraine upon the proposal of the Cabinet of Ministers of Ukraine.

2. The state policy in the economic sector, restriction of monopoly in the economic activities, and protection of economic entities and consumers against unfair competition shall be implemented by government authorities and local governments.

3. Government authorities, local governments and their officials shall be prohibited from adopting acts and taking actions that eliminate competition or unreasonably support certain competitors in business activities, or introduce restrictions in the market not envisaged by law. The legislation may provide for certain exceptions to this rule in order to ensure national security, defence or meet other general public interests.

4. Regulations of competitiveness and rules of antimonopoly regulation shall be established by this Code and other laws.

Article 19. State control and supervision over the economic activities

1. Economic entities shall be entitled to independently practice economic activities not prohibited by law with no restrictions.

2. Economic entities shall be subject to state registration pursuant to this Code and the law.

3. The state shall control and supervise economic activities in the following areas:

storage and use of funds and material assets by economic entities, in terms of the state and credibility of accounting and reporting;

financial and credit relations, foreign currency regulation and tax relations, in terms of the observance of loan liabilities before the state, and settlement discipline, observance of the foreign currency legislation requirements and the tax discipline;

prices and pricing, in terms of the observance by economic entities of prices for products and services fixed by the state;

monopoly and competition, in terms of compliance with antimonopoly and competitive legislation;

land relations, in terms of the use and protection of lands; water relations and forestry, in terms of renewal of water resources and regeneration of forests;

production and labour, in terms of safety of production and labour, compliance with labour legislation; fire, ecological, sanitary and hygienic safety; compliance with rules and regulations that establish binding requirements as to conditions of conducting economic activities;

{Paragraph 7, Part 3 of Article 19 as amended by Law No.1315-VII of 05 June 2014}

consumption, in terms of the quality and safety of products and services;

foreign economic activity, in terms of technological, economic, ecological and social safety.

4. Government authorities and officials empowered to provide state control and state supervision over the economic activities, their status and general terms and procedure for controlling and supervising shall be established by law.

5. Unlawful intervention and impeding economic activity of economic entities on the part of government authorities and their officials when conducting state control and supervision shall be prohibited.

6. Government authorities and their officials shall inspect and audit activities of economic entities in an unbiased, unprejudiced and efficient manner, according to legislative requirements, and observing rights and legitimate interests of economic entities.

7. An economic entity shall be entitled to receive information on the findings of auditing of its activity no later than thirty days after its completion, unless otherwise provided by law. Actions and decisions of government authorities in charge of controlling and supervising economic entities, as well as officials involved in inspections and audits may be appealed by an economic entity in accordance with procedure established by law.

8. All economic entities and separate units of legal entities assigned to separate balance sheets shall maintain primary (operational) accounting of their activities, prepare and submit statistical information and other data provided for by law, and keep accounting and submit financial reporting in accordance with law (except for citizens of Ukraine, foreigners and stateless persons who conduct business activities and are registered as entrepreneurs under the law) .

Demanding other statistical information and data from economic entities and separate units of legal entities assigned to separate balance sheets than those established by law or in violation of the procedure established by law shall be prohibited.

{Part 8 of Article 19 as amended by Law No.1070-VI of 05 March 2009}

Article 20. Protection of rights of economic entities and consumers

1. The state shall ensure protection of rights and legitimate interests of economic entities and consumers.

2. Each economic entity and consumer shall be entitled to exercise its rights and legitimate interests. Rights and legitimate interests of the above entities shall be protected by means of:

recognition of presence or absence of rights;

recognition of full or partial invalidity of acts of government authorities and local governments, as well as other entities, that contradict applicable law, violate rights and legitimate interests of economic entities or consumers; invalidation of economic agreements on the grounds envisaged by law;

resumption of the status quo that existed before violation of rights and legitimate interests of economic entities;

termination of actions that violate a right or pose a threat of its violation;

adjudgment to performing an obligation in kind;

compensation for losses;

application of penalties;

application of operational and economic sanctions;

application of administrative and economic sanctions;

establishment, change and termination of economic legal relations;

other means provided for by law.

3. The procedure for protection of economic entities and consumers shall be defined by this Code and other laws.

Article 21. Associations of entrepreneurs

1. In order to facilitate the national economy's growth and its integration in the global economy, and provide favourable environment for entrepreneurial activity, chambers of commerce and industry may be established in Ukraine as voluntary associations of entrepreneurs and organisations. A chamber of commerce and industry shall be deemed a non-state self-governing statutory organisation based on membership and having the status of a legal entity.

2. The state shall assist chambers of commerce and industry in accomplishing their statutory objectives.

3. The procedure for establishment and operation of chambers of commerce and industry shall be determined by law.

4. Economic entities/employers shall be entitled to establish employers' associations to exercise and protect their rights.

5. Employers' organisations shall be deemed self-governing statutory organisations established on voluntary and equal basis in order to represent and protect legitimate interests of employers. Employers' organisations may group into unions and other statutory associations of employers.

6. The procedure for establishment and functioning of employers' organisations and associations shall be defined by law.

Article 22. Specific aspects of managing economic activity in the state sector of the economy

The state shall conduct management of the state sector of the economy pursuant to the internal and external policies.

2. Economic entities of the state sector of the economy shall be entities that operate exclusively on the basis of state ownership, as well as those with the state share in the authorised capital exceeding fifty per cent or being equal to the value that provides the right of determining influence on the economic activity of these entities.

3. Powers of management entities in the state sector of the economy – the Cabinet of Ministers of Ukraine, ministries, other government authorities and organisations – with regard to economic entities shall be determined by law.

Above management entities in the state sector of the economy may adopt decisions necessary to prepare for the implementation of public-private partnership (concession), which shall be mandatory for enterprises, institutions and organisations under their management.

{Part 3 of Article 22 has been supplemented with Paragraph 2 under Law No.155-IX of 03 October 2019}

4. Legislation may determine types of economic activities that may be performed exclusively by state-owned enterprises, institutions and organisations.

5. The state shall exercise the state ownership right in the state sector of the economy through the system of organisational and economic powers of corresponding management entities with regard to economic entities belonging to this sector, and conduct their activities based on the right of economic management or the right of operational management.

6. The legal status of an individual economic entity in the state sector of the economy shall be determined by the authorised management bodies pursuant to this Code and other laws. Relations between management bodies and the above economic entities may be exercised on the contractual basis in cases envisaged by law.

7. In the state sector of the economy, the state shall apply all means of state regulation of economic activity as provided for by this Code, with due regard to specific features of the legal status of these economic entities.

8. The legislation shall determine specific aspects of implementing the antimonopoly and competition policy, and development of competitiveness in the state sector of the economy that shall be taken into consideration while elaborating respective state programmes.

9. The bankruptcy proceedings with regard to state-owned enterprises shall apply with due account of the requirements provided for in Chapter 23 hereof.

10. Management bodies that exercise organisational and economic powers with regard to economic entities of the state sector of the economy shall be prohibited to transfer their powers concerning management of the state property and management of economic entities' activity to other entities, except for granting such powers under the law to local governments, and in other cases envisaged by this Code and other laws.

11. An economic entity of the state sector of the economy shall implement an anti-corruption programme under procedure established by law.

{Article 22 has been supplemented with Part 11 under Law No.1700-VII of 14 October 2014}

Article 23. Relations between economic entities and local governments

1. Local governments shall exercise their powers with regard to economic entities exclusively within the framework of the Constitution of Ukraine, laws on local governments and other laws providing for specific aspects of local governing in the cities of Kyiv and Sevastopol, and other laws. Local governments shall also exercise other powers of executive authorities with regard to economic entities provided for by law.

2. Relations between local governments and economic entities in cases provided for by law may also be exercised on the contractual basis.

3. Regulatory acts of local governments and their officials adopted within their powers shall be mandatory for all parties to economic relations, located or operating in the respective territory.

4. Unlawful intervention of local governments and their officials in the economic activity of economic entities shall be prohibited. Adoption of regulatory acts of local governments that establish restrictions with regard to the turnover of certain products/services within respective administrative and territorial units not stipulated by the law shall be prohibited.

5. Local governments and their officials shall be entitled to apply to the court to invalidate acts of enterprises, other economic entities that restrict the rights of territorial communities, and powers of local governments.

6. Local governments and their officials shall be held liable for their activity before economic entities. The grounds, types and procedure for such liability shall be determined by the Constitution of Ukraine and the legislation.

7. Disputes with regard to the restoration of the violated rights of economic entities and compensation for losses caused due to decisions, actions, or inaction of local governments and their officials in exercising their powers shall be resolved in court.

Article 24. Specific aspects of managing economic activity in the communal sector of the economy

1. Management of economic activity in the communal sector of the economy shall be exercised through the system of organisational and economic powers of territorial communities and local governments with regard to economic entities belonging to the communal sector of the economy and conducting their operation based on the right of economic management or the right of operational management.

2. The legal status of an individual economic entity in the communal sector of the economy shall be determined by authorised management bodies pursuant to this Code and other laws. Relations between management bodies and the above economic entities may be exercised on the contractual basis in cases envisaged by law.

3. Economic entities of the communal sector of the economy shall be deemed entities that act exclusively on the basis of communal ownership, as well as the entities with the state share in the authorised capital exceeding fifty per cent or being equal to the value that provides local government with the right of determining influence on the economic activity of these entities.

4. The legislation may determine specific aspects of implementing the antimonopoly and competition policy with regard to the communal sector of the economy, as well as additional requirements and guarantees to the ownership right of the Ukrainian people and the right of communal ownership during bankruptcy proceedings with regard to economic entities of the communal sector of the economy.

5. Local governments shall be held liable for the consequences of operation of economic entities belonging to the communal sector of the economy on the grounds, within the limits, and under procedure established by law.

6. An economic entity of the communal sector shall implement an anti-corruption programme under procedure established by law.

{Article 24 has been supplemented with Part 6 under Law No. 1700-VII of 14 October 2014}

Chapter 3
RESTRICTION OF MONOPOLY AND PROTECTION OF ECONOMIC ENTITIES AND CONSUMERS AGAINST UNFAIR COMPETITION

Article 25. Competition in the economic sector

1. The state shall support competition as a contest between economic entities, which ensures gaining certain economic advantages due to their own accomplishments allowing consumers and economic entities to make a choice of the required product, with economic entities not determining terms of selling their products in the market.

2. Government authorities and local governments regulating relations in the economic sector shall be prohibited to adopt acts or take actions that establish a privileged status of economic entities of certain forms of ownership, or put into unequal conditions certain categories of economic entities, or otherwise violate the rules of

competition. Should this requirement be violated, government authorities that control and supervise observance of the antimonopoly and competition legislation, and economic entities may appeal against such acts under the established procedure.

3. Government authorities and local governments shall conduct the analysis of the market conditions and the competition level, and take measures defined by law to regulate competition between economic entities.

4. The state shall ensure protection of the trade secret of economic entities according to the requirements of this Code and other laws.

Article 26. State aid to economic entities

1. The legal framework for monitoring state aid to economic entities and exercising control over the admissibility of such aid for competition shall be established by the legislation on state aid to economic entities.

{Article 26 as amended by Law No. 1555-VII of 01 July 2014}

Article 27. Restriction of monopoly in the economy

1. A dominant position of an economic entity that provides it an opportunity to restrict competition in the market in terms of certain products (works, services) individually or in collaboration with other economic entities shall be deemed monopolistic.

2. A position of an economic entity, whose share in the market with regard to a certain product exceeds the size provided for by law shall be deemed monopolistic.

3. Position of economic entities in the market may also be declared monopolistic in the presence of other conditions established by law.

4. Should a social need arise, and in order to eliminate negative impact on the competition, government authorities shall apply measures of antimonopoly regulation with regard to monopolistic groups as established by law, and demonopolisation measures provided by respective state programmes, except for natural monopolies.

5. Government authorities and local governments shall be prohibited to adopt acts or take actions aimed at economic strengthening of the existing monopolistic economic entities and establishing new monopolistic groups without good reason, nor make decisions on exclusively centralised products distribution.

Article 28. Natural monopolies

1. Market conditions, whereby demand is met most efficiently provided the absence of competition resulting from technological features of production (due to significant reduction of production costs per product unit with an increase of production output), and goods/services, produced/rendered by economic entities may not be replaced by others, which results in the demand for such goods being less dependent on change of prices for such goods than the demand for other goods/services shall be deemed natural monopoly.

2. Natural monopoly entities may be economic entities of any form of ownership (monopoly groups) that produce (sell) goods in the market being in the state of natural monopoly.

3. The law on natural monopolies shall define areas of activity of natural monopoly entities, government authorities and local governments, other bodies that regulate operation of the above entities, as well as other issues associated with regulation of relations arising in product markets of Ukraine being in the state of natural monopoly, and in related markets with participation of natural monopoly entities.

Article 29. Abuse of monopoly in the market

1. The following shall be classified as an abuse of monopoly conditions:

imposing of agreement terms that put contractors into unequal conditions, or additional terms not related to the subject of the agreement, including hard-sell abuse;

restriction or termination of production, and withdrawal of goods from turnover in order to create or maintain deficiency in the market, or to fix monopoly prices;

other actions taken to impede economic entities' access to or exit from the market;

fixing of monopoly high or discriminating prices (tariffs) for their goods, which results in violation of consumers' rights or restricts the rights of certain consumers;

fixing of monopoly low prices (tariffs) for goods, which results in restriction of competition.

Article 30. Unlawful agreements between economic entities

1. Unlawful shall be deemed agreements or concerted practices between economic entities aimed at:

fixing (maintaining) of monopoly prices (tariffs), discounts, extra charges (surcharges), markups;

distribution of markets by the territorial principle, sales or purchasing volume, their product line, consumer range or otherwise with the purpose of their monopolisation;

elimination from or restriction of access to the market for sellers, customers, other economic entities.

Article 31. Discrimination of economic entities

1. Under this Code, the following shall be classified as discrimination of economic entities by government authorities:

prohibition to establish new enterprises or other organisational economic forms in any area of economic activity, and imposing restrictions on conducting certain types of economic activity or production of certain goods in order to restrict competition;

forcing economic entities to enter into priority agreements, first-priority sales of goods to certain consumers, or to join economic organisations or other associations;

making decisions on centralised distribution of goods that results in a monopoly conditions created in the market;

imposing a ban on sales of goods from one region of Ukraine to another;

providing certain entrepreneurs with tax and other benefits that place them in a privileged position against other economic entities, which results in monopolisation of a certain product market;

restriction of the rights of economic entities with regard to purchase and sale of products;

imposing bans or restrictions with regard to certain economic entities or groups of entrepreneurs.

2. Discrimination of economic entities shall be prohibited. The legislation may establish exceptions from this Article's provisions in order to ensure national safety, defence, and meet general public interests.

Article 32. Unfair competition

1. Unfair competition shall be deemed any actions in competition that contradict the rules, trade and other honest practices in business activity.

2. Unfair competition shall be deemed an unlawful use of business reputation of an economic entity, creating impediments to economic entities in the process of competition, and gaining unlawful advantages in competition, unlawful collecting, disclosure and use of the trade secret, or other actions classified under Part 1 of this Article.

3. Unfair competition shall entail legal liability of entities given their actions have negative impact on the competition within the territory of Ukraine, irrespective of the place such actions were committed.

Article 33. Unlawful use of business reputation of an economic entity

1. The following shall be qualified as unlawful use of business reputation of an economic entity: unlawful use of somebody else's markings, promotional materials, packaging; unlawful use of another producer's goods; copying of an external design of another producer's goods; comparative advertising, provided such advertising violates the requirements of the legislation of Ukraine on advertising, protection against unfair competition or such advertising can be qualified as unfair business practices.

{Part 1 of Article 33 as amended by Law No.286-IX of 12 November 2019}

2. An unauthorised use of somebody else's personal name, commercial name, trademark, other markings, and promotional materials belonging to such person, which may result in confusion with regard to activities of an economic entity that enjoys a priority right to their use shall be deemed unlawful.

3. Use of a personal name of an individual in a commercial name shall be deemed legitimate given any distinctive element is added to a personal name, which excludes the possibility of confusion with activity of another economic entity.

4. Introduction of a product of another producer under someone's own markings by means of alteration or removal of original producer's markings without authorised permission shall be deemed unlawful use of a product.

5. Reproduction of the external design of a product of another economic entity, and putting it into the economic turnover without unequivocal indication of the copy's producer, which may result in confusion with regard to another entity's activity shall be deemed copying of the external design of a product. Copying of the external design of a product or any of its parts shall not be deemed copying of the external design given such copying is made exclusively for the purpose of the functional use of such product.

6. Scope of Part 5 of this Article shall not apply to products, protected under the intellectual property right.

7. Advertising that contains comparison with other entities, goods (activities) of another economic entity, which directly or indirectly identifies a competitor, or goods or services offered by a competitor shall be deemed comparative. Comparisons in advertising in cases provided by the legislation of Ukraine shall not be recognised as illegal.

{Part 7 of Article 33 as amended by Law No. 286-IX of 12 November 2019}

Article 34. Impediments to economic entities made in the process of competition

1. The following shall be qualified as impediments made in the process of competition: defamation of an economic entity, tied sale of products (work, services) to consumers, instigation to boycott an economic entity or discriminate a buyer (customer), or to terminate an agreement with a competitor, subornation of a supplier's or buyer's (customer's) employee.

2. Any dissemination of false, incorrect or incomplete information, related to an economic entity or its activities that caused or might have caused damage to the business reputation of an entity shall be deemed defamation of an economic entity.

3. Purchase and sale of products, execution of works, providing services on the condition of purchase and sale of other products, execution of works, providing services not required by a consumer or contractor shall be deemed tied purchase and sale of products, execution of works and providing services.

4. Dissuasion of an entity directly by a competitor or through a mediator from contractual relations with an economic entity shall be deemed instigation to boycott an economic entity.

5. Persuasion of a supplier directly or through a mediator into providing certain unreasonable benefits to a competitor shall be deemed instigation of a supplier to discriminate a buyer.

6. Persuasion of an economic entity – a party to an agreement – into failure to perform or improper performance of contractual obligations before a competitor committed for personal gain or to the benefit of third parties by means of offering to an economic entity – a party to the agreement – directly or through a mediator, a material remuneration, compensation or other benefits shall be deemed instigation of an economic entity to terminate an agreement with a competitor of another economic entity.

7. Subornation of a supplier's employee shall be deemed providing or offering to such an employee material values, property or non-property benefits directly by the buyer's (customer's) competitor or through the mediator for improper fulfillment or non-fulfillment by a supplier's employee of his/her duties, arising from or related to the concluded agreement between a supplier and a buyer on supply of goods, execution of works, or rendering services, which have resulted or might have resulted in gaining by the buyer's (customer's) competitor of certain advantages before the buyer (customer).

8. A person that in view of his/her duties makes decisions on behalf of the supplier on supply of goods, execution of works, rendering services, has an influence on making such decisions, or is otherwise related to it shall be deemed equal to a supplier's employee.

9. Subornation of a buyer's (customer's) employee shall be deemed providing or offering to such an employee material values, property or non-property benefits directly by the supplier's competitor or through the mediator for improper fulfillment or non-fulfillment of his/her duties, arising from or related to agreement concluded between a supplier and a buyer on supply of goods, execution of works, or rendering services, which have resulted or might have resulted in gaining of certain advantages by the buyer's (customer's) competitor before the supplier.

10. A person that in view of his/her duties makes decisions on behalf of the buyer (customer) on supply of products, execution of works, rendering services, has an influence on making such decisions, or is otherwise related to it shall be deemed equal to a buyer's (customer's) employee.

Article 35. Gaining illegitimate competitive advantages

1. Gaining illegitimate competitive advantages shall be deemed receiving certain advantages before another economic entity through violation of legislation, which shall be confirmed by the decision of a respective government authority.

Article 36. Unlawful collecting, disclosure and use of a trade secret

1. Information associated with production, technology, management, financial or other activity of an economic entity, which is not classified as a state secret, and disclosure of which may damage the interests of an economic entity, may be declared its trade secret. Composition and volume of information classified as a trade secret,

and means of its protection shall be determined by an economic entity in accordance with law.

2. Unlawful collection of information being a trade secret shall be deemed obtaining of the above information through illegal means, given it has caused or might have caused damage to an economic entity.

3. Disclosure of a trade secret shall be deemed familiarisation of another person without the consent of an authorised person with the information that in accordance with law constitutes a trade secret, a person to whom this information was entrusted in the prescribed manner or which became known in connection with his/her official duties, given it has caused or could have caused damage to an economic entity.

4. Instigation to disclosure of a trade secret shall be deemed persuasion of a person that was entrusted with such secret in prescribed manner, or which became known to him/her in connection with his/her official duties into divulgation of such secret, give it has caused or might have caused damage to an economic entity.

5. Unlawful use of a trade secret shall be deemed an introduction into production or taking into account when scheduling or conducting business activity of unlawfully obtained information, classified as a trade secret under the law, without the authorised person's consent.

6. For illegal collection, disclosure or use of information constituing a trade secret, the guilty persons shall be held liable under the law.

Article 37. Liability for unfair competition

1. Committing actions classified as unfair competition shall entail liability of an economic entity pursuant to this Code or administrative, civil or criminal liability of guilty persons in cases provided for by law.

Article 38. Rules of professional ethics in competition

1. Supported by concerned organisations, economic entities may develop rules of professional ethics in competition for corresponding areas of economic activity, as well as certain industries of the economy. The rules of professional ethics in competition shall be agreed upon with the Antimonopoly Committee of Ukraine.

2. The rules of professional ethics in competition may be used when entering into agreements, developing constituent documents and other documents of economic entities.

Article 39. Protection of consumer rights

1. When ordering or using products (works, services) to meet their needs, consumers residing in the territory of Ukraine shall have the rights to the following:

protection of their rights by the state;

guaranteed level of consumption;

proper quality of products (works, services);

safety of products (works, services);

necessary, accessible and reliable information on the quality and range of products (works, services);

compensation for losses, caused by products (works, services) of undue quality, and the damage caused by products (works, services) harmful for life and health of individuals, in cases envisaged by law;

appealing to the court and other government authorities for the protection of violated rights or legitimate interests.

In order to protect their rights and legitimate interests, individuals may voluntarily unite into public consumer organisations (consumer unions).

2. The state shall ensure protection of the rights of individuals as consumers, provide an opportunity of free choice of products (works, services), acquiring knowledge and qualification, required for making independent decisions when purchasing and using products (works, services) according to their needs, and guarantee purchase or obtaining by other legitimate means of products (works, services) within scope ensuring the consumption level sufficient to sustain health and vital activity.

3. Consumer rights, the mechanism of exercising the protection of such rights and relations between consumers of products (works, services) and producers (contractors, sellers) shall be regulated by the law on protection of consumer rights and other legislative acts.

4. Should an international treaty in force ratified by the Verkhovna Rada of Ukraine provide for the rules other than those stipulated by Ukrainian legislation, the rules of an international treaty shall apply.

Article 40. State control over observance of antimonopoly and competition legislation

1. The state control over observance of the antimonopoly and competition legislation, the protection of interests of entrepreneurs and consumers from their violation shall be exercised by the Antimonopoly Committee of Ukraine in compliance with its powers defined by law.

In order to prevent the monopoly position of certain economic entities in the market, establishment, reorganisation and liquidation of economic companies, acquisition of their assets and shares, (equities), and establishing enterprise associations or transforming government authorities into the above associations in cases provided for by law shall be conducted subject to approval of the Antimonopoly Committee of Ukraine. Grounds for approval of concentration of economic entities shall be defined by law.

3. Should economic entities abuse their monopoly positions in the market, the Antimonopoly Committee of Ukraine shall be entitled to decide on forced split-up of monopoly groups. The term of execution of such decision may not be less than six months.

4. Forced split-up shall not apply in the following cases:

impossibility of organisational or territorial separation of enterprises or structural units;

presence of close technological links between enterprises, structural units, given the share of internal turnover in the total volume of gross output of an enterprise (association, etc.) does not exceed thirty per cent.

5. Reorganisation of a monopoly group subject to forced split-up shall be conducted at the discretion of an economic entity provided the elimination of the monopoly position of this group in the market.

6. The Antimonopoly Committee of Ukraine and its regional branches shall consider cases on unfair competition and other cases related to the violation of the antimonopoly and competition legislation under procedure established by law.

7. Decisions of the Antimonopoly Committee of Ukraine and its regional branches may be appealed to the court. Losses incurred due to illegitimate decisions of the Antimonopoly Committee of Ukraine or its regional branches shall be compensated from the State Budget of Ukraine upon the claim of stakeholders under procedure established by law.

Article 41. Antimonopoly and competition legislation

1. Legislation that governs relations arising from unfair competition, restriction and prevention of monopoly in economic activities shall comprise this Code, the law on the Antimonopoly Committee of Ukraine, and other legislative acts.

2. Provisions of this Chapter of the Code shall not apply to relations with participation of economic entities and other parties to economic relations, given the outcome of their activities becomes apparent only outside Ukraine, unless otherwise provided by the current international treaty ratified by the Verkhovna Rada of Ukraine.

3. The legislation may define specific aspects of governing relations arising from unfair competition and monopoly in financial and securities markets.

Chapter 4
COMMERCIAL ECONOMIC ACTIVITY (ENTREPRENEURSHIP)

Article 42. Entrepreneurship as a type of economic activity

1. Entrepreneurship shall be deemed a separate, initiative, systematic and risk-taking economic activity conducted by economic entities (entrepreneurs) aimed at achieving economic and social outcome, and generating profit.

Article 43. Freedom of entrepreneurial activity

1. Entrepreneurs shall be entitled to perform independently any entrepreneurial activity not prohibited by law.

2. Specific aspects of performing certain types of entrepreneurship shall be established by legislative acts.

3. The list of types of economic activity subject to licensing, and the list of activities wherein entrepreneurship is prohibited shall be established exclusively by law.

4. Government authorities and local governments shall be prohibited to conduct entrepreneurial activity.

Entrepreneurial activity of the officials of government authorities and local governments shall be restricted by law in cases provided for by Part 2, Article 64 of the Constitution of Ukraine.

Article 44. Principles of entrepreneurial activity

1. Entrepreneurship shall be conducted on the basis of:

free choice of a type of entrepreneurial activity by an entrepreneur;

independent development of an entrepreneur's action programme, selection of suppliers and consumers of products manufactured, employment of material and technical, financial and other resources, the use of which is not limited by law, fixing of prices for products and services under the law;

free employment of personnel by an entrepreneur;

commercial accounting and own commercial risk;

free disposal of profit retained after payment of taxes, duties and other payments provided for by law;

an entrepreneur's independent conduct of foreign economic activity; an entrepreneur's disposal of a foreign currency share of proceeds at his/her own discretion.

Article 45. Organisational forms of entrepreneurship

1. Entrepreneurship in Ukraine shall be conducted in any organisational forms defined by law, at entrepreneur's discretion.

2. The procedure for establishing, state registration, reorganisation and liquidation of entrepreneurs of certain organisational forms shall be determined by this Code and other laws.

3. As for individuals and legal entities, for which entrepreneurship is not their principal activity, the provisions of this Code shall apply in the part of their activity, which is entrepreneurial in its nature.

Article 46. The right to hire employees and social guarantees of the use of their labour

1. Entrepreneurs shall be entitled to enter into labour agreements with individuals on using their labour. When entering into a labour agreement (contract), an entrepreneur shall provide due and safe working conditions, labour remuneration not lower than that established by law and its timely payment, as well as other guarantees, including social and health insurance and social security according to the Ukrainian legislation.

Article 47. General guarantees of entrepreneurs' rights

1. The state shall guarantee to all entrepreneurs irrespective of their organisational forms of entrepreneurial activity equal rights and opportunities for employment and use of material and technical, financial, labour, informational, natural and other resources.

2. Providing an entrepreneur with material and technical, and other resources centrally managed and distributed by the state shall be conducted for the purpose of providing supplies, works or services for priority state needs by an entrepreneur.

{Part 2 of Article 47 as amended by Law No.3205-IV of 15 December 2005}

3. The state shall guarantee the inviolability of property and ensure protection of property rights of an entrepreneur. Withdrawal by the state or local government of fixed and operating assets, and other property shall be allowed under the Article 41 of the Constitution of Ukraine on the grounds and under procedure established by law.

4. Losses incurred by an entrepreneur due to violation of his/her property rights by individuals or legal entities, government authorities or local governments shall be reimbursed to an entrepreneur pursuant to the present Code and other laws.

5. In cases provided for by law, an entrepreneur or an individual employed by an entrepreneur may be involved to fulfill state or public duties during working hours, with further compensation to an entrepreneur of corresponding losses by an authority that takes such decision. Any disputes that may arise in connection with compensation for losses shall be resolved in the court.

Article 48. State support for entrepreneurship

1. In order to provide favourable organisational and economic conditions for the development of entrepreneurship, government authorities shall under the terms and procedure established by law:

provide entrepreneurs with land plots, state property, required for conducting entrepreneurial activity;

support entrepreneurs in terms of material and technical supplies, information servicing of their activities and training their personnel;

conduct primary provision of undeveloped territories with production and social infrastructure facilities, by means of sale or other transfer of those facilities to entrepreneurs under procedure established by law;

promote upgrade of technologies, innovative activity, development of new kinds of products and services by entrepreneurs;

provide other assistance to entrepreneurs.

2. The state shall promote the development of small businesses, with necessary conditions provided.

Article 49. Liability of entrepreneurs

1. Entrepreneurs shall not cause damage to the environment, violate rights and legitimate interests of individuals and their associations, other economic entities, institutions, organisations, rights of local governments and the state.

2. An entrepreneur shall be financially liable or have other liability established by law for losses and damage caused.

Article 50. Activity of foreign entrepreneurs in Ukraine

1. Specific aspects of conducting entrepreneurial activity within the territory of Ukraine, on its continental shelf and in the exclusive (sea) economic zone by foreign legal entities and individuals shall be established by this Code and other laws of Ukraine.

2. Should the current international treaty ratified by the Verkhovna Rada of Ukraine provide for the rules of entrepreneurship other that those established by Ukrainian legislation, the rules of the international treaty shall apply. The rules of international treaties of Ukraine effective at the moment of adoption of the Constitution of Ukraine shall apply in accordance with the Constitution of Ukraine under procedure established by these international treaties.

Article 51. Termination of entrepreneurial activity

1. Entrepreneurial activity shall be terminated:

on entrepreneur’s own initiative;

in the event of the license’s expiry;

in the event of termination of an entrepreneur’s existence;

on the grounds of a court judgment in cases envisaged by this Code and other laws.

2. The procedure for termination of entrepreneur’s activity shall be determined by the law in compliance with this Code.

Chapter 5
NON-PROFIT ECONOMIC ACTIVITY

Article 52. Non-profit economic activity

1. Non-profit economic activity shall be deemed an independent systematic economic activity conducted by economic entities, and aimed at achievement of economic, social and other outcome without the purpose of generating profit.

2. Non-profit economic activity shall be conducted by economic entities of the state or communal sectors of the economy in industries (types of activity), wherein entrepreneurship is prohibited under Article 12 hereof, based on the decision of a respective government authority or local government. Also, non-profit economic activity may be conducted by other economic entities that are prohibited to be involved in the economic activity in the form of entrepreneurship under the law.

3. Government authorities, local governments and their officials shall be prohibited to conduct non-profit activity.

Article 53. Organisational forms of non-profit activity

1. Non-profit economic activity may be conducted by economic entities on the basis of the right to property or the right of operational management in the organisational forms, determined by the owner or a respective management body or local government with due account of requirements prescribed by this Code and other laws.

2. The procedure for establishing, state registration, reorganisation and liquidation of economic entities of certain organisational forms of non-profit activity shall be defined by this Code and other laws.

Should an economic activity of an individual or a legal entity registered as a non-profit economic entity acquire signs of entrepreneurial activity, its activities shall be governed by the provisions of this Code and other laws regulating entrepreneurship.

Article 54. Regulation of non-profit activity

1. Operation of economic entities that conduct non-profit activity shall be governed by general requirements as to regulation of economic activity with due regard to specific features of its performance by various economic entities defined by this Code and other legislative acts.

2. When entering into a labour agreement (contract), an economic entity that conducts non-profit economic activity shall provide due and safe working conditions, payment of remuneration not lower than the minimal size established by law, and ensure other social security provided for by law.

Section II
ECONOMIC ENTITIES

Chapter 6
GENERAL PROVISIONS

Article 55. Definition of an economic entity

1. Economic entities shall be deemed the parties to economic relations that conduct economic activity, exercising their economic competence (integrity of economic rights and obligations), have individual property and are held liable within the framework of this property, except for cases defined by law.

2. The economic entities shall be as follows:

1) economic organisations shall be deemed legal entities established pursuant to the Civil Code of Ukraine, state, communal and other enterprises established in accordance with this Code, and other legal entities that practice economic activity, and are registered under procedure established by law;

2) citizens of Ukraine, foreigners and stateless persons that conduct economic activity and are registered as entrepreneurs under the law;

{Clause 3, Part 2 of Article 55 has been deleted under Law No. 2424-IV of 04 February 2005}

3. Depending on the number of employees and gross income from any annual activities, economic entities can be regarded as small enterprises, as well as micro-, medium or large enterprises.

Micro-enterprises shall be:

individuals registered in the manner prescribed by law as private entrepreneurs who have an average number of employees during the reporting period (calendar year) not exceeding 10 persons and annual income from any activity not exceeding the amount equivalent to 2 million euros determined according to the yearly average exchange rate of the National Bank of Ukraine;

legal entities – economic entities of any organisational and legal form, and any form of ownership, and which have an average number of employees during the reporting period (calendar year) not exceeding 10 persons and annual income from any activity not exceeding the amount equivalent to 2 million euros determined according to the yearly average exchange rate of the National Bank of Ukraine.

Small enterprises shall be deemed:

individuals registered in the manner prescribed by law as private entrepreneurs who have an average number of employees during the reporting period (calendar year) not exceeding 50 persons and annual income from any activity not exceeding the amount equivalent to 10 million euros determined according to the yearly average exchange rate of the National Bank of Ukraine;

legal entities – economic entities of any organisational and legal form, and any form of ownership, and which have an average number of employees during the reporting period (calendar year) not exceeding 50 persons and annual income from any activity not exceeding the amount equivalent to 10 million euros determined according to the yearly average exchange rate of the National Bank of Ukraine.

Large enterprises shall be deemed legal entities – economic entities of any organisational and legal form, and form of ownership, and which have an average number of employees during the reporting period (calendar year) exceeding 250 persons and annual income from any activity exceeding the amount equivalent to 50 million euros determined according to the yearly average exchange rate of the National Bank of Ukraine.

Other economic entities shall be regarded as medium enterprises.

{Article 55 has been supplemented with new part under Law No. 4618-VI of 22 March 2012}

4. Economic entities shall exercise their economic competence on the basis of the right to property, the right of economic management, the right of operational management in accordance with the definition of this competence in this Code and other laws.

{Part of Article 55 as amended by Law No. 2424-IV of 04 February 2005}

5. Economic entities shall be deemed economic organisations that act on the basis of the ownership right, the right of economic management or operational management, have the status of a legal entity as established by civil legislation and this Code.

6. Economic entities referred to in Clause 1, Part 2 of this Article shall be entitled to establish their branches, representative offices and other separate units without creating a legal entity.

{Part of Article 55 as amended by Law No. 2424-IV of 04 February 2005}

Article 55^{-1}. Fictitious operation of an economic entity

1. Signs of fictitious nature giving grounds for appealing to the court for termination of a legal entity or termination of activity by an individual entrepreneur, including recognition of registration documents as invalid shall be as follows:

it was registered (re-registered) under invalid (lost) and forged documents;

it was not registered with government authorities, given that the obligation to register is provided by law;

it was registered (re-registered) with the government registration authorities by individuals with subsequent transfer (registration) to the possession or management of fictitious (non-existent), deceased, missing persons or such persons who did not intend to conduct financial and economic activities or exercise their powers;

it registered (re-registered) and conducted financial and economic activities without awareness and consent of its founders and legally appointed general managers.

{The Code has been supplemented with Article 55^{-1} under Law No. 2756-VI of 02 December 2010}

Article 56. Establishment of an economic entity

1. An economic entity may be established upon the decision of the owner (owners) of property or the authorised body, and in cases specially provided for by law, and upon the decision of other bodies, organisations and individuals by establishing new economic organisation, merger, accession, spin-off, split-up, transformation of a functioning economic entity under the requirements of law.

{Part 1 of Article 56 as amended by Law No. 642–VII of 10 October 2013}

2. Economic entities may be established by means of forced split-up (spin-off) of a functioning economic entity upon the order of antimonopoly authorities in accordance with the antimonopoly and competition legislation of Ukraine.

{Part 2 of Article 56 as amended by Law No. 642–VII of 10 October 2013}

3. Establishing economic entities shall be conducted pursuant to the requirements of antimonopoly and competition legislation.

4. An economic entity may be created and operate on the basis of a model charter approved by the Cabinet of Ministers of Ukraine, which after its adoption by the stakeholders shall become a constituent document.

{Article 56 has been supplemented with Part 4 under Law No. 3262–VI of 21 April 2011}

5. Should an economic entity be established and operating under a model charter, the decision on its creation, which shall be signed by all founders, shall provide information about its name, purpose and subject of economic activity, and data on activities under a model charter.

{Article 56 has been supplemented with Part 5 under Law No. 3262–VI of 21 April 2011}

Article 57. Constituent documents

1. Constituent documents of an economic entity shall be deemed a decision on its establishment or constituent agreement, and in cases provided for by law a charter (provisions) of an economic entity.

2. Constituent documents shall contain the name of an economic entity, the purpose and subject of its economic activity, composition and competence of its management bodies, the procedure for decision-making, the procedure for generating assets, distribution of profits and losses, terms of its reorganisation and liquidation, unless otherwise provided for by law.

{Part 2 of Article 57 as amended by Law No. 2452-IV of 03 March 2005}

3. Under the memorandum of association, the founders shall establish an economic entity, determine the procedure for joint efforts as for its establishment, terms of property transfer, the procedure for distributing profits and losses, management of economic entity’s activity and participation of founders in such management, the procedure for exit and entry of new founders, other terms of an economic entity’s

activity provided for by law, as well as the procedure for its reorganisation and liquidation under the law.

4. The charter of an economic entity shall contain information on its name, purpose and subject of activity, size and procedure for distributing profits and losses, management and controlling bodies, their competence, as well as other information related to specific aspects of the organisational form of an economic entity envisaged by law. The charter may as well contain other information, which do not contradict the legislation.

A special provision shall determine the economic competence of government authorities, local governments or other entities in cases provided for by law.

{Part 4 of Article 57 as amended by Laws No. 2452-IV of 03 March 2005, No. 2850-VI of 22 December 2010}

5. The charter (provisions) shall be approved by the property owner or his/her representatives, bodies or other entities in compliance with the law.

Article 58. State registration of economic entities

1. An economic entity shall be subject to the state registration as a legal entity or individual entrepreneur under procedure established by law.

2. The opening by an economic entity of branches (offices), representative offices without the registration of a legal entity shall not require their state registration.

Information on separate units of economic entities shall be added to its registration file and included in the Unified State Register in the manner prescribed by law.

{Article 58 as amended by Law No. 2424-IV of 04 February 2005}

Article 58^{-1}. Stamps of an economic entity

1. An economic entity shall be entitled to use stamps in its activities. The use of a stamp by an economic entity is not mandatory.

2. A seal shall not be a mandatory attribute of any document submitted by an economic entity to a government authority or local government. A copy of a document submitted by an economic entity to a government authority or local government shall be considered certified under the established procedure provided such copy is signed by an authorised person of such economic entity or it has a personal signature of an individual entrepreneur. Government authority or local government shall not require notarisation of a copy of a document unless such a requirement is established by law.

3. The presence or absence of a seal of an economic entity on the document shall not create legal consequences.

4. Production, sale and/or purchase of stamps shall be made without obtaining any permits.

{The Code has been supplemented with Article 58-1 under Law No. 1206-VII of 15 April 2014; text of Article 58-1 as amended by Law No. 1982-VIII of 23 March 2017}

Article 59. Termination of an economic entity's operation

1. Termination of an economic entity's operation shall be conducted in accordance with law.

{Article 59 as amended by Laws No. 2756-VI of 02 December 2010, No. 3384-VI of 19 May 2011, No. 5463-VI of 16 October 2012, No. 642-VII of 10 October 2013; as amended by Law No.1258-VII of 13 May 2014}

{Article 60 has been deleted under Law No. 1258-VII of 13 May 2014}

{Article 61 has been deleted under LawNo. 1258-VII of 13 May 2014}

Chapter 7
ENTERPRISE

Article 62. Enterprise as an organisational form of economic activity

1. An enterprise shall be deemed an independent economic entity established by a competent government authority or local government, or other entities for the purpose of meeting public or personal needs through regular production, academic and research, trade, and other activity under procedure established by this Code and other laws.

2. Enterprises may be established both for entrepreneurship and non-profit economic activity.

3. An enterprise shall operate under its charter unless otherwise established by law. Enterprises, regardless of the ownership, organisational and legal form, and the constituent documents under which they have been created and operating, shall have equal rights and responsibilities.

{Part 3 of Article 62 as amended by Law No. 3262-VI of 21 April 2011}

4. An enterprise shall be classified as a legal entity, shall have separated property, independent balance sheet, accounts in banking institutions, and may have stamps.

{Part 4 of Article 62 as amended by Law No. 1206-VII of 15 April 2014}

5. An enterprise shall not have other incorporated legal entities.

Article 63. Types and organisational forms of enterprises

1. Enterprises shall be of the following types depending on ownership forms prescribed by law:

a private enterprise that shall operate on the basis of private property of individuals or an economic entity (a legal entity);

an enterprise that shall operate on the basis of collective property (a collective property enterprise);

a communal enterprise that shall operate on the basis of communal property of a territorial community;

a state-owned enterprise that shall operate on the basis of state property;

as enterprise established on a basis of mixed ownership form (conglomeration of property of various ownership forms).

a joint communal enterprise that shall operate on the contractual basis of joint financing (maintenance) by the respective territorial communities, parties to co-operation.

{Part 1 of Article 63 has been supplemented with new paragraph under Law No. 1508-VII of 17 June 2014}

Other types of enterprises envisaged by law may also operate in Ukraine.

2. Should a share of a foreign investment in the enterprise's authorised capital be at least ten per cent, it shall be deemed an enterprise with foreign investment. An enterprise with one hundred per cent share of foreign investment in the authorised capital shall be deemed a foreign enterprise.

3. There shall be unitary and corporate enterprises in Ukraine, depending on the way of creation (establishment) and forming of the authorised capital.

4. Unitary enterprise shall be established by one founder that provides required property, generates the authorised capital not divided into shares (equities), approves the charter, distributes profits, manages the enterprise directly or via a general manager, appointed (elected) by the founder (a supervisory board of an enterprise, if any), forms enterprise's personnel on the employment basis, resolves the issues of reorganisation and liquidation of the enterprise. State-owned, communal enterprises, and those established on the basis of the property of individuals' associations, religious organisations or private property of the founder shall be deemed unitary enterprises.

{Part 4 of Article 63 as amended by Law No. 1405-VIII of 02 June 2016}

5. A corporate enterprise shall be commonly established by two or more co-founders upon their joint decision (agreement), and operate on the basis of conglomeration of property and/or entrepreneurial or labour activity of co-founders (stakeholders), their joint management under corporate rights, including management through the bodies they establish, participation of co-founders (stakeholders) in the distribution of profits and risks of the enterprise. Co-operative enterprises, enterprises established as economic companies, as well as other enterprises, including those created on the basis of private property of two or more individuals shall be deemed corporate enterprises.

6. Specific aspects of the legal status of unitary and corporate enterprises shall be established by this Code and other legislative acts.

{Part 7 of Article 63 has been deleted under Law No. 4618-VI of 22 March 2012}

8. In the event of dependence on another enterprise envisaged by Article 126 hereof, an enterprise shall be deemed a subsidiary.

9. Legislation may provide for specific features of conducting economic activity for enterprises of certain types and organisational forms.

Article 64. Organisational structure of an enterprise

1. An enterprise may consist of production structural units (production facilities, workshops, departments, divisions, groups, bureaus, laboratories, etc.), and functional structural units of the management office (administrations, departments, bureaus, agencies, etc.).

2. Functions, rights and obligations of structural units of an enterprise shall be established by special provisions, approved under procedure established by the charter of an enterprise or other constituent documents.

3. An enterprise shall independently determine its organisational structure, the number of employees and the personnel arrangement.

4. An enterprise shall be entitled to create branches, representative offices, departments and other separate units, coordinating issues on arrangement of such units with respective local governments under procedure established by law. Such separate units shall not have the status of a legal entity, and shall operate under a respective provision approved by an enterprise. Enterprises may open accounts in banking institutions via their separate units pursuant to the law.

{Part 4 of Article 64 as amended by Law No. 2424-IV of 04 February 2005}

5. Activity of such separate units of enterprises operating within the territory of Ukraine, which are located outside Ukraine, shall be governed by this Code and other laws.

Article 64^{-1}. Ultimate beneficial owner (controller) of an enterprise

{Title of Article 64^{-1} as amended by Law No. 198-VIII of 12 February 2015}

1. Enterprises, except for state-owned and communal enterprises, shall appoint their ultimate beneficial owner (controller), regularly update and keep information about it and provide it to the state registrar in cases and to the extent provided by law.

The term “ultimate beneficial owner (controller)” shall be understood in the meaning used in the Law of Ukraine“On Preventing and Counteracting Legalisation (Laundering) of Proceeds from Crime, Financing of Terrorism and Proliferation of Weapons of Mass Destruction”.

{Paragraph 2, Part 1 of Article 64-1 as amended by Law No. 198-VIII of 12 February 2015}

{The Code has been supplemented with Article 64-1 under Law No. 1701-VII of 14 October 2014; text of Article 64-1 as amended by Law No. 198-VIII of 12 February 2015}

Article 65. Management of an enterprise

1. Management of an enterprise shall be performed according to its constituent documents based on the consolidation of the owner's rights with regard to the economic use of his/her property, and participation of the personnel in its management.

2. The owner shall exercise his/her rights with regard to enterprise's management directly or through authorised bodies in accordance with the enterprise's charter or other constituent documents.

3. To manage the economic activity of an enterprise, the owner (owners) shall appoint (elect) a general manager of the enterprise directly or through authorised bodies or the supervisory board of such enterprise (if any) who shall be accountable to the owner, his/her authorised body or supervisory board. A general manager of the enterprise, a chief accountant, members of the supervisory board (if any), the executive body and other management bodies of the enterprise shall be the officials of this enterprise under the charter. Other persons may also be recognised as officials under the charter of an enterprise.

{Part 3 of Article 65 as amended by Law No. 1405-VIII of 02 June 2016}

4. In the event of employment of a general manager of an enterprise, an agreement (contract) shall be signed with him/her, which stipulates the term of employment, rights, obligations and liability of the general manager, terms of his/her material support, terms of dismissal from office, other terms of employment as agreed upon by the parties.

5. General manager of the enterprise shall act on behalf of the enterprise without a power of attorney, represent it in government authorities and local governments, other organisations, in relations with legal entities and individuals, establish the administration of the enterprise and decide on the enterprise's activities within the scope and under procedure established by the constituent documents .

6. General manager of the enterprise may be dismissed from office ahead of time on the grounds envisaged by the agreement (contract) under the law.

7. All the enterprises that use employed labour shall enter into a collective agreement between the owner or the authorised body and personnel or the authorised body, which shall regulate production, labour and social relations of personnel with the enterprise's administration. Requirements to the content and the procedure fro entering into collective agreements shall be defined by the law on collective agreements.

8. Personnel of the enterprise shall include all individuals that through their labour participate in enterprise's operation on the basis of a labour agreement (contract) or other forms that regulate labour relations between an employee and the enterprise. Powers of the personnel as to its participation in enterprise's management shall be stipulated by the charter or other constituent documents in compliance with the requirements of this Code, legislation on certain types of enterprises, and the law on personnel.

9. Decisions on socio-economic issues related to the enterprise's activities shall be considered and adopted by its management bodies with participation of the personnel and its authorised bodies.

10. Specific features of management of certain types of enterprises (organisational forms of enterprises) shall be stipulated by this Code and laws on such enterprises.

Article 66. Property of an enterprise

1. Property of an enterprise shall include production and non-production assets, as well as other values, the cost of which shall be fixed in a separate balance sheet of the enterprise.

2. The sources of generating assets of the enterprise shall be as follows:

monetary and material contributions of its co-founders;

proceeds generated from sale of goods, services, other types of economic activity;

securities yields;

loans from banks and other lenders;

capital investments and budgetary subsidies;

property purchased from other economic entities, organisations and individuals under procedure established by law;

other sources not prohibited by Ukrainian legislation.

3. Unified assets of the enterprise shall be deemed immovable property and may serve as a property for purchase and sale and other agreements, on the terms and under procedure established by this Code and laws adopted under the Code.

4. Exercising of property rights of the enterprise shall be performed under procedure established by this Code and other legislative acts of Ukraine.

5. Possession and use of natural resources shall be exercised by the enterprise under procedure established by law for a certain charge, and on preferential terms in cases envisaged by law.

6. The enterprise shall issue, sale and purchase securities as prescribed by the Ukrainian legislation.

7. The state shall guarantee the protection of property rights to the enterprise. Seizure of property by the state from the enterprise shall be conducted exclusively in cases and under procedure established by law.

Article 67. Economic relations of an enterprise with other enterprises, organisations, and individuals

1. Relations of an enterprise with other enterprises, organisations, and individuals in all forms of economic activity shall be exercised on the contractual basis.

2. Enterprises shall be free to choose the subject of an agreement, determine obligations and other terms of economic relations that do not contradict Ukrainian legislation.

3. An enterprise shall be entitled to independently sell all its products in the territory of Ukraine and abroad, unless otherwise provided by law.

{Part 3 of Article 67 as amended by Law No. 3205-IV of 15 December 2005}

4. State-owned enterprises, including economic companies (except banks), in the authorised capital of which the state owns fifty per cent or more of shares (equities) shall obtain domestic long-term (for more than 1 year) and external credit facilities (loans), provide guarantees or be guarantors of such obligations in co-ordination with the central executive body that implements state financial policy, attract domestic short-term (for up to 1 year) credit facilities (loans), provide guarantees or be guarantors of such obligations in coordination with the executive body that manages state property. The procedure for these co-ordinations shall be established by the Cabinet of Ministers of Ukraine.

{Article 67 has been supplemented with Part 4 under Law No. 2457-VI of 08 July 2010; as amended by Law No. 5463-VI of 16 October 2012}

Article 68. Foreign economic activity of an enterprise

1. An enterprise shall independently conduct foreign economic activity, which is a part of foreign economic activity of Ukraine, and shall be regulated by laws of Ukraine, other regulatory acts adopted pursuant to these laws.

2. The procedure for use of enterprise's funds in foreign currency shall be established by this Code and other laws.

3. An enterprise that conducts foreign economic activity may open its representative offices, branches and production facilities outside Ukraine, maintenance of which shall be effected at the expense of the enterprise.

Article 69. Social activity of an enterprise

1. Issues of improvement of conditions of work, life and health, guarantees of mandatory health insurance of enterprise employees and their families, and other issues of social development shall be resolved by the personnel with participation of the

owner or the authorised body pursuant to the legislation, the constituent documents of the enterprise, and the collective agreement.

2. An enterprise shall provide training of qualified workers and specialists, their economic and professional education both in own and other educational institutions as stipulated by respective agreements. An enterprise shall grant benefits under the law to its employees who study on-the-job.

3. Pensioners and people with disabilities who had worked at the enterprise before they retired shall enjoy the same opportunities as currently working personnel in terms of health insurance, housing, treatment in health-improving and prophylactic institutions, other social services and benefits, stipulated by the enterprise's charter.

4. The owner and the management bodies of the enterprise shall ensure proper and safe working conditions to all employees. An enterprise shall be held liable under procedure established by law for the damage that may be caused to the health and working capacity of its employees.

5. An enterprise shall ensure proper working conditions for women and minors, provide them day-time working hours preferably; provide easier work in safe working conditions for women with infants and pregnant women, grant them other benefits provided for by law. An enterprise with unsafe working conditions shall establish special workshops and sections for securing easier work for women, minors and other certain categories of employees.

6. An enterprise shall independently organise additional leaves, reduced working days and other benefits for its employees, and be entitled to give incentives to employees of other enterprises, institutions, and organisations that provide services to the enterprise.

7. An enterprise shall be entitled to provide additional pension, irrespective of the size of the state pension, to an employee who became disabled at the enterprise in the result of an accident or professional disease. In the event of death of an employee in performing his/her duties, the enterprise's owner shall voluntarily or upon a court judgment provide aid to such employee's family pursuant to the law.

8. An enterprise entitled to employ human resources shall provide a number of jobs under the law for employment of minors, people with disabilities, other categories of individuals that need social protection. Liability of an enterprise for the failure to comply with this requirement shall be defined by law.

Article 70. Enterprise associations

1. Enterprises shall be entitled to voluntarily consolidate its economic activity (production, commercial, etc.) on the terms and under procedure established by this Code and other laws.

2. By decision of the Cabinet of Ministers of Ukraine or bodies whose powers include the management of state-owned or communal enterprises, enterprise

associations may be formed on the terms and in the manner prescribed by this Code and other laws.

3. Types of enterprise associations, their general status, as well as major requirements to performing economic activity shall be established by this Code; other aspects of their activity shall be governed by Ukrainian legislation.

Article 71. Accounting and reporting of an enterprise

1. Accounting and reporting of an enterprise shall be conducted pursuant to the requirements of Article 19 hereof, and other regulatory acts.

2. Information not prescribed by law shall be provided by an enterprise to government authorities, local governments, other enterprises, institutions and organisations on the contractual basis or under procedure envisaged by the constituent documents of the enterprise.

Article 72. Legislation on enterprises

1. Enterprises in Ukraine shall conduct their activities according to Articles 62–71 hereof, unless otherwise provided by this Code and other laws, adopted pursuant to this Code with regard to certain types of enterprises.

2. Should the current international treaty of Ukraine, ratified by the Verkhovna Rada of Ukraine, provide for rules other that those established by legislation on enterprises, the rules of the international treaty shall apply.

Chapter 8
STATE-OWNED AND COMMUNAL UNITARY ENTERPRISES

Article 73. Definition of a state-owned unitary enterprise

1. A state-owned unitary enterprise shall be established by a competent government authority under the regulatory order on the basis of a separate part of state-owned property, commonly without dividing it into parts, and shall be subordinated to it.

2. Government authority an enterprise is subordinated to shall be a representative of its owner and perform his/her functions within the limits provided for by this Code and other legislative acts.

3. Property of a state-owned unitary enterprise shall be owned by the state, and assigned to such an enterprise on the right of economic management or operational management.

4. The name of a state-owned unitary enterprise shall contain the words “state-owned enterprise”.

5. A state-owned unitary enterprise shall not be held liable for the obligations of its owner and the government authority the enterprise is subordinated to.

6. Management bodies of a state-owned unitary enterprise shall be as follows:

the general manager of the enterprise who is appointed (elected) by the entity in charge of state property, which performs the functions of enterprise's management, or the supervisory board of such enterprise (if any) and shall be accountable to the body that has appointed (elected) it;

The supervisory board of the enterprise (if any), which within the competence defined by the charter of the enterprise and the law shall control and regulate the activity of the general manager of the enterprise.

The supervisory board of a state-owned unitary enterprise shall be established upon the decision of the entity in charge of state property, which performs the functions of enterprise's management. The procedure for creation, organisation of activity and liquidation of the supervisory board of a state-owned unitary enterprise (except for enterprises of the military industrial sector) and its committees shall be determined by the Cabinet of Ministers of Ukraine and reviewed at least once every five years. The procedure for creation, organisation of activity and liquidation of the supervisory board of a state-owned unitary enterprise of the military industrial sector shall be determined in accordance with the Law of Ukraine "On the Specific Aspects of Management of State Property in the Military Industrial Sector".

Specific aspects of management of a state-owned unitary enterprise shall be determined by the Law of Ukraine "On the Management of State Property".

Specific aspects of management of a state-owned unitary enterprise of the military industrial sector shall be determined by the Law of Ukraine "On Specific Aspects of Management of State Property in the Military Industrial Sector".

{Part 6 of Article 73 as amended by Law No.1405-VIII of 02 June 2016}

7. The legislation may determine specific aspects of the status of a state-owned unitary enterprise's general manager, including introduction of an enhanced responsibility of the general manager for the outcome of the enterprise's activity.

8. The annual financial reporting of a state-owned unitary enterprise may be subject to mandatory audit by an independent auditor. The criteria for classifying state-owned unitary enterprises as those whose financial reporting is to be subject to mandatory audit by an independent auditor shall be determined by the Cabinet of Ministers of Ukraine depending on the book value of assets of a state-owned unitary enterprises.

{Paragraph 1, Part 8 of Article 73 as amended by Law No. 2258-VIII of 21 December 2017}

Except in cases established by law, a state-owned unitary enterprise shall provided information about its activity by publishing it on its own web page (website) or on the official website of the entity in charge of state property, which performs the functions of enterprise's management, within the time and in the manner prescribed by the Cabinet of Ministers of Ukraine. Access to such web pages and websites shall be provided 24/7 free of charge.

The following information shall be subject to mandatory publishing:

objectives of a state-owned unitary enterprise and the progress of their achievement;

quarterly and annual financial reporting of a state-owned unitary enterprise for the last three years, including (if any) expenditures for non-profit purposes of state policy and sources of their funding;

audit opinions on the annual financial reporting of a state-owned unitary enterprise for the last three years, provided the audit was conducted in accordance with law or by decision of the supervisory board of a state-owned unitary enterprise (if any) or the entity in charge of state property that performs the functions of enterprise's management;

the latest version of the charter of a state-owned unitary enterprise, as well as previous versions;

curriculum vitae (including job review) of the general manager of a state-owned unitary enterprise (with due account of the requirements of the legislation on personal data protection);

curriculum vitae (including job review) of the members of the supervisory board (if any) of a state-owned unitary enterprise (with due account of the requirements of the legislation on personal data protection), the principle of their choice, their membership in the supervisory boards of other economic entities; it shall also indicate who of the members of the supervisory board of a state-owned unitary enterprise is independent;

annual reports of the supervisory board and the general manager of a state-owned unitary enterprise;

structure, principles of formation and amount of remuneration of the general manager and members of the supervisory board of a state-owned unitary enterprise, including compensation packages and additional benefits they receive (or are entitled to receive) in the performance of official duties, as well as in connection with dismissal (the term "additional benefit" shall be used in the meaning defined in the Tax Code of Ukraine;

the opinion of the entity in charge of state property concerning a state-owned unitary enterprise;

a list of the significant anticipated risk factors that may affect the operations and performance of a state-owned unitary enterprise, and measures to manage such risks;

information on agreements a state-owned unitary enterprise is a party to, information on which is subject to publishing under the Law of Ukraine "On Open Use of Public Funds";

information on operations and obligations of a state-owned unitary enterprise with the state and/or local budget, state and/ or local institutions, enterprises and organisations, including contractual obligations of a state-owned unitary enterprise (financial and non-financial ones) arising as a result of public-private partnerships.

A state-owned unitary enterprise shall publish the annual financial reporting along with the auditor's opinion, provided the audit was conducted in accordance with law or by the decision of the supervisory board of a state-owned unitary enterprise (if any) or the entity in charge of state property that performs the functions of enterprise's management until 30 April of the year following the reporting period.

The general manager of a state-owned unitary enterprise shall be held liable for the publishing and credibility of the information stipulated by this Article in accordance with the laws of Ukraine and the terms of the agreement concluded with him/her.

{Article 73 has been supplemented with new part under Law No. 1405-VIII of 02 June 2016}

9. State-owned unitary enterprises shall operate as state-owned commercial enterprises or official government enterprises.

Article 73[-1]. Economic obligation of interest of a state-owned unitary enterprise

1. An economic obligation of a state-owned unitary enterprise, the subject of which falls under the characteristics specified in Part 3 of this Article, and which is concluded with an interested person on behalf or at the expense or to the benefit of such person shall be deemed an economic obligation of interest.

2. A person interested in the performance of an economic obligation shall be:

an official of the management bodies of a state-owned unitary enterprise;

an official of the authority a state-owned unitary enterprise is subordinated to, provided such person is a person in charge of making a decision on granting consent to the conclusion of an economic agreement by such state-owned unitary enterprise;

a family member of an official specified in the Paragraphs 2 and 3 of this Part shall be deemed a husband (wife), persons living together and having joint household, mutual rights and responsibilities, parents (adoptive parents), a guardian (trustee), a brother, a sister, children and their husbands (wives);

a legal entity in which any of the persons specified in Paragraphs 2–4 of this Part shall be the ultimate beneficial owner (controller) or a member of the management body, a body that performs the functions of control and/or supervision.

Persons (together or individually) referred to in Paragraphs 2–5 of this Part shall meet at least one of the following criteria:

be a party to such an economic obligation or members of the executive body of a legal entity that is a party to the transaction;

to receive remuneration for the performance of such economic obligation from a state-owned unitary enterprise (officials of the management bodies of a state-owned unitary enterprise) or from a person who is a party to the economic obligation;

to acquire property, any property rights, benefits as a result of such economic obligation;

to participate in the economic obligation as representatives or intermediaries (except for the representation of a state-owned unitary enterprise by officials).

3. The scope of this Article shall apply to the economic obligations of state-owned unitary enterprises, the subject of which is:

alienation or acquisition under one agreement or several related agreements of goods or other property, the book value of which exceeds 100 minimum wages based on the minimum wage amount set on 1 January of the year in which the respective economic obligation is performed (except in cases of receipt in the ownership of goods or property free of charge or for 1 hryvnia by a state-owned unitary enterprise);

transfer or lease, other paid use of goods or property, the book value of which exceeds 100 minimum wages based on the minimum wage amount set on 1 January of the year in which the respective economic obligation is performed;

transfer by a state-owned unitary enterprise of goods or other property for free use, the book value of which exceeds 20 minimum wages based on the minimum wage amount set on 1 January of the year in which the respective economic obligation is performed;

performance or order of works or provision of services, the market value of which exceeds 100 minimum wages based on the minimum wage amount set on 1 January of the year in which the respective economic obligation is performed (except when a state-owned unitary enterprise obtains the outcome of works or services free of charge or for 1 hryvnia);

granting or receiving a loan, other financing on a repayable, non-repayable or partially repayable basis in the amount exceeding 50 minimum wages based on the minimum wage amount established on 1 January of the year in which the respective economic obligation is performed (except for the state-owned unitary enterprise’s loans or other financing obtained free of charge or for 1 hryvnia);

the provision by a state-owned unitary enterprise of a pledge, surety or other security for the fulfillment of obligations exceeding 100 minimum wages based on the minimum wage amount established on 1 January of the year in which the respective economic obligation is performed.

The charter of a state-owned unitary enterprise may provide for a lower threshold for the value of property, works or services or the amount of funds that are the subject of an economic obligation of interest.

4. An economic obligation of interest shall be subject to approval by the supervisory board of a state-owned unitary enterprise or, in cases provided by law, by the authority a state-owned unitary enterprise is subordinated to, in the manner prescribed by this Article.

A person who is interested in performing an economic obligation shall within three working days from the moment of the emergence of his/her interest, but prior to performing an economic obligation, submit for consideration to the supervisory board, and in the cases provided for in Part 9 of this Article, the authority a state-owned unitary enterprise is subordinated to:

a draft of the economic obligation indicating a unit price of goods or services, given it is provided by the economic obligation, and the total amount of the economic obligation provided for in Part 3 of this Article;

information with the reference to the specific rules of Part 2 of this Article, indicating the characteristics of the interest of a person in the performance of an economic obligation.

5. Within 10 working days from the date of receipt of the information provided for in Part of this Article, the supervisory board of a state-owned unitary enterprise shall adopt one of the following decisions:

on giving consent to perform an economic obligation;

on refusal to perform the respective economic obligation;

on the transfer of the issue for consideration to the authority a state-owned unitary enterprise is subordinated to.

6. The supervisory board or the authority a state-owned unitary enterprise is subordinated to may involve an assessment officer for the purpose of conducting assessment of the economic obligation of interest, with regard to conformity of its conditions to usual market conditions.

7. If a person interested in the performance of an economic obligation is a member of the supervisory board of a state-owned unitary enterprise, he/she shall not vote when deciding to consent to the performance of such economic obligation.

If a person interested in the performance of an economic obligation is a person specified in Paragraph 3, Part 2 of this Article, the conflict of interest shall be resolved in the manner prescribed by the legislation on the prevention of corruption.

8. The decision to consent to perform an economic obligation of interest shall be taken by a majority vote of the members of the supervisory board who are not interested in performing such economic obligation.

9. The decision to consent to perform an economic obligation of interest shall be submitted for consideration to the authority a state-owned unitary enterprise is subordinated to provided that:

the supervisory board has not been established at the enterprise;

the supervisory board has decided to transfer the issue for consideration to the authority a state-owned unitary enterprise is subordinated to, indicating the reasons for such a decision;

most members of the supervisory board are interested in performance of an economic obligation;

the book value of property or services or the amount of funds to be provided, alienated, received or transferred in accordance with the economic obligation under Part 3 of this Article exceeds 10 per cent of the value of assets, according to the latest annual financial reporting of the enterprise;

the subject of the agreement is immovable or other property, provided the mode of its lease or alienation is regulated by special legislation.

10. Should the supervisory board or the authority a state-owned unitary enterprise is subordinated to fail to adopt any decision within 10 working days from the date of receipt of the information provided for in Part 4 of this Article, the economic obligation of interest shall be deemed approved.

If, in order to assess the economic obligation of interest in respect of compliance of its conditions to normal market conditions, an assessment officer is involved, the term of decision-making by the supervisory board or the authority a state-owned unitary enterprise is subordinated to shall be increased for the period of time required for the assessment, but not exceeding 30 calendar days, which shall be calculated from the date of receipt of the information provided for in Part 4 of this Article.

11. An economic obligation of interest performed in violation of the procedure provided for in Parts 4–10 of this Article, shall create, change, and terminate the rights and obligations of its parties only subject to further approval of such economic obligation by the supervisory board of a state-owned unitary enterprise or the authority a state-owned unitary enterprise is subordinated to. In the event of failure to obtain further approval of an economic obligation of interest, such an obligation may be declared invalid by a court against the claim of a state-owned unitary enterprise or the authority a state-owned unitary enterprise is subordinated to.

12. Further approval of an economic obligation of interest shall create, change, terminate the rights and obligations of a state-owned unitary enterprise from the date of performance of such economic obligation.

13. Liability for damage caused to a state-owned unitary enterprise by an economic obligation of interest, performed in violation of the requirements of this Article, shall be borne by a person interested in a state-owned unitary enterprise performing such economic obligation.

14. General manager (executive body) of a state-owned unitary enterprise or a person authorised by the general manager (executive body) or constituent documents

of a state-owned unitary enterprise shall be subject to administrative and disciplinary liability for improper performance of the official duties in case of violation by them of the requirements stipulated by this Article, and shall compensate for the damage caused by their actions to a state-owned unitary enterprise.

{The Code has been supplemented with Article 73[-1] under Law No. 1405-VIII of 02 June 2016}

Article 73[-2]. Significant economic obligations of a state-owned unitary enterprise

1. A significant economic obligation of a state-owned unitary enterprise shall be deemed an economic obligation performed by a state-owned unitary enterprise, given the market value of property, works, services, which are its subject, makes up 10 per cent or more of the value of assets of a state-owned unitary enterprise, according to the latest annual financial reporting.

The charter of a state-owned unitary enterprise may specify additional criteria for classifying an economic obligation as a significant economic obligation.

A significant economic obligation shall be subject to approval by the supervisory board of a state-owned unitary enterprise or, in cases provided by law, by the authority a state-owned unitary enterprise is subordinated to, in accordance with the procedure provided for in this Article.

2. The decision to consent to a significant economic obligation, given the market value of property, works or services, which are its subject, makes up 10–25 per cent of the value of assets of a state-owned unitary enterprise, according to the latest annual financial reporting, shall be made by the supervisory board (if any) or the authority a state-owned unitary enterprise is subordinated to.

3. The decision to consent to a significant economic obligation, given the market value of property, works or services, which are its subject, makes up more than 25 per cent of the value of assets of a state-owned unitary enterprise, according to the latest annual financial reporting, shall be made by the authority a state-owned unitary enterprise is subordinated to.

4. It is prohibited to divide the subject of an economic obligation in order to evade the procedure for making decisions on commiting of a significant economic obligation provided for in this Article.

5. A significant economic obligation performed in violation of the procedure provided for in Parts 1–4 of this Article may be declared invalid by a court at the request of a state-owned unitary enterprise or the authority a state-owned unitary enterprise is subordinated to.

6. A decision to consent to performing a significant economic obligation of interest shall be taken in accordance with the rules established by this Article.

{The Code has been supplemented with Article 73[-2] under Law No. 1405-VIII of 02 June 2016}

Article 74. State-owned commercial enterprise

1. A state-owned commercial enterprise shall be deemed an economic entity acting under the charter or model charter and held liable for the consequences of its operation by all property belonging to it under the right of economic management of property in accordance with this Code and other laws adopted under this Code.

{Part 1 of Article 74 as amended by Laws No. 2664-IV of 16 June 2005, No. 3262-VI of 21 April 2011}

2. Property of a state-owned commercial enterprise shall be assigned to it on the right of economic management.

3. The authorised capital of a state-owned commercial enterprise shall be formed by the authority a state-owned commercial enterprise is subordinated to. The amount of the authorised capital of a state-owned commercial enterprise shall be established by a specified authorised body.

The authorised capital of a state-owned commercial enterprise shall be subject to payment before the end of the first year from the date of state registration of such enterprise.

{Part 3 of Article 74 as amended by Law No. 3263-VI of 21 April 2011}

{Part 4 of Article 74 has been deleted under Law No. 3263-VI of 21 April 2011}

{As for amendments to Part 4 of Article 74 refer to the Law No. 3262-VI of 21 April 2011}

5. The state and the authority a state-owned commercial enterprise is subordinated to shall not be held liable for its obligations, except for cases envisaged by this Code and other laws.

6. Losses incurred by a state-owned commercial enterprise due to the execution of resolutions of government authorities or local governments, which have been declared unconstitutional or invalid by court, shall be subject to compensation by the above authorities voluntarily or upon a court judgment.

7. A state-owned unitary commercial enterprise may be transformed into a state-owned joint-stock company, 100 per cent of the shares of which belong to the state under procedure established by the Cabinet of Ministers of Ukraine.

{Part 7 of Article 74 as amended by Law No. 4498-VI of 13 March 2012}

Article 75. Specific aspects of economic activity of state-owned commercial enterprises

1. A state-owned commercial enterprise shall accept and execute state orders received in the manner prescribed by the legislation, take them into account when developing a production programme, defining prospects of the economic and social

growth and choosing contractors, and draft and execute annual and quarterly financial plan for each subsequent year.

{Paragraph 2, Part 1 of Article 75 has been deleted under Law No. 5044-VI of 04 July 2012}

A state-owned enterprise, its subsidiaries, and enterprises, economic companies in the authorised capital of which 50 per cent or more belong to a state-owned enterprise, association of such enterprises, in case of procurement made by them, provided that the value of the subject of procurement is equal to or exceeds the limits stipulated by Part 1 of Article 2 of the Law of Ukraine "On Public Procurement", shall publish on the web portal of the Authorised Body defined by the Law of Ukraine "On Public Procurement" a report on the conclusion of an agreement for the purchase of goods, works and services at the expense of enterprises and information on changes in its material conditions no later than seven days after the conclusion of a procurement agreement or making amendments thereto. The report shall include: the name, quantity of goods and place of delivery, type of work and place of their performance or type of services and place of their provision, information on technical and qualitative characteristics of goods, works and services, the name and location of supplier, contractor and the services provider with which the agreement has been concluded, the unit price of goods, works and services and the amount specified in the agreement, the date of the agreement, the term of delivery of goods, performance of works and provision of services, etc.

{Part 1 of Article 75 has been supplemented with a paragraph under Law No. 1197-VII of 10 April 2014; as emended by Law No. 922-VIII of 25 December 2015 – as for the effective date of the amendments refer to Clause 1, Section IX of the Law No. 922-VIII of 25 December 2015}

{Part 1 of Article 75 as amended by Law No. 3205-IV of 15 December 2005}

2. The principal planning document of a state-owned commercial enterprise shall be a financial plan, according to which an enterprise gains revenues and effects expenditures, determines the amount and channelling of funds to perform its functions during the year in accordance with the constituent documents.

The financial plan shall be subject to approval by 1 September of the year preceding the planned year, unless otherwise provided for by law:

{Paragraph 2, Part 2 of Article 75 as amended by Law No. 5213-VI of 06 September 2012}

for enterprises that are parties to natural monopolies and enterprises whose planned estimated net profit exceeds 50 million hryvnias– by the Cabinet of Ministers of Ukraine;

for other enterprises – by the authorities they are subordinated to.

Electricity companies, whose licensed activities shall be subject to approval of the national commission for state regulation in the energy sector, shall draw up financial plans taking into account the structure of tariffs for electricity and heat approved by this commission. The financial plans of such enterprises shall be subject to approval by 31 December of the year preceding the planned one.

Officials of a state-owned commercial enterprise shall bear the administrative liability established by law for the late submission for consideration, co-ordination or approval of the annual financial plan and the report on its implementation.

{Part 2 of Article 75 as amended by Law No. 4498-VI of 13 March 2012}

3. The authorities state-owned commercial enterprises are subordinated to, shall submit to the central executive body implementing state policy in the field of economic development by 1 September of the year preceding the planned one consolidated figures of financial plans and financial plans by individual state-owned commercial enterprises subordinated to them.

{Part 3 of Article 75 as amended by Laws No. 4498-VI of 13 March 2012, No. 5463-VI of 16 October 2012}

4. Form and guidelines on the development of the financial plan shall be approved by the central executive body, which ensures the formation of state policy in the field of economic development.

{Part 4 of Article 75 as amended by Law No. 5463-VI of 16 October 2012}

5. A state-owned commercial enterprise shall not have the right to transfer its property free of charge to other legal entities or individuals, except for cases envisaged by law. A state-owned commercial enterprise shall be entitled to alienate property belonging to fixed assets only with the prior consent of the authority it is subordinated to, and exclusively on a competitive basis, unless otherwise provided for by law. A state-owned commercial enterprise shall be entitled to manage the property belonging to fixed assets in another way only within the limits of its powers and in the manner provided for by this Code and other laws.

Alienation of immovable property, as well as aircraft and ships, inland navigation vessels and railway rolling stock shall be subject to additional co-ordination with the State Property Fund of Ukraine in the prescribed manner.

{Part 5 of Article 75 has been supplemented with a paragraph under LawNo. 549-V of 09 January 2007}

The State Property Fund of Ukraine shall act as an organiser of the sale of immovable property in accordance with the procedure established by the Cabinet of Ministers of Ukraine.

{Part 5 of Article 75 has been supplemented with Paragraph 3 under Law No. 3713-VI of 08 September 2011}

{Part 5 of Article 75 as amended by Law No. 549-V of 09 January 2007}

6. Funds received from the sale of property belonging to the fixed assets of a state-owned commercial enterprise shall be used in accordance with the approved financial plan, unless otherwise provided for by law.

Funds received from the sale of immovable property, less the book (residual) value of such property, shall be credited to the common fund of the State Budget of Ukraine, unless otherwise provided for by law.

{Part 6 of Article 75 has been supplemented with Paragraph 2 under Law No. 3713-VI of 08 September 2011}

{Part 6 of Article 75 as amended by Law No. 3713-VI of 08 September 2011}

7. Write-offs of not fully depreciated fixed assets from the balance sheet, as well as accelerated depreciation of fixed assets of a state-owned commercial enterprise shall be conducted exclusively with the consent of the authority the enterprise is subordinated to.

8. State-owned commercial enterprises shall form special (targeted) funds out of profit (income) designed to cover the costs associated with their activities as follows:

depreciation fund;

production development fund;

consumption fund (payroll fund);

reserve fund;

other funds provided for by the charter of the enterprise.

The procedure for using these funds shall be determined in accordance with the approved financial plan.

9. The distribution of profit (income) of state-owned commercial enterprises shall be conducted in accordance with the approved financial plan, with due regard of the requirements of this Code and other laws.

10. The financial plan shall approve the amounts of funds that shall be channelled to the state as the owner and credited to the State Budget of Ukraine.

11. The authorities the state-owned commercial enterprises are subordinated to shall provide the Cabinet of Ministers of Ukraine with information on the amounts of transfer of profits of state-owned commercial enterprises for their consideration in forming the state budget by 15 July of the year preceding the planned year.

12. In the event of change of the general manager of a state-owned commercial enterprise, the audit of financial and economic activity of the enterprise shall be conducted in the manner prescribed by law.

13. Other specific aspects of economic and social activity of state-owned commercial enterprises shall be determined by law.

{Article 75 as amended by Law No. 2505-IV of 25 March 2005; as amended by Law No. 2668-IV of 16 June 2005}

Article 76. Official government enterprise

1. Official government enterprises shall be established in the industries of the economy in which:

it is allowed by the law to conduct economic activity to state-owned enterprises only;

the main consumer of products (works, services) is the state (over fifty per cent);

free competition of producers or consumers is impossible under conditions of economic activity;

production of socially required products (works, services) prevails, which by its conditions and nature of needs met by such enterprise cannot be profitable in general;

privatisation of assets of state-owned enterprises is prohibited by law.

public medical care is effected.

{Part 1 of Article 76 has been supplemented with Paragraph 7 under Law No. 2002-VIII of 06 April 2017}

2. An official government enterprise shall be established upon the resolution of the Cabinet of Ministers of Ukraine. The resolution on establishment of an official government enterprise shall specify the volume and nature of principal activity of the enterprise, as well as the authority an enterprise shall be subordinated to. Reorganisation and liquidation of an official government enterprise shall be conducted in compliance with the requirements of this Code, and the decision of the authority an enterprise is subordinated to.

3. Property of an official government enterprise shall be assigned to it under the right of operational management.

{Part 3 of Article 76 as amended by Law No. 3262-VI of 21 April 2011}

4. An official government enterprise shall be a legal entity, have accounts in institutions of a state bank, and a stamp with its name on.

5. The authority an official government enterprise is subordinated to shall approve the charter of an enterprise, appoint its general manager, provide permission for conducting economic activity by an official government enterprise, determine types of goods (works, services), production and sale of which fall under such permission.

The name of an official government enterprise shall contain the words “official government enterprise”.

Article 77. Specific aspects of economic activity of official government enterprises

An official government enterprise shall conduct its economic activity according to the production tasks of the authority it is subordinated to.

2. An official government enterprise shall independently organise production of goods (works, services), and sell them for prices (tariffs) determined under procedure established by the Cabinet of Ministers of Ukraine, unless otherwise provided by law.

{Paragraph 2, Part 2 of Article 77 has been deleted under Law No. 5044-VI of 04 July 2012}

An official government commercial enterprise, its subsidiaries, as well as enterprises, economic companies, in the authorised capital of which 50 per cent and more belong to an official government commercial enterprise, in the case of procurement conducted by them and provided that the value of the procurement is equal to or exceeds the limits specified in Part 1 of Article 2 of the Law of Ukraine "On Public Procurement", shall publish on the web portal of the Authorised Body defined by the Law of Ukraine "On Public Procurement" a report on the conclusion of an agreement for the procurement of goods, works and services at the expense of enterprises and information on changes in its material conditions no later than seven days after the conclusion of a procurement agreement or making amendments thereto. The report shall include: the name, quantity of goods and place of delivery, type of work and place of their performance or type of services and place of their provision, information on technical and qualitative characteristics of goods, works and services, the name and location of supplier, contractor and the services provider with which the agreement has been concluded, the unit price of goods, works and services and the amount specified in the agreement, the date of the agreement, the term of delivery of goods, performance of works and provision of services, etc.

{Part 2 of Article 77 has been supplemented with a paragraph under Law No. 1197-VII of 10 April 2014; as amended by Law No. 922-VIII of 25 December 2015 – as for the effective date of the amendments refer to Clause 1, Section IX of the Law No. 922-VIII of 25 December 2015}

3. The authority an official government enterprise is subordinated to shall control the use and maintenance of the property belonging to an enterprise, and shall be entitled to withdraw from an official government enterprise the property, which is not used or used not according to its purpose, and dispose of it within its powers.

4. An official government enterprise shall not alienate or otherwise dispose of the property assigned to it which belongs to fixed assets, without prior co-ordination with the authority an enterprise is subordinated to.

Alienation of immovable property, as well as aircraft and ships, inland navigation vessels and railway rolling stock shall be subject to additional co-ordination with the State Property Fund of Ukraine in the prescribed manner.

{Part 4 of Article 77 has been supplemented with a paragraph No. 549-V of 09 January 2007}

The State Property Fund of Ukraine shall act as an organiser of the sale of immovable property in accordance with the procedure established by the Cabinet of Ministers of Ukraine.

{Part 4 of Article 77 has been supplemented with Paragraph 3 under Law No. 3713-VI of 08 September 2011}

5. Sources of generating assets of an official government enterprise shall be as follows:

state property transferred to an enterprise pursuant to the decision on its establishment;

funds and other property obtained from sale of goods (works, services) of an enterprise;

targeted funds allocated from the State Budget of Ukraine;

bank loans;

part of an enterprise's income envisaged by the charter obtained as an outcome of its economic activity;

other sources not prohibited by law.

6. An official government enterprise shall obtain loans to fulfill its statutory objectives secured by the authority an enterprise is subordinated to.

7. An official government enterprise shall be held liable for its obligations only by the funds being at its disposal. Should the above funds be insufficient, the state, represented by the authority an enterprise is subordinated to, shall bear full secondary liability for obligations of an official government enterprise.

8. The procedure for distribution and use of profit (income) of an official government enterprise shall be determined by the financial plan, which shall be approved in accordance with the procedure established by Article 75 of this Code for state-owned commercial enterprises.

{Part 8 of Article 77 as amended by Laws No. 2505-IV of 25 March 2005, No. 2668-IV of 16 June 2005}

9. Other specific aspects of economic and social activity of official government enterprises shall be determined by this Code, the law on state-owned enterprises and other legislative acts.

Article 78. Communal unitary enterprises

1. A communal unitary enterprise shall be established by a competent local government under the regulatory order on the basis of a separate part of communal property, and administered by it.

2. The authority a communal unitary enterprise is subordinated to shall be a representative of the owner – a respective territorial community, and perform its functions within the limits prescribed by this Code and other legislative acts.

3. Property of a communal unitary enterprise shall be in communal ownership and assigned to such enterprise under the right of economic management (communal commercial enterprise), or under the right of operational management (communal non-profit enterprise).

4. The authorised capital of the communal unitary enterprise shall be formed by the authority an enterprise is subordinated to. The minimum size of the authorised capital of a communal unitary enterprise shall be determined by the respective local council.

The authorised capital of a communal unitary enterprise shall be paid before the end of the first year from the date of state registration of such an enterprise.

{Part 4 of Article 78 as amended by Law No. 3263-VI of 21 April 2011}

5. The name of a communal unitary enterprise shall contain the words “communal enterprise” and a reference to the local government an enterprise is subordinated to.

5. A communal unitary enterprise shall not be held liable for obligations of its owner and the local government an enterprise is subordinated to.

7. Management bodies of a communal unitary enterprise shall be as follows:

general manager of an enterprise, appointed (elected) by the authority an enterprise is subordinated to, or by the supervisory board of this enterprise (if any) and shall be accountable to the authority that has appointed (elected) it;

the supervisory board of an enterprise (if any), which within the competence defined by the charter of an enterprise and the law shall control and direct the activity of the general manager of an enterprise.

The supervisory board of a communal unitary enterprise shall be formed by the decision of the authority a communal unitary enterprise is subordinated to. The criteria according to which the formation of the supervisory board of a communal unitary enterprise is mandatory, as well as the procedure for formation, organisation and liquidation of the supervisory board and its committees, the procedure for appointing members of the supervisory board shall be approved by the respective local council.

{Part 7 of Article 78 as amended by Law No. 1405-VIII of 02 June 2016}

8. The annual financial reporting of a communal unitary enterprise may be subject to mandatory audit by an independent auditor in the manner prescribed by the decision of a respective local council. The criteria for selecting an independent auditor and the

criteria for classifying communal unitary enterprises as those whose financial reporting is subject to mandatory audit by an independent auditor shall be established by a decision of the respective local council.

A communal unitary enterprise shall provide information on its activities, except in cases established by law, by publishing it on its own web page (website) or on the official website of the entity in charge of communal property, which performs the functions of enterprise's management, within the period and in the manner prescribed by the decision of a respective local council. Access to such web pages and websites shall be provided 24/7 free of charge.

The following information shall be subject to mandatory publishing:

objectives of a communal unitary enterprise;

quarterly and annual financial reporting of a communal unitary enterprise for the last three years, including (if any) expenditures for non-profit purposes of state policy and sources of their financing;

audit opinions on the annual financial reporting of a communal unitary enterprise for the last three years, provided the audit was conducted in accordance with law or by decision of the supervisory board of a communal unitary enterprise (if any) or the entity in charge of communal property that performs functions of enterprise's management;

the latest version of the charter of a communal unitary enterprise, as well as previous versions;

curriculum vitae (including job review) of the general manager of a communal unitary enterprise (with due account of the requirements of the legislation on personal data protection);

curriculum vitae (including job review) of the members of the supervisory board (if any) of a communal unitary enterprise (with due account of the requirements of the legislation on personal data protection), the principle of their choice, their membership in the supervisory boards of other economic entities; it shall also indicate who of the members of the supervisory board of a communal unitary enterprise is independent;

annual reports of the general manager and supervisory board (if any) of a communal unitary enterprise;

structure, principles of formation and amount of remuneration of the general manager and members of the supervisory board of a communal unitary enterprise, including compensation packages and additional benefits they receive (or are entitled to receive) in the performance of official duties, as well as in connection with dismissal;

the opinion of the entity in charge of communal property on a communal unitary enterprise;

a list of the significant anticipated risk factors that may affect the operations and performance of a communal unitary enterprise, and measures to manage such risks;

data on agreements a communal unitary enterprise is a party to, information on which shall be subject to publishing under the Law of Ukraine "On Open Use of Public Funds";

information on operations and obligations of a communal unitary enterprise with the state and/or local budget, state and/or local institutions, enterprises and organisations, including contractual obligations of a communal unitary enterprise (financial and non-financial ones) arising as a result of public-private partnerships.

A communal unitary enterprise shall publish the annual financial reporting along with the auditor's opinion, provided the audit was conducted in accordance with law or by the decision of the supervisory board of a communal unitary enterprise (if any) or the entity in charge of communal property that performs the functions of enterprise's management until 30 April of the year following the reporting period.

The general manager of a communal unitary enterprise shall be held liable for the publishing and credibility of the information stipulated by this Article in accordance with the laws of Ukraine and the terms of the agreement concluded with him/her.

{Article 78 has been supplemented with new part under Law No. 1405-VIII of 02 June 2016}

9. Damages caused to a communal unitary enterprise due to execution of decisions of government authorities or local governments shall be subject to compensation by the above bodies voluntarily or by a court decision.

10. Specific aspects of economic activity of communal unitary enterprises shall be determined in accordance with the requirements established by this Code for the operation of state-owned commercial or official government enterprises, as well as other requirements provided for by law.

{Paragraph 2, part of Article 78 has been deleted under Law No. 5044-VI of 04 July 2012}

A communal unitary enterprise, its subsidiaries, as well as enterprises, economic companies, in the authorised capital of which 50 per cent and more belong to a communal unitary enterprise, in the event of procurement conducted by them and provided that the value of the procurement is equal to or exceeds the limits specified in Part 1 of Article 2 of the Law of Ukraine "On Public Procurement", shall publish on the web portal of the Authorised Body defined by the Law of Ukraine "On Public Procurement" a report on the conclusion of an agreement for the procurement of goods, works and services at the expense of enterprises and information on changes in its material conditions no later than seven days after the conclusion of a procurement agreement or making amendments thereto. The report shall include: the name, quantity of goods and place of delivery, type of work and place of their performance or type of services and place of their provision, information on technical and qualitative characteristics of goods, works and services, the name and location of supplier, contractor and the services provider with which the agreement has been concluded, the

unit price of goods, works and services and the amount specified in the agreement, the date of the agreement, the term of delivery of goods, performance of works and provision of services, etc.

{Part 2 of Article 78 has been supplemented with a paragraph under Law No. 1197-VII of 10 April 2014; as amended by Law No. 922-VIII of 25 december 2015 – as for the entry in to force of amendments refer to Clause 1, Section IX of the Law No. 922-VIII of 25 December 2015}

Article 78[-1]. Economic obligation of interest of a communal unitary enterprise

1. An economic obligation of a communal unitary enterprise, the subject of which falls under the characteristics specified in Part 3 of this Article, and which shall be concluded with a person interested in its performance on behalf or at the expense or to the benefit of such person shall be deemed an economic obligation of interest.

2. A person interested in the performance of an economic obligation shall be:

an official of the management bodies of a communal unitary enterprise;

an official of the authority a communal unitary enterprise is subordinated to, provided such person is a person in charge of making a decision on granting consent to the conclusion of an economic agreement by such communal unitary enterprise;

a family member of an official specified in the Paragraphs 2 and 3 of this Part shall be deemed a husband (wife), persons living together and having joint household, mutual rights and responsibilities, parents (adoptive parents), a guardian (trustee), a brother, a sister, children and their husbands (wives);

a legal entity in which any of the persons specified in Paragraphs 2–4 of this Part is the ultimate beneficial owner (controller) or a member of the management body.

Persons (together or individually) referred to in Paragraphs 2–5 of this Part shall meet at least one of the following criteria:

be a party to such an economic obligation or members of the executive body of a legal entity that is a party to the transaction;

to receive remuneration for the performance of such economic obligation from a communal unitary enterprise (officials of the management bodies of a communal unitary enterprise) or from a person who is a party to the economic obligation;

to acquire property, any property rights, benefits as a result of such economic obligation;

to participate in the economic obligation as representatives or intermediaries (except for the representation of a communal unitary enterprise by officials).

3. This Article shall apply to the economic obligations of communal unitary enterprises, the subject of which is:

alienation or acquisition under one agreement or several related agreements of goods or other property, the book value of which exceeds 100 minimum wages based on the minimum wage amount set on 1 January of the year in which the respective economic obligation is performed (except in cases of receipt by communal unitary enterprise in the ownership of goods or property free of charge or for 1 hryvnia);

transfer or lease, other paid use of goods or property, the book value of which exceeds 100 minimum wages based on the minimum wage amount set on 1 January of the year in which the respective economic obligation is performed;

transfer by a communal unitary enterprise of goods or other property for free use of third parties, the book value of which exceeds 20 minimum wages based on the minimum wage amount set on 1 January of the year in which the respective economic obligation is performed;

performance or ordering of works or provision of services, the market value of which exceeds 100 minimum wages based on the minimum wage amount set on 1 January of the year in which the respective economic obligation is performed (except when a communal unitary enterprise obtains the outcome of works or services free of charge or for 1 hryvnia);

granting or receiving a loan, other financing on a repayable basis in the amount exceeding 50 minimum wages based on the minimum wage amount established on 1 January of the year in which the respective economic obligation is performed (except for the communal unitary enterprise's loans or other financing obtained free of charge or for 1 hryvnia);

the provision by a communal unitary enterprise of a pledge, surety or other security for the fulfillment of obligations exceeding 100 minimum wages based on the minimum wage amount established on 1 January of the year in which the respective economic obligation is performed.

The charter of a communal unitary enterprise may provide for a lower threshold for the value of property, works or services or the amount of funds that are the subject of an economic obligation of interest.

A person who is interested in performing an economic obligation shall, within three working days from the moment of the emergence of his/her interest, but prior performing an economic obligation, submit for consideration to the supervisory board, and in the cases provided for in Part 9 of this Article, to the authority a communal unitary enterprise is subordinated to:

a draft of the economic obligation indicating a unit price of goods or services, given it is provided by the economic obligation, and the total amount of the economic obligation provided for in Part 3 of this Article;

information with the reference to the specific rules of Part 2 of this Article, indicating the characteristics of the interest of a person in the performance of an economic obligation.

5. The supervisory board of a communal unitary enterprise shall, within 10 working days from the date of receipt of the information provided for in Part 4 of this Article, adopt one of the following decisions:

on providing consent to perform an economic obligation;

on refusal to perform the respective economic obligation;

on the transfer of the issue for consideration to the authority a communal unitary enterprise is subordinated to.

6. The supervisory board or the authority a communal unitary enterprise is subordinated to may involve an assessment officer for the purpose of conducting assessment of the economic obligation of interest, with regard to conformity of its conditions to normal market conditions.

7. If a person interested in performing an economic obligation is a member of the supervisory board of a communal unitary enterprise, he/she shall not vote when deciding to consent to perform such an economic obligation.

If a person interested in the performance of an economic obligation is a person specified in Paragraph 3, Part 2 of this Article, the conflict of interest shall be resolved in the manner prescribed by the legislation on the prevention of corruption.

8. The decision to consent to perform an economic obligation of interest shall be taken by a majority vote of the members of the supervisory board who are not interested in performing such economic obligation.

9. The decision to consent to performing an economic obligation of interest shall be submitted for consideration to the authority a communal unitary enterprise is subordinated to, provided that:

the supervisory board has not been established at the enterprise;

the supervisory board has decided to transfer the issue for consideration to the authority a communal unitary enterprise is subordinated to, indicating the grounds for such a decision;

most members of the supervisory board are interested in performance of an economic obligation;

the book value of property or services or the amount of funds to be provided, alienated, received or transferred in accordance with the economic obligation under Part 3 of this Article exceeds 10 per cent of the value of assets, according to the latest annual financial reporting of the enterprise;

the subject of the agreement is immovable or other property, provided the mode of its lease or alienation is regulated by special legislation.

10. Should the supervisory board or the authority a communal unitary enterprise is subordinated to fail to adopt any decision within 10 working days from the date of

receipt of the information provided for in Part 4 of this Article, the economic obligation of interest shall be considered approved.

If, in order to assess an economic obligation of interest in respect of compliance of its conditions with normal market conditions an assessment officer is involved, the term of decision-making by the supervisory board or the authority a communal unitary enterprise is subordinated to shall be increased for the period of time required for the assessment, but not exceeding 30 calendar days, which shall be calculated from the date of receipt of the information provided for by Part 4 of this Article.

11. An economic obligation of interest performed in violation of the procedure for making a decision to consent to its performance shall create, change, terminate the rights and obligations of its parties only provided further approval of such economic obligation under procedure established for the decision to consent to its performance. In the event of failure to obtain further approval of the economic obligation of interest, in the manner prescribed for the decision to consent to its performance, such obligation shall be declared invalid by court at the request of a communal unitary enterprise or the authority a communal enterprise is subordinated to.

12. Further approval of an economic obligation of interest, in the manner prescribed for the decision to consent to its committing, shall create, change, and terminate the rights and obligations of a communal unitary enterprise from the date of committing such an economic obligation.

13. Liability for damage caused to a communal unitary enterprise by an economic obligation of interest, performed in violation of the requirements of this Article shall be borne by a person interested in a communal unitary enterprise performing such economic obligation.

14. General manager (executive body) of a communal unitary enterprise or a person authorised by the general manager (executive body) or constituent documents of a communal unitary enterprise shall be subject to administrative and disciplinary liability in case of violation by them of the requirements stipulated by this Article for improper performance of their official duties, and shall compensate for the damage caused by their actions to a communal unitary enterprise;

{The Code has been supplemented with Article 78^{-1} under Law No. 1405-VIII of 02 June 2016}

Chapter 9
ECONOMIC COMPANIES

Article 79. Establishment and operation of economic companies

1. The procedure for establishment and operation of certain types of economic companies shall be regulated by law.

2. An economic company, the state share in the authorised capital of which exceeds 50 per cent, its subsidiaries, as well as enterprises, economic companies, in the

authorised capital of which 50 per cent and more belong to an economic company, the state share in the authorised capital of which exceeds 50 per cent, in the event of procurement conducted by them and provided that the value of the procurement is equal to or exceeds the limits specified in Part 1 of Article 2 of the Law of Ukraine "On Public Procurement", shall publish on the web portal of the Authorised Body defined by the Law of Ukraine "On Public Procurement" a report on the conclusion of an agreement for procurement of goods, works and services at the expense of enterprises and information on changes in its material conditions no later than seven days after the conclusion of a procurement agreement or making amendments thereto. The report shall include: the name, quantity of goods and place of delivery, type of work and place of their performance or type of services and place of their provision, information on technical and qualitative characteristics of goods, works and services, the name and location of supplier, contractor and the services provider with which the agreement has been concluded, the unit price of goods, works and services and the amount specified in the agreement, the date of the agreement, the term of delivery of goods, performance of works and provision of services, etc.

{Article 79 as amended by Laws No. 3205-IV of 15 December 2005, No. 5044-VI of 04 July 2012, No. 1197-VII of 10 April 2014, No. 922-VIII of 25 December 2015; as amended by Law No. 2275-VIII of 06 February 2018}

Article 80. Types of economic companies

1. The following shall be classified as economic companies: joint-stock companies, limited liability companies, additional liability companies, general partnerships, and limited partnerships.

2. A joint-stock company shall be deemed an economic company that has an authorised capital divided into a certain number of shares of the same face value, and is held liable for its obligations only of the company's property, whereas shareholders bear the risk of losses, associated with company's activities, within the value of their shares, unless otherwise provided for by law.

{Part 2 of Article 80 as amended by Law No. 629-VIII of 16 July 2015}

3. A limited liability company shall be deemed an economic company that has the authorised capital divided into shares and is liable for its obligations with its property only. Company's shareholders who have paid their contributions in full, shall bear the risk of losses related to the company's activities within their contributions.

{Part 3 of Article 80 as amended by Law No. 1183-IX of 03 February 2021}

4. An additional liability company shall be deemed an economic company, the authorised capital of which is divided into shares and which is liable for its obligations of its own property, and in the event of its insufficiency the company's shareholders shall bear additional joint and several liability in the amount equal to the contribution of each shareholder determined by the constituent documents.

{Part 4 of Article 80 as amended by Law No. 1183-IX of 03 February 2021}

5. A general partnership shall be deemed an economic partnership, all members of which, in accordance with the agreement concluded between them, conduct business activities on behalf of the partnership and bear additional joint and several liability for the company's obligations with all their property.

6. A limited partnership shall be deemed an economic partnership in which one or more members conduct business activities on behalf of the company and bear additional joint and several liability of all their property, which may be legally levied (full members), with other members present in the company's operation only by their contributions (contributors).

7. Only persons registered as entrepreneurs shall be members of a general partnership, and full members of a limited partnership.

{Article 81 has been deleted under Law No. 514-VI of 17 September 2008}

Article 82. Constituent documents of an economic company

1. The constituent document of a general partnership and a limited partnership shall be memorandum of association. The constituent document of a joint-stock company, a limited liability company and an additional liability company shall be the charter.

2. The constituent documents of an economic company shall contain information on the type of a company, subject and purpose of its operation, composition of founders and members, composition and competence of the company's authorities and their decision-making procedure, including the list of issues requiring unanimity or qualified majority, and other information provided for by Article 57 hereof.

3. The charter of a joint-stock company, in addition to the information specified in Part 2 of this Article, shall also contain information on the types of shares issued, their face value, the ratio of shares of different types, the number of shares purchased by the founders, and the consequences of failure to fulfill obligations to redeem shares.

4. The list of information to be contained in the charters of limited and additional liability companies shall be determined exclusively by the Law of Ukraine " On Limited and Additional Liability Companies".

{Part 4 of Article 82 as amended by Law No. 1183-IX of 03 February 2021}

5. The memorandum of association of a general partnership and a limited partnership, in addition to the information specified in Part 2 of this Article, shall determine the size of each stakeholder's share, the form of their participation in the company's operation, the size, composition and procedure for their contributions. With regard to the contributors of a limited partnership, the memorandum of association shall specify only the total amount of their shares in the company's property and the size, composition and procedure for their contributions.

6. The name of a company shall contain an indication of the type of a company, for general partnerships and limited partnerships it shall contain the names of members of a company who bear additional responsibility for the obligations of a company with

all their property, as well as other required information. The name of an economic company may not indicate the affiliation of a company to government authorities or local governments.

7. The constituent documents may also include information on other terms of a company's activity, which do not contradict the law. If the constituent documents do not specify the term of the company's operation, it shall be considered to be established for an indefinite period of time.

8. The constituent documents of an economic company shall be coordinated with the Antimonopoly Committee of Ukraine in cases provided for by law.

9. Violation of the requirements stipulated by this Article as for content of the constituent documents of an economic company shall be grounds for denial of its state registration.

10. An economic company may be established and operate under the model charter in the manner prescribed by law.

If an economic company is created and operates under the model charter, in the decision on its creation, which shall be signed by all founders, information shall be indicated about the type of a company, its name, location, subject and objectives, composition of founders and members, size of authorised (contributed) capital, size of shares of each stakeholder, the procedure for their contributions, as well as information on the activities conducted under the model charter.

{Article 82 has been supplemented with Part 10 under Law No. 3262-VI of 21 April 2011}

Article 83. State registration of an economic company

1. State registration of an economic company shall be conducted in accordance with law.

{Part 1 of Article 83 as amended by Law No. 2424-IV of 04 February 2005}

2. Specific aspects of registration of economic companies that conduct banking and insurance activities, as well as professional activities in the securities market, shall be determined by this Code and respective laws.

3. An economic company shall acquire the status of a legal entity from the date of its state registration.

4. Amendments introduced to the constituent documents of an economic company and which are entered in the state register shall be subject to state registration under the same procedure established for the state registration of a company.

{Part 4 of Article 83 as amended by Law No. 2424-IV of 04 February 2005}

Article 84. Consequences of entering into agreements before the registration of an economic company

1. An economic company may open bank accounts, as well as enter into agreements only after its state registration. Agreements concluded by the founders of a company before the date of its registration shall be recognised as concluded with the company, only provided they are further approved by the company in the manner prescribed by law and the constituent documents.

2. Agreements concluded by the founders before the date of registration of the company and subsequently not approved by the company shall entail legal consequences only for persons who have concluded these agreements.

Article 85. Property of an economic company

1. An economic company shall be the owner of:

the property transferred to it by the founders and stakeholders as contributions;

the goods produced in the course of the economic activity of a company;

income received from the economic activity of a company;

other property acquired by a company on the grounds not prohibited by law.

Article 86. Restrictions on the generation of the authorised (contributed) capital of an economic company

1. It is prohibited to use budget funds for the generation of the authorised (contributed) capital of a company, property of state-owned (communal) enterprises, which under the law (decision of local government) shall not be subject to privatisation, and property under the operational management of budgetary institutions, unless otherwise provided for by law.

{Article 86 as amended by Laws No. 639-VI of 31 October 2008, No. 1873-VI of 11 February 2010, No. 2457-VI of 08 July 2010, No. 2756-VI of 02 December 2010, No. 406-VII of 04 July 2013; as amended by Law No. 2275-VIII of 06 February 2018}

{Article 87 has been deleted under Law No. 2275-VIII of 06 February 2018}

{Article 88 has been deleted under Law No. 2275-VIII of 06 February 2018}

Article 89. Management of an economic company

1. Management of an economic company shall be conducted by its bodies and officials, the composition and procedure of election (appointment) of which shall be determined depending on the type of a company, and in cases specified by law it shall be determined by the company's stakeholders.

Specific features of an economic company's management, the authorised capital of which contains corporate rights of the state, shall be defined by the laws of Ukraine.

{Part 1 of Article 89 has been supplemented with Paragraph 2 under Law No. 1405-VIII of 02 June 2016}

2. Officials shall be liable for damages caused by them to an economic company. Compensation for damages caused by an official to an economic company by his/her actions (inaction) shall be effected provided such losses were caused by:

actions committed by an official in excess of or abuse of office;

actions of an official committed in violation of the procedure for their prior approval or other decision-making procedure for such actions, established by the constituent documents of the company;

actions of an official committed in compliance with the procedure of their prior approval or other decision-making procedure for the respective actions established by the company, but to obtain such approval and/or compliance with the decision-making procedure, a company's official has provided unreliable information;

inaction of an official in the case when he/she was obliged to take certain actions under his/her duties;

other guilty actions of an official.

3. An economic company in the authorised capital of which more than 50 per cent of shares (equities) directly or indirectly belong to the state, shall draw up and implement an annual financial plan for each subsequent year in accordance with Article 75 hereof.

Financial plans of a gas transmission system operator and a transmission system operator, as well as a company that holds corporate rights in the transmission system operator shall not be approved under Article 75 hereof.

{Part 3 of Article 89 has been supplemented with Paragraph 2 under Law No. 264-IX of 31 October 2019}

Financial plans of a gas transmission system operator and/or gas storage operator, transmission system operator, and an economic company that has corporate rights in the gas transmission system operator shall be developed in the manner prescribed by their constituent documents and approved by the entities in charge of state property, used in the process of transportation and/or storage of natural gas, and transmission of electricity.

{Part 3 of Article 89 has been supplemented with Paragraph 3 under Law No. 264-IX of 31 October 2019}

{Article 89 as amended by Laws No. 2505-IV of 25 March 2005, No. 1255-VII of 13 May 2014, No. 191-VIII of 12 February 2015; as amended by Law No. 289-VIII of 07 April 2015}

Article 90. Accounting and reporting of an economic company

1. Accounting and reporting of economic companies shall be conducted pursuant to the requirements of Article 19 hereof, and other regulatory acts.

2. Audits of the financial activity of a company shall be conducted by tax authorities, other government authorities within the powers defined by law, the audit commission (auditor) of an economic company and/or auditors.

3. Reliability and completeness of the annual balance sheet and reporting of an economic company in cases specified by law shall be confirmed by an auditor (audit company).

Annual financial reporting (including consolidated one) of an economic company in the authorised capital of which more than 50 per cent of shares (equities) belong to the state, may be subject to mandatory audit by an independent auditor. The criteria for assigning economic companies to those whose financial reporting is subject to mandatory audit by an independent auditor shall be determined by the Cabinet of Ministers of Ukraine depending on the book value of assets of economic companies.

{Part 3 of Article 90 has been supplemented with a paragraph under Law No. 1405-VIII of 02 June 2016; as amended by Law No. 2258-VIII of 21 December 2017}

Annual financial reporting (including consolidated one) of an economic company in the authorised capital of which more than 50 per cent of shares (equities) belong to a territorial community, may be subject to mandatory audit by an independent auditor in the manner prescribed by local council. The criteria for classifying companies as those whose financial reporting is subject to mandatory audit by an independent auditor shall be determined by a respective local council.

{Part 3 of Article 90 has been supplemented with a paragraph under Law No. 1405-VIII of 02 June 2016; as amended by Law No. 2258-VIII of 21 December 2017}

An economic company in the authorised capital of which more than 50 per cent of shares (equities) belong to the state, as well as an economic company in which 50 per cent or more of shares (equities) belong to an economic company in which the state has a 100 per cent share, shall publish information about its activities, except in cases established by law, by posting it on its own web page (website) or on the official website of the entity that performs corporate rights management functions in it, within the period and in the manner prescribed by the Cabinet of Ministers of Ukraine.

{Part 3 of Article 90 has been supplemented with a paragraph under Law No. 1405-VIII of 02 June 2016}

An economic company in the authorised capital of which more than 50 per cent of shares (equities) belong to a territorial community, as well as an economic company in which 50 per cent or more of shares (equities) belong to an economic company in which a territorial community has a 100 per cent share, shall publish information about its activities, except in cases established by law, by posting it on its own web page (website) or on the official website of the management entity that performs corporate rights management functions in it, within the period and in the manner prescribed by a respective local council.

{Part 3 of Article 90 has been supplemented with a paragraph under Law No. 1405-VIII of 02 June 2016}

Access to the web pages and websites referred to in this Article shall be 24/7 free of charge.

{Part 3 of Article 90 has been supplemented with a paragraph under Law No. 1405-VIII of 02 June 2016}

The following information shall be subject to mandatory publication under Paragraphs 4 and 5 of this Part:

{Part 3 of Article 90 has been supplemented with a paragraph under Law No. 1405-VIII of 02 June 2016}

objectives of an economic company's operation and current status of their achievement;

{Part 3 of Article 90 has been supplemented with a paragraph under Law No. 1405-VIII of 02 June 2016}

quarterly and annual financial reporting (including consolidated ones) of an economic company for the last three years, including (if any) expenditures for non-profit purposes of state policy and sources of their funding;

{Part 3 of Article 90 has been supplemented with a paragraph under Law No. 1405-VIII of 02 June 2016}

audit opinions on the annual financial reporting (including consolidated ones) of an economic company for the last three years, provided the audit was conducted in accordance with law or by decision of the supervisory board of an economic company or the entity that performs corporate rights management of the state or territorial community in such economic company;

{Part 3 of Article 90 has been supplemented with a paragraph under Law No. 1405-VIII of 02 June 2016}

the latest version of the charter of an economic company, as well as previous versions;

{Part 3 of Article 90 has been supplemented with a paragraph under Law No. 1405-VIII of 02 June 2016}

ownership structure of an economic company;

{Part 3 of Article 90 has been supplemented with a paragraph under Law No. 1405-VIII of 02 June 2016}

curriculum vitae (including job review) of the general manager and members of the executive body of an economic company (with due account of the requirements of the legislation on personal data protection);

{Part 3 of Article 90 has been supplemented with a paragraph under Law No. 1405-VIII of 02 June 2016}

curriculum vitae (including job review) of the members of the supervisory board (if any) of an economic company (with due account of the requirements of the legislation on personal data protection), the principle of their choice, their membership in the supervisory boards of other economic entities; it shall also indicate who of the members of the supervisory board is independent;

{Part 3 of Article 90 has been supplemented with a paragraph under Law No. 1405-VIII of 02 June 2016}

annual reports of the supervisory board and the executive body of an economic company;

{Part 3 of Article 90 has been supplemented with a paragraph under Law No. 1405-VIII of 02 June 2016}

structure, principles of formation and amount of remuneration of the general manager and members of the supervisory board of an economic company, including compensation packages and additional benefits they receive (or are entitled to receive) in the performance of official duties, as well as in connection with dismissal;

{Part 3 of Article 90 has been supplemented with a paragraph under Law No. 1405-VIII of 02 June 2016}

decisions of the general meeting of an economic company;

{Part 3 of Article 90 has been supplemented with a paragraph under Law No. 1405-VIII of 02 June 2016}

a list of the significant anticipated risk factors that may affect the operations and performance of an economic entity, and measures to manage such risks;

{Part 3 of Article 90 has been supplemented with a paragraph under Law No. 1405-VIII of 02 June 2016}

data on agreements an economic company is a party to, information on which is subject to publishing under the Law of Ukraine “On Open Use of Public Funds”;

{Part 3 of Article 90 has been supplemented with a paragraph under Law No. 1405-VIII of 02 June 2016}

information on operations and obligations of an economic company with the state and/or local budget, state and/or local institutions, enterprises and organisations, including contractual obligations of an economic company (financial and non-financial ones) arising as a result of public-private partnerships.

{Part 3 of Article 90 has been supplemented with a paragraph under Law No. 1405-VIII of 02 June 2016}

An economic company in the authorised capital of which more than 50 per cent of shares (equities) belong to the state or territorial community, and an economic company, 50 per cent and more of shares (equities) of which belong to an economic company, in which the state or territorial community share is 100 per cent, shall publish annual financial reporting (including consolidated one) along with an auditor's opinion, provided the audit is required by law or is conducted by the decision of the supervisory board of such company or the entity, which performs the functions of state corporate rights management in such company until 30 April of the year following the reporting period.

{Part 3 of Article 90 has been supplemented with a paragraph under Law No. 1405-VIII of 02 June 2016}

Responsibility for publishing and credibility of the information specified in this Article shall lie with the chair of the executive body of an economic company, in the authorised capital of which more than 50 per cent of shares (equities) belong to the state or territorial community, and an economic company, 50 per cent or more shares of which belong to an economic company, the share of the state or territorial community in which is 100 per cent, in accordance with the laws of Ukraine and the terms of the agreement concluded with him/her.

{Part 3 of Article 90 has been supplemented with a paragraph under Law No. 1405-VIII of 02 June 2016}

{Article 90 as amended by Law No. 440-IX of 14 January 2020}

{Article 91 has been deleted under Law No. 2275-VIII of 06 February 2018}

{Article 92 has been deleted under Law No. 2275-VIII of 06 February 2018}

Chapter 10
COLLECTIVELY–OWNED ENTERPRISES

Article 93. Definition of a collectively-owned enterprise

1. Collectively-owned enterprise shall be deemed a corporate or unitary enterprise acting on the basis of collective ownership of its founder (co-founders).

2. Collectively-owned enterprises shall be production co-operatives, consumer co-operatives, enterprises of public and religious organisations, and other enterprises provided for by law.

Article 94. Economic activity of co-operatives

1. Co-operatives as voluntary associations of individuals for joint addressing of economic, social and other issues can be created in different industries (industrial, consumer, housing ones, etc.). The activities of various types of co-operatives shall be governed by law.

2. Economic activity of co-operatives shall be conducted in accordance with the requirements of this Code and other legislative acts.

In order to conduct economic activities on the basis of entrepreneurship, individuals may establish production co-operatives (co-operative enterprises).

Article 95. Production co-operative

1. A production co-operative shall be deemed a voluntary association of individuals on a membership basis for the purpose of joint production or other economic activities based on their personal performance and pooling of property shares, participation in enterprise's management and distribution of income among co-operative members according to their participation in its activities.

2. Production co-operatives may conduct production, processing, procurement and marketing, supply, service and any other economic activities not prohibited by law.

3. A production co-operative shall be a legal entity operating under the charter.

4. The name of a production co-operative shall contain the words "production co-operative" or "co-operative enterprise".

Article 96. Principles of a production co-operative's operation

1. Production co-operatives shall be established and operate on the following principles:

voluntary membership of individuals in the co-operative and free withdrawal from it;

personal labour participation of co-operative members in the activities of the enterprise;

openness and accessibility of membership for those who recognise the co-operative's charter, and want to participate in its activities on the terms established by the co-operative's charter;

democratic nature of co-operative's management, equal rights of co-operative members in decision-making;

distribution of income between members of the co-operative in accordance with their labour and property participation in the co-operative's activities;

control of the members of the co-operative over its operation in the manner prescribed by the charter.

Article 97. General terms for the creation of a production co-operative

1. The founders (members) of a production co-operative may be citizens, foreigners and stateless persons. The number of members of a production co-operative may not be less than 3 persons.

2. The decision to establish a production co-operative shall be adopted by its constituent assembly.

3. A production co-operative shall be considered to be established and acquire the status of a legal entity from the date of its state registration in accordance with the requirements of this Code.

Article 98. Membership in a production co-operative

1. Individuals who have reached 16 years of age, recognise the charter of the co-operative and comply with its requirements, take property and labour participation in the activities of the co-operative may be members of a production co-operative.

2. Citizens may be members of production co-operatives, and members of other types of co-operatives (consumer, housing ones, etc.) at the same time.

3. Joining a production co-operative shall be effected on the basis of a written application of an individual. A member of a co-operative shall make membership and share contribution in the manner prescribed by the charter of the production co-operative. The decision of the management board (chair) of the co-operative on admission of members to the co-operative shall be subject to approval by the general meeting. The procedure for making such a decision and approving it shall be determined by the co-operative's charter.

4. Membership in a production co-operative shall be terminated in the following cases:

voluntary withdrawal from a co-operative;

termination of labour participation in the co-operative's activities;

exclusion from a co-operative in cases and in accordance with the procedure established by the charter;

non-approval by the general meeting of the members of a co-operative of the decision of the management board (chair) on admission to a co-operative;

death of a co-operative's member.

5. The procedure and property consequences of termination of membership in a production co-operative shall be determined by this Code and the co-operative's charter.

6. Exclusion from a production co-operative (dismissal of a co-operative's member from a co-operative enterprise) may be appealed to the court.

Article 99. Rights and obligations of members of a production co-operative

1. The main rights of members of a production co-operative shall be as follows:

participation in the management of a co-operative, the right to vote at the general meeting of co-operative's members, the right to elect and be elected to the co-operative's management bodies;

use of co-operative's services;

receiving co-operative payments and a share of income per equity;

obtaining reliable and complete information about the financial and economic activities of a co-operative;

obtaining a share in case of withdrawal from the co-operative in accordance with the procedure and terms defined by its charter.

2. The main obligations of members of a production co-operative shall be compliance with the charter and enforcement of decisions of the co-operative's management bodies.

3. The charter of a production co-operative may also provide for other rights and obligations of co-operative's members.

Article 100. Property of a production co-operative

1. The property of a production co-operative shall be collective property of a co-operative. A production co-operative shall be the owner of buildings, structures, property contributions of its members, products manufactured by it, income received from its sale and other activities provided for by the co-operative's charter, and other property acquired on the grounds not prohibited by law.

2. Co-operative's members may transfer the right to use a land plot belonging to them as a share contribution in accordance with the procedure established by land legislation. A production co-operative may be charged a fee for a land plot transferred to a co-operative for use, in the amounts determined by the general meeting of co-operative's members.

3. To perform economic and other activities, a production co-operative shall generate respective funds at the expense of its own property.

4. The property of a production co-operative shall be divided into mutual and indivisible funds in accordance with its charter. Indivisible fund shall be formed out of the admission fees and property of the co-operative (except for land plots). Share contributions of co-operative's members shall not be included into it. The procedure for forming and the size of an indivisible fund shall be established by the charter.

5. The amount of share contributions to the co-operative shall be established in equal parts and/or in proportion to the expected participation of a co-operative's member in its economic activities.

6. Financial resources of a production co-operative shall be generated out of income from the sale of products (works, services), share and other contributions of co-operative's members, loans and other revenues that are not prohibited by law.

Article 101. Management of a production co-operative

1. Management of a production co-operative shall be based on self-government, transparency, and participation of its members in resolving issues related to the co-operative's activities.

2. The highest management body of a production co-operative shall be the general meeting of co-operative's members. The co-operative's management bodies shall include the management board (chair) of a co-operative and the audit commission (auditor) of a co-operative.

3. The charter of a production co-operative may provide for the supervisory board of a co-operative. Members of the audit commission (auditor) of a co-operative shall not be members of its management board (chair of a co-operative) or supervisory board.

Article 102. General meeting of members of a production co-operative

1. General meeting shall:

make amendments to the co-operative's charter;

elect chair of a co-operative, members of the co-operative's management board, members of the audit commission (auditor), and members of the co-operative's supervisory board by direct secret ballot;

approve the co-operative's development areas;

hear reports of the co-operative's management bodies on their activities;

determine the types and sizes of co-operative funds, the procedure for their forming and use;

approve the internal regulations of a co-operative enterprise, the annual report and balance sheet of a co-operative, the procedure for generating and distributing the co-operative's income, and the decisions of the co-operative's management board (chair) to admit new members;

decide on the entry of a co-operative enterprise into associations of enterprises (co-operatives), the participation of a co-operative in the establishment of other economic entities;

decide on the reorganisation or liquidation of a co-operative.

2. The general meeting shall be entitled to make any other decisions related to the statutory activities of a production co-operative.

3. The general meeting of co-operative's members shall be held annually after the end of the financial year. It may also be convened at any time by decision of the management board (chair) of a co-operative or on the initiative of at least a third of the co-operative's members, unless otherwise provided by the charter.

4. The general meeting shall be entitled to make decisions subject to presence of more than half of the members of a production co-operative. Decisions on the issues specified in Part 1 of this Article shall be made by a majority vote of the total number of co-operative's members.

Article 103. Management board of a production co-operative

1. The management board of a production co-operative shall be established in a cooperative that has at least ten members.

2. The co-operative's management board shall:

develop and submit for approval by the general meeting priority areas for the co-operative's development;

convene a general meeting of co-operative's members and monitor the implementation of their decisions;

submit for approval by the general meeting a decision on the admission of new members to a co-operative and termination of membership;

ensure the safety of the co-operative's property;

organise independent audits of the co-operative's activities;

solve issues of training co-operative's members, co-operation with domestic and foreign organisations;

delegate to the executive director of a co-operative the right to make appropriate decisions on the issues of competence of the management board, if this is provided for by the co-operative's charter;

solve other issues of the co-operative's activities.

3. The management board shall be headed by chair of a co-operative who shall be elected by the general meeting of members of a production co-operative. The functions of co-operative's chair and the procedure for his/her revoking shall be defined by the co-operative's charter.

4. Members of the management board may elect from among their members deputy chair and secretary of the management board in accordance with the co-operative's charter.

5. Members of the co-operative's management board shall work mainly on a voluntary basis. The co-operative's charter may provide for remuneration for the work of members of the management board.

6. The frequency of meetings of the co-operative's management board shall be determined by the co-operative's charter. The decision shall be made by a majority vote provided at least two-thirds of the members of the co-operative's management board are present at the meeting.

7. Should a production co-operative consist of less than ten members, the functions and powers of the management board shall be performed by the general meeting and chair of a co-operative in accordance with the charter.

Article 104. Executive director of a production co-operative

1. The management board of a production co-operative may hire an executive director for operational management of the enterprise's activities. The executive director shall not be a member of a co-operative.

2. The executive director shall conduct his/her activities under the terms of a contract concluded with him/her by the management board of a co-operative, and perform functions in accordance with the charter.

3. The executive director shall be accountable for his/her activities to the co-operative.

4. If there is no position of executive director in a production co-operative, the operation of a co-operative enterprise shall be supervised by chair of a co-operative.

Article 105. Supervisory board of a production co-operative

1. Should the number of members of a production co-operative exceed fifty people, a supervisory board may be established to monitor the activities of the executive director of a co-operative enterprise.

2. The supervisory board shall be elected by the general meeting from among the members of a co-operative and consist of three–five people. A member of the supervisory board shall not be a member of the management board or the audit commission.

3. The procedure for electing the supervisory board and its chair, as well as the procedure for the activities of the supervisory board shall be stipulated by the co-operative's charter.

Article 106. Audit commission (auditor) of a production co-operative

1. In order to control the financial and economic activities of a production co-operative, an audit commission shall be elected. A co-operative with less than ten members shall have an auditor elected.

2. The audit commission (auditor) shall be elected by the general meeting from among the members of a co-operative in accordance with its charter. Members of the management board or supervisory board of a production co-operative shall not be members of the audit commission (auditor).

3. The audit commission (auditor) shall be accountable to the general meeting of members of a production co-operative.

Article 107. Economic activity of a production co-operative

1. A production co-operative shall independently determine the priority areas of its economic activity in accordance with its charter, conduct its planning and organisation.

2. A production co-operative shall sell its products and provide services at prices and tariffs set by it independently or on the contractual basis, and in cases stipulated by law they shall be set at state prices and tariffs.

3. Relations of a production co-operative with other enterprises, institutions, organisations and individuals in all areas of economic activity shall be established on the basis of agreements.

4. The profit of a production co-operative shall be generated from income from economic activities after covering material and equivalent costs and labour costs of hired personnel. Income shall be channelled to pay taxes and other mandatory payments, to repay loans, cover losses, make contributions to co-operative funds, co-operative payments, pay shares of equity income, and so on.

5. Co-operative payments shall be deemed a part of the income of a production co-operative distributed among the members of the co-operative, with due account of their labour and other participation in the co-operative's activities. Accrual and payment of shares of equity income shall be based on the outcome of the financial year and effected from the income remaining at the disposal of a co-operative, taking into account the need to generate its funds. By decision of the general meeting of co-operative's members, the payment of shares of equity income can be made in cash, goods, securities, etc..

6. The procedure for using the income of a production co-operative shall be determined by the co-operative's charter in accordance with law.

7. A production co-operative shall independently conduct foreign economic activity in accordance with law. The procedure for using co-operative funds in foreign currency shall be established by law and the co-operative's charter.

8. The property relations of a member of a production co-operative with a co-operative in the event of termination of membership and regarding the transfer of an equity shall be regulated by civil legislation.

Article 108. Property liability of a production co-operative

1. A production co-operative shall be liable for its obligations with all its property. Members of a production co-operative shall bear subsidiary (additional) liability for the obligations of a co-operative with their property in the amount not less than their share contribution, unless a larger amount of liability is provided for by law or the co-operative's charter. A production co-operative shall not be liable for the obligations of the co-operative's members.

2. A production co-operative may insure its property and property rights by a decision of the general meeting of co-operative's members, unless otherwise established by law.

Article 109. Termination of a production co-operative

{Title of Article 109 as amended by Law No.642-VII of 10 October 2013}

1. A production co-operative may be reorganised into enterprises of other forms of management under procedure established by the co-operative's charter in accordance

with the requirements of this Code by a decision of the general meeting of co-operative's members.

2. A production co-operative shall be liquidated in accordance with the general procedure for liquidation of an economic entity provided for in this Code, taking into account the following aspects:

liquidation of a production co-operative shall be conducted by the liquidation commission appointed by the general meeting of co-operative's members, and in case of its liquidation by a court decision it shall be conducted by the liquidation commission established in accordance with this decision;

disposal of the land plots of a production co-operative that is being liquidated shall be conducted in accordance with the procedure and conditions provided for by land legislation. The property of a co-operative remaining after settlements with the budget and creditors shall be distributed among the members of a production co-operative in proportion to the value of their shares.

Article 110. Other issues of the production co-operative's activity

1. Other issues related to the activities of a production co-operative shall be governed by this Code and other laws.

Article 111. Consumer co-operation. Consumer co-operation enterprises

1. Consumer co-operation in Ukraine shall be deemed a system of self-governing organisations of individuals (co-operative societies, their unions, associations), as well as enterprises and institutions of these organisations, which shall be an independent organisational form of the co-operative movement.

2. The primary sector of consumer co-operation shall be deemed a co-operative society – a self-governing organisation of individuals who, on the basis of voluntary membership, property participation and mutual assistance, unite for joint economic activities in order to collectively meet their economic and social interests. Each member of a co-operative society shall have his/her own share in its property.

3. A co-operative society shall be a legal entity operating under the charter.

4. Co-operative societies may voluntarily unite in unions, other forms of association provided for by law, the unified association of co-operative societies of Ukraine and shall have the right to freely withdraw from them.

5. The property of a consumer co-operation shall consist of the property of co-operative societies, unions (associations) and their common property and shall be one of the forms of collective ownership. Ownership, use and disposal of property of consumer co-operations shall be conducted by its bodies in accordance with the constituent documents of societies or unions (associations).

Property of consumer co-operation may be jointly owned by co-operative societies or unions (associations). Their share in the property shall be determined by the agreement.

6. Legal basis of organisation and activity of consumer co-operation shall be determined by law.

7. To implement their statutory purposes, co-operative societies, their unions (associations) may form enterprises, institutions and other economic entities in accordance with the requirements of this Code and other laws.

8. Unitary or corporate enterprises established by a co-operative society (societies) or a union (association) of co-operative societies in accordance with the requirements of this Code and other legislative acts for the purpose of achieving the statutory objectives of these societies, unions (associations) shall be deemed consumer co-operation enterprises.

Article 112. Enterprises of citizens' associations, religious organisations

1. An enterprise of a citizens' association, a religious organisation shall be deemed a unitary enterprise based on the property of a citizens' association (public organisation, political party) or property of a religious organisation for conducting economic activities for the purpose of fulfilling their statutory objectives.

2. Ownership of citizens' associations shall be exercised by their higher statutory management bodies in the manner prescribed by law and statutory documents. Ownership of religious organisations shall be exercised by their management bodies in accordance with law.

3. The founder of an enterprise of a citizens' association shall be a respective citizens' association, which has the status of a legal entity, and an association (union) of public organisations if its charter provides for the right to establish enterprises. Political parties and legal entities created by them shall be prohibited from founding enterprises, except for the mass media, enterprises selling socio-political literature, other propaganda materials, products with their own symbols, holding exhibitions, lectures, festivals and other social and political events.

4. Religious organisations shall be entitled to establish publishing, printing, production, restoration and construction, agricultural and other enterprises necessary to provide the activities of these organisations.

5. An enterprise of a citizens' association, a religious organisation shall act under the charter and be a legal entity, conducting its activities under the right of operational management or economic management in accordance with the requirements of this Code.

6. Restrictions on the establishment and operation of certain types of enterprises of a citizens' association, a religious organisation shall be established by law.

Chapter 11
PRIVATE ENTERPRISES. OTHER TYPES OF ENTERPRISES

Article 113. Private enterprises

1. A private enterprise shall be deemed an enterprise operating on the basis of private property of one or more citizens, foreigners, stateless persons and his/her (their) work or with the use of hired labour. An enterprise operating on the basis of private property of an economic entity – a legal entity – shall also be deemed a private enterprise.

2. The procedure for the organisation and activity of private enterprises shall be determined by this Code and other laws.

3. A stakeholder of a private enterprise may request for notarisation of the transaction, the subject of which is the share of such stakeholder in the authorised capital of the enterprise, and cancel such a requirement, information on which shall be entered into the Unified State Register of Legal Entities, Individual Entrepreneurs and Public Associations under procedure defined by law. Such a stakeholder's request, as well as the cancellation of this request by a stakeholder shall be a unilateral transaction and subject to notarisation.

{Article 113 has been supplemented with Part 3 under Law No. 340-IX of 05 Decemeber 2019}

Article 114. Farming enterprise

1. Farming enterprise shall be deemed a form of citizens' entrepreneurship for the purpose of production, processing and sale of marketable agricultural products.

2. Persons who work in a farming enterprise under an employment agreement (contract) may not be stakeholders of a farming enterprise.

3. Relations arising from the establishment and operation of farming enterprises shall be regulated by this Code, the law on farming enterprise, and other laws.

{Article 114 as amended by Law No. 2454-IV of 03 March 2005}

Article 114^{-1}. Agricultural co-operative, agricultural co-operative association

1. In order to conduct joint economic and other activities to meet economic, social and other needs, individuals and/or legal entities, which are manufacturers of agricultural products, may establish agricultural co-operatives, and agricultural co-operatives may establish agricultural co-operative associations in the manner prescribed by law.

2. Relations arising from the establishment and operation of agricultural co-operatives, agricultural co-operative associations shall be governed by this Code, the Law of Ukraine "On Agricultural Co-operation" and other laws.

{The Code has been supplemented with Article 114[-1]1 under Law No. 819-IX of 21 July 2020 – as for the effective date of the amendments refer to Clause 1, Section X}

{Article 115 has been deleted under Law No. 3269-VI of 21 April 2011}

Article 116. An enterprise with foreign investment

1. An enterprise established in accordance with the requirements of this Code, the authorised capital of which has at least ten per cent of a foreign investment, shall be deemed an enterprise with foreign investment. An enterprise shall acquire the status of an enterprise with foreign investment from the date of crediting the foreign investment to its balance sheet.

2. Foreign investment shall be deemed the values ??invested by foreign investors in the investment entities in accordance with the legislation of Ukraine in order to make a profit or achieve a social effect.

3. Foreign investment may be effected in relation to entities, investment in which is not prohibited by the laws of Ukraine.

4. Enterprises with foreign investment shall be entitled to be founders of subsidiaries, to establish branches and representative offices in the territory of Ukraine and abroad in compliance with the requirements of the legislation of Ukraine and the legislation of the respective states.

5. The law may define economic sectors and/or territories in which the total amount of participation of a foreign investor is established, as well as territories in which the activity of enterprises with foreign investment shall be restricted or prohibited on the basis of national security requirements.

6. The legal status and procedure for operation of enterprises with foreign investment shall be determined by this Code, the law on thee foreign investment regime in Ukraine, and other legislative acts.

Article 117. Foreign enterprise

1. A foreign enterprise shall be deemed a unitary or corporate enterprise established under the legislation of Ukraine, operating exclusively on the basis of property of foreigners or foreign legal entities, or an operating enterprise acquired in full by these persons.

2. Foreign enterprises shall not be established in industries defined by law that are of strategic importance for the security of the state.

3. Operation of branches, representative offices and other separate units of enterprises established under the legislation of other states shall be conducted in the territory of Ukraine in accordance with the legislation of Ukraine.

4. Terms and procedure for establishment, requirements for the organisation and activities of foreign enterprises shall be determined by this Code, the law on the foreign investment regime, and other laws.

Chapter 12
ENTERPRISE ASSOCIATION

Article 118. Definition of an enterprise association

1. An enterprise association shall be deemed an economic organisation made of two or more enterprises in order to coordinate their production, scientific and other activities to solve joint economic and social issues.

2. Enterprise associations shall be established by enterprises on a voluntary basis or by decision of bodies that in accordance with this Code and other laws shall be entitled to establish enterprise associations. Enterprise associations may include enterprises established under the laws of other states, and enterprises of Ukraine may be included in enterprise associations established in the territory of other states.

3. Enterprise associations shall be established for an indefinite period or as temporary associations.

4. Enterprise association shall be a legal entity.

5. State registration of an enterprise association shall be conducted in accordance with Article 58 hereof.

Article 119. Types of enterprise associations

1. Depending on the procedure for establishment, enterprise associations may be established as economic associations or as state or communal economic associations.

2. Economic association shall be deemed an association of enterprises established on the initiative of enterprises, regardless of their type, which have consolidated their economic activities on a voluntary basis.

3. Economic associations shall operate on the basis of a memorandum of association and/or the charter approved by their founders.

4. State (communal) economic association shall be deemed an enterprise association established by state (communal) enterprises by the decision of the Cabinet of Ministers of Ukraine or, in cases specified by law, by the decision of ministries (other authorities the enterprises establishing associations are subordinated to), or by decision of a competent local government.

5. The state (communal) economic association shall operate on the basis of the decision on its establishment and the charter, which shall be approved by the authority that has made a decision on the establishment of the association.

6. Provisions of this Chapter shall also apply to associations of other economic entities – legal entities or enterprise associations with the participation of such entities, unless otherwise provided for by this Code and other laws.

Article 120. Organisational and legal forms of enterprise associations

1. Economic associations shall be established as associations, corporations, consortiums, concerns, other enterprise associations provided for by law.

2. Association shall be deemed a contractual association established for the purpose of ongoing co-ordination of economic activity of merged enterprises by centralisation of one or more production and management functions, development of specialisation and co-operation of production, organisation of joint production facilities based on consolidation by members of financial and material resources to meet, first of all, the economic needs of stakeholders of the association. The charter of the association shall state that it is an economic association. The association shall have no right to interfere in the economic activities of enterprises – stakeholders of the association. By the decision of its stakeholders, the association may be authorised to act on their behalf in relations with the authorities, other enterprises and organisations.

3. A corporation shall be deemed a contractual association established on the basis of a consolidation of production, scientific and commercial interests of merged enterprises, with the delegation of certain powers of centralised regulation of each stakeholder's activity to the management bodies of the corporation.

4. Consortium shall be deemed a temporary statutory enterprise association established to achieve a certain common economic goal by its stakeholders (implementation of targeted programmes, scientific and technical, construction projects, etc.). Consortium shall use the funds provided by its stakeholders, the centralised resources allocated to fund the programme, and funds received from other sources, in the manner prescribed by its charter. Should the goal of its creation be achieved, the consortium shall cease to exist.

5. A concern shall be deemed a statutory enterprise association and other organisations, based on their financial dependence on one or a group of the association's stakeholders, with the centralisation of functions of scientific, technical and industrial development, investment, financial, foreign economic and other activities. Concern's stakeholders shall endow it with part of their powers, including the right to act on their behalf in relations with government authorities, other enterprises and organisations. Concern's stakeholders shall not be members of another concern at the same time.

6. State and communal economic associations shall be basically established as a corporation or concern, regardless of the name of the association (a plant, trust, etc.).

Article 121. Status of an enterprise – a stakeholder of an enterprise association

1. Enterprises – stakeholders of an enterprise association – shall retain the status of a legal entity regardless of the organisational and legal form of the association, and they shall adhere to the provisions of this Code and other laws governing the activities of enterprises.

2. An enterprise – a stakeholder of an economic association – shall be entitled to:

voluntarily withdraw from the association on the terms and in the manner prescribed by the memorandum of association or the charter of an economic association;

be a stakeholder of other enterprise associations, unless otherwise provided for by law, memorandum of association or the charter of an economic association;

receive information related to the interests of an enterprise from an economic association in the prescribed manner;

receive a part of the profit gained from the activity of an economic association in accordance with its charter. An enterprise may also enjoy other rights provided for by the memorandum of association or the charter of an economic association in accordance with law.

3. An enterprise that is a stakeholder of a state or communal economic association shall not have the right to withdraw from it without the consent of an association, as well as to consolidate its activities with other economic entities on a voluntary basis and decide on its termination.

{Part 3 of Article 121 as amended by Law No. 642-VII of 10 October 2013}

4. Decisions on the establishment of an enterprise association (memorandum of association) and the charter of an association shall be coordinated with the Antimonopoly Committee of Ukraine in accordance with the procedure established by law.

Article 122. Management of economic associations

1. Economic associations shall have the highest management bodies (general meeting of stakeholders) and form the executive bodies provided for by the charter of an economic association.

2. The highest management body of an economic association shall:

approve the charter of an economic association and make amendments thereto;

decide on the admission of new stakeholders to an economic association and exclusion of stakeholders;

form the executive body of an economic association in accordance with its charter or agreement;

resolve financial and other issues in accordance with the constituent documents of an economic association.

3. The executive body of an economic association (collegial or individual) shall decide on issues of current activity, which in accordance with the charter or contract are referred to its competence.

4. Management of a state (communal) economic association shall be conducted by the management board of an association and director general of an association who

shall be appointed and dismissed by the authority that has decided to establish an association. The composition of the management board shall be determined by the charter of an association. The procedure for managing a state (communal) economic association shall be determined by the association's charter in accordance with law.

The law may provide for a different procedure for managing a state (communal) economic association in the military industrial sector.

{Part 4 of Article 122 has been supplemented by Paragraph 2 under Law No. 3531-VI of 16 June 2011}

5. Management of the current activities of an enterprise association may be entrusted to the administration of one of the enterprises (the main enterprise of the association) on the terms provided by the constituent documents of the association.

6. Disputes arising between the stakeholders of an association shall be resolved in the manner prescribed by the charter of an association, or in court under the law.

Article 123. Property relations in an enterprise association

1. Stakeholders of an enterprise association may make property contributions (admission, membership, targeted fees, etc.) on the terms and in the manner prescribed by its constituent documents.

2. The property shall be transferred to the association by its stakeholders for economic management or operational management on the basis of the memorandum of association or the decision on an association's establishment. The value of the association's property shall be indicated in its balance sheet.

3. An economic association shall be entitled to establish unitary enterprises, branches, representative offices, and be a stakeholder (founder) of economic associations by the decision of its highest management body. Enterprises established by an economic association shall act in accordance with the provisions of this Code, other laws, and the enterprise's charter approved by the association.

4. An enterprise association shall not be held liable for the obligations of its stakeholders, and stakeholders shall not be held liable for the obligations of an association, unless otherwise provided for by the memorandum or association or the association's charter.

Article 124. Withdrawal of a stakeholder from an association. Termination of an enterprise association

1. Stakeholders of an association may withdraw from it with the preservation of mutual obligations and concluded agreements with other economic entities.

2. Withdrawal of an enterprise from a state (communal) economic association shall be effected by a decision of the authority that has decided to establish an association.

3. Termination of an enterprise association shall occur due to its reorganisation into another association or liquidation.

4. The reorganisation of an economic association shall be conducted upon the decision of the stakeholders, and the reorganisation of a state (communal) economic association shall be conducted upon the decision of the authority that has decided to establish the association.

5. Liquidation of an economic association shall be conducted upon the decision of stakeholders, and liquidation of a state (communal) association shall be conducted upon the decision of the authority that has decided to establish the association. Liquidation of an enterprise association shall be conducted in accordance with the procedure for the liquidation of an enterprise established by this Code. The property remaining after the liquidation of an association shall be distributed among the stakeholders in accordance with the enterprise association's charter or the agreement.

{Article 125 has been deleted under Law No. 2522-VI of 09 September 2010}

Article 126. Associated enterprises. Holding companies

1. Associated enterprises (economic organisations) shall be deemed a group of economic entities – legal entities, interconnected by relations of economic and/or organisational dependence in the form of participation in the authorised capital and/or management. The dependance between associated enterprises can be simple and decisive.

2. Simple dependance between associated enterprises shall arise when one of them is able to obstruct the decisions of another (dependent) enterprise, which shall be taken in accordance with law and/or the constituent documents of an enterprise by a qualified majority.

3. Decisive dependence between associated enterprises shall arise when the subordinate relationship is established between the enterprises due to the predominant participation of a controlling enterprise in the authorised capital and/or general meeting or other management bodies of another (subsidiary) enterprise, including ownership of a controlling stake. Relations of decisive dependence shall be established subject to the consent of the respective authorities of the Antimonopoly Committee of Ukraine.

4. The existence of simple and decisive dependence shall be indicated in the data of the state registration of a dependent (subsidiary) enterprise and published in accordance with law.

{Part 4 of Article 126 as amended by Law No. 2424-IV of 04 February 2005}

5. A holding company shall be deemed a public joint-stock company that owns, uses and disposes of holding corporate blocks of shares (equities) of two or more corporate enterprises (except for blocks of shares owned by the state).

{Part 5 of Article 126 as amended by Law No. 3528-IV of 15 March 2006; as amended by Law No. 1617-VI of 24 July 2009}

6. Should a corporate enterprise be insolvent and declared bankrupt due to the actions or inaction of a holding company, a holding company shall bear subsidiary liability for the obligations of a corporate enterprise.

{Part 6 of Article 126 as amended by Law No. 3528-IV of 15 March 2006}

7. General fundamentals of functioning of holding companies in Ukraine, including the State Managing Holding Company, as well as the specific aspects of their establishment, operation and liquidation shall be governed by the Law of Ukraine "On Holding Companies in Ukraine"and other regulatory acts.

{Part 7 of Article 126 as amended by Law No. 3528-IV of 15 March 2006; as amended by Law No. 4498-VI of 13 March 2012}

Article 127. Other forms of consolidating interests of enterprises

1. The law may define other forms of consolidating interests of enterprises (unions, associations of entrepreneurs, etc.), not provided for by Article 120 hereof.

Chapter 13
INDIVIDUAL AS AN ECONOMIC ENTITY. SPECIFIC ASPECTS OF THE STATUS OF OTHER ECONOMIC ENTITIES

Article 128. An individual in the economic sector

1. An individual shall be deemed an economic entity given he/she conducts economic activities subject to state registration as an entrepreneur without the status of a legal entity in accordance with Article 58 hereof.

2. An individual entrepreneur shall be liable for his/her obligations with all his/her property, which in accordance with law may be levied.

3. An individual may conduct economic activities:

directly as an entrepreneur or through a private enterprise established by him/her;

with or without the involvement of hired labour;

individually or jointly with other individuals.

4. An individual shall manage a private enterprise established by him/her directly or through a general manager hired under a contract. In the event of conducting economic activities together with other individuals or legal entities, an individual shall have the rights and obligations of the founder and/or a stakeholder of an economic company, member of a co-operative, etc., or the rights and obligations defined by the agreement on joint activities without creation of a legal entity.

5. An individual entrepreneur shall conduct his/her activities on the basis of freedom of enterprise and in accordance with the principles provided for by Article 44 hereof.

6. An individual entrepreneur shall:

obtain the license for conducting certain types of economic activity in cases and under procedure established by law;

notify the government registration authorities on the change of his/her address indicated in the registration documents, business profile, other essential terms of his/her business activity, which are subject to indication in the registration documents;

observe the rights and legitimate interests of consumers, provide the proper quality of goods (works, services) manufactured or provided by him/her, comply with the rules of mandatory certification of products established by law;

prevent unfair competition, other violations of antimonopoly and competition law;

keep records of the outcome of their economic activities in accordance with the requirements of the legislation;

provide the tax authorities with a declaration of property and income (tax return) in a timely manner, other necessary information for the calculation of taxes and other mandatory payments; pay taxes and other mandatory payments in the manner and in the sizes prescribed by law.

{Paragraph 7, Part 6 of Article 128 as amended by Law No. 2756-VI of 02 December 2010}

7. An individual entrepreneur shall comply with the requirements provided for in Articles 46 and 49 hereof, and other legislative acts, and bear property and other statutory liability for damages and losses.

An individual entrepreneur may be declared bankrupt by court under the requirements of this Code and other laws.

{Article 128 as amended by Law No. 440-IX of 14 January 2020}

Article 129. Specific aspects of the status of foreign economic entities

1. When conducting economic activities in Ukraine, foreigners and stateless persons shall enjoy the same rights and have the same obligations as citizens of Ukraine, unless otherwise provided for by this Code and other laws.

2. When conducting economic activities in Ukraine, foreign legal entities have the same status as legal entities of Ukraine, with the specific aspects provided by this Code, other laws and international treaties, which have been ratified by the Verkhovna Rada of Ukraine.

Article 130. Credit unions in the economic sector

1. Citizens permanently residing in the territory of Ukraine may unite in credit unions.

2. A credit union shall be deemed a non-profit organisation established by citizens in the manner prescribed by law on the basis of voluntary pooling of monetary contributions in order to meet the needs of its stakeholders in mutual lending and the

provision of other financial services. A credit union shall be a legal entity. It shall acquire the status of a legal entity from the date of its state registration.

3. A credit union shall operate on the basis of the charter approved by the general meeting of the credit union's stakeholders.

4. The property of a credit union shall be its own property and consist of the credit union's funds, income and other property.

5. A credit union shall not be a founder or stakeholder of economic entities.

6. The status, procedure for organising and conducting economic activities of a credit union shall be defined by this Code, the law on credit unions and other laws.

Article 131. Specific aspects of the status of charitable and other non-profit organisations in the economic sector

1. Legal entities, regardless of their ownership form, and adult individuals may establish charitable organisations (charitable foundations, charitable societies, charitable institutions, etc.).

{Part 1 of Article 131 as amended by Law No. 5073-VI of 05 July 2012}

{Part 2 of Article 131 has been deleted under Law No. 5073-VI of 05 July 2012}

3. Government authorities and local governments, state-owned and communal enterprises, institutions, organisations that are fully or partially funded from the budget shall not be founders (a founder) and/or members of a charitable organisation.

4. A charitable organisation shall operate on the basis of constituent documents approved by the highest management body of a charitable organisation and be a legal entity.

{Part 4 of Article 131 as amended by Law No. 5073-VI of 05 July 2012}

5. A charitable organisation shall be entitled to conduct non-profit economic activity aimed at fulfilling its goals defined by the constituent documents. Conducting activities such as rendering of certain services (performance of works) by charitable organisations, which are subject to obligatory certification or licensing, shall be allowed after such certification or licensing under procedure established by law.

{Part 5 of Article 131 as amended by Law No.5073-VI of 05 July 2012}

6. Additional requirements for the establishment, state registration, implementation of economic activities and other issues of charitable organisations shall be defined by this Code, the Law of Ukraine "On Charitable Activities and Charitable Organisations", and other laws.

{Part 6 of Article 131 as amended by Law No. 5073-VI of 05 July 2012}

7. Specific aspects of the status of other legal entities engaged in non-profit economic activity shall be defined by the respective laws governing the activities of these entities.

{Article 132 has been deleted under Law No. 2424-IV of 04 February 2005}

Section III
PROPERTY BASIS OF ECONOMIC ACTIVITIES

Chapter 14
PROPERTY OF ECONOMIC ENTITIES

Article 133. Legal regulation of economic entities' property

1. The basis of the legal regulation of the property of economic entities under which they conduct their economic activities shall be the right to property and other property rights – the right of economic management, the right of operational management.

Economic activity may also be conducted on the basis of other real rights (property rights, rights of use, etc.) provided by the Civil Code of Ukraine.

{Part 1 of Article 133 as amended by Law No. 2424-IV of 04 February 2005}

2. The property of economic entities may be secured by another right in accordance with the terms of the agreement with the property owner.

{Part 3 of Article 133 has been deleted under Law No. 2424-IV of 04 February 2005}

4. The state shall ensure equal protection of property rights of all economic entities.

Article 134. The right to property – the basic property right in the economic sector

1. An economic entity conducting economic activities under the right to property at its own discretion, individually or jointly with other entities, shall own, use and dispose of the property belonging to it, including the right to provide property to other entities to use it under the right to property, the right of economic management or the right of operative management, or on the basis of other forms of the legal regulation of property provided for by this Code.

2. Property used in economic activities may be jointly owned by two or more owners.

3. Legal regulation of property and legal forms of exercising the right to property in the economic sector shall be defined by this Code and the law.

Article 135. Organisational and constituent powers of a property owner

1. A property owner shall be entitled individually or jointly with other property owners on the basis of property belonging to him/her (them) to establish economic organisations or conduct economic activities in other organisational and legal forms of economic activities not prohibited by law, at his/her discretion determining the purpose

and subject, structure of an economic entity, the composition and competence of its management bodies, the procedure for the use of property, other issues of the economic entity's management, and to decide on the termination of economic entities established by him/her in accordance with law.

{Part 1 of Article 135 as amended by Law No. 642-VII of 10 October 2013}

2. A property owner shall be entitled personally or through the authorised bodies to establish economic organisations to conduct business activities, securing for them the property belonging to him/her under the right to property, the right of economic management, and for non-profit economic activity under the right of operational management, determine the purpose and subject of such organisations' operation, the composition and competence of their management bodies,t he procedure for their decision-making, composition and procedure for property use, determine other economic terms in the constituent documents of an economic organisation approved by a property owner (authorised body), as well as exercise directly or through authorised bodies within the limits established by law other management powers as for the established organisation, and terminate its operation in accordance with this Code and other laws.

3. Also, a property owner shall be entitled to exercise organisational and constituent powers based on his/her corporate rights in accordance with this Code and other laws.

4. State-owned and communal enterprises may be merged by the decision of a property owner (authorised body) into state (communal) economic associations provided for by this Code.

Article 136. The right of economic management

1. The right of economic management shall be deemed a real right of an economic entity that owns, uses and disposes of property assigned to it by a property owner (authorised body), with limitation of the authority to dispose of certain types of property with the consent of a property owner in cases provided by this Code and others laws.

2. The owner of a property assigned to an economic entity under the right of economic management shall exercise control over the use and preservation of the property belonging to him/her directly or through the authorised body, without interfering in the operational and economic activities of an enterprise.

3. In the cases defined by the Law of Ukraine "On the Pipeline Transport", for the purpose of introducing a gas transmission system operator, the state through the authorised entities managing state property on the basis of the agreement can transfer to the entities managing state property under the right of economic management without the right of their alienation.

{Article 136 has been supplemented with new part under Law No. 264-IX of 31 October 2019}

4. The provisions of the law established for the protection of property rights shall apply to the protection of the right of economic management. A business entity that conducts economic activity under the right of economic management shall be entitled to protect its property rights from a property owner, too.

5. An economic entity to which, in order to establish a transmission system operator or a gas transmission system operator, state property has been transferred under the right of economic management, shall be completely independent in making decisions on its use, operation, maintenance, planning, development and funding under the laws of Ukraine "On the Natural Gas Market", "On the Electricity Market".

{Article 136 has been supplemented with Part 5 under Law No. 264-IX of 31 October 2019}

6. The authorised entity managing state property used in the process of natural gas transportation and/or storage, as well as the entity managing the electricity transmission system, may not refuse financing by the transmission system operator or a gas transmission system operator, respectively, or other stakeholder of investments, approved by the National Commission for State Regulation of Energy and Public Utilities. In approving such investments, the National Commission for State Regulation of Energy and Public Utilities shall be guided, in particular, by the need to ensure security of natural gas supply.

{Article 136 has been supplemented by Part 6 under Law No. 264-IX of 31 October 2019}

Article 137. The right of operational management

1. Under this Code, the right of operational management shall be deemed a real right of an economic entity that owns, uses and disposes of property assigned to it by a property owner (authorised body) for non-profit economic activity, within the limits established by this Code and other laws, and also a property owner (authorised body).

2. The owner of a property assigned to an economic entity under the right of operational management shall exercise control over the use and preservation of the property transferred to the operational management directly or through the authorised body and shall be entitled to confiscate surplus property from an economic entity that is not used, and property used by it for other purposes.

3. The right of operational management shall be protected by law in accordance with the provisions prescribed for the protection of property rights.

{Article 138 has been deleted under Law No. 2424-IV of 04 February 2005}

Article 139. Property in the economic sector

1. Under this Code, property shall be deemed a set of items and other valuables ??(including intangible assets), which have a value definition, are produced or used in the activities of economic entities and are registered in their balance sheets or taken into account in other forms of property accounting for these entities defined by law.

2. Depending on the economic form, which the property acquires in the course of economic activity, property values ??shall belong to fixed assets, working capital, funds, and goods.

3. Fixed assets of industrial and non-industrial purposes shall be buildings, structures, machinery and fittings, equipment, tools, production inventory and accessories, household inventory and other durable property, which is classified by law as fixed assets.

4. Current assets shall be raw supplies, fuel, materials, low-value items and items that wear out quickly, other property for production and non-production purposes, which is classified by law as current assets.

5. The funds in the property of economic entities shall be money in national and foreign currency, intended for the implementation of trade relations of these entities with other entities, as well as financial relations in accordance with law.

6. Goods as part of the property of economic entities shall be deemed manufactured products (inventories), work performed and services rendered.

7. Securities shall be a special type of economic entities' property.

Article 140. Sources of generating property of economic entities

1. Sources of generating property of economic entities shall be as follows:

monetary and material contributions of its co-founders;

income from the sale of products (works, services);

securities yields;

capital investments and budgetary subsidies;

proceeds from the sale (lease) of property (assets) belonging to them, the acquisition of property of other entities;

loans from banks and other lenders;

gratuitous and charitable contributions, donations of organisations and individuals;

other sources not prohibited by law.

2. Legal regulation of property of economic entities shall be defined by this Code and other laws, with due account of the types of property specified in Article 139 hereof.

Article 141. Specific aspects of the legal regulation of state property in the economic sector

1. State property in the economic sector shall include unified assets of state-owned enterprises or their structural units, immovable property, other separate individually determined property of state-owned enterprises, shares (equities) of the state in the

property of economic entities of various forms of ownership, as well as property assigned to state institutions and organisations for the purpose of conducting necessary economic activities, and property transferred for free use to self-governing institutions and organisations or leased for use in economic activities. The state, through the authorised government bodies, shall also exercise the rights of a property owner in respect of the property of the Ukrainian people specified in Part 1 of Article 148 hereof.

2. Under the law, management of state property shall be effected by the Cabinet of Ministers of Ukraine and authorised central and local executive bodies. In cases provided by law, the management of state property shall also be conducted by other entities.

3. The Cabinet of Ministers of Ukraine shall determine a list of state property, which shall be transferred free of charge to the ownership of respective territorial communities (communal property). The transfer of economic facilities from state to communal property shall be effected in the manner prescribed by law.

4. Enterprises engaged in activities that are exclusively allowed to state-owned enterprises, institutions and organisations shall not be the facilities to be transfered from state to communal property.

5. Types of property that shall be owned exclusively by state, the alienation of which is not allowed to non-state economic entities, as well as additional restrictions on the disposal of certain types of property belonging to the fixed assets of state-owned enterprises, institutions and organisations shall be defined by law.

6. The alienation of state property belonging to fixed assets by an economic entity shall be conducted under procedure established by the Cabinet of Ministers of Ukraine. The sale of state property belonging to fixed assets by an economic entity shall be conducted only on a competitive basis.

{Article 141 has been supplemented with Part 6 under Law No. 549-V of 09 January 2007}

7. Property belonging to the fixed assets of state-owned enterprises that are not subject to privatisation shall not be a contribution to joint activities.

{Article 141 has been supplemented with Part 7 under Law No. 3322-VI of 12 May 2011; as amended by Law No. 3686-VI of 08 July 2011}

8. State property used in the process of electricity transmission and transportation and/or storage of natural gas, on the basis of the decision of the Cabinet of Ministers of Ukraine and the respective agreement shall be assigned under the right of economic management to economic entities, 100 per cent corporate rights in the authorised capital of which belong to the state or an economic entity, 100 per cent of the corporate rights in the authorised capital of which belong to the state or solely for the purpose of separation of natural gas transportation activities by an economic entity, 100 per cent of the authorised capital of which belong to the entities specified in this Part of this Article.

{Article 141 has been supplemented with Part 8 under Law No. 264-IX of 31 October 2019}

Article 142. Profit (income) of an economic entity

1. Profit (income) of an economic entity shall be an indicator of the financial outcome of its economic activity, which shall be determined by reducing the amount of gross income of an economic entity for a certain period by the amount of gross expenses and the amount of depreciation.

2. The composition of gross income and gross expenses of economic entities shall be defined by law. For tax purposes, the law may establish a special procedure for determining income as a subject for taxation.

3. The procedure for the use of profit (income) of an economic entity shall be determined by the owner (owners) or the authorised body in accordance with the legislation and constituent documents. The procedure for using income of state-owned enterprises and economic companies, in the authorised capital of which more than 50 per cent of shares (equities) belong to the state shall be conducted in accordance with Article 75 hereof.

{Clause 3, Article 142 as amended by Law No. 2505-IV of 25 March 2005}

4. The state may influence the choice of economic entities of the areas and volumes of use of profit (income) through regulations, taxes, tax benefits and economic sanctions in accordance with law.

Article 143. Securities as part of the property of economic entities

1. An economic entity shall be entitled to issue its own securities, sell them to individuals and legal entities, and purchase securities of other entities. Types of securities, terms and procedure for their issue, sale and acquisition by the economic entities shall be defined by this Code and other laws.

Article 144. Grounds for the emergence of property rights and obligations of an economic entity

1. Property rights and property obligations of an economic entity may arise:

from agreements provided for by law, and agreements not provided for by law, but those that do not contradict it;

from acts of government authorities and local governments, their officials in cases provided by law;

as a result of the creation and acquisition of property on the grounds not prohibited by law;

as a result of causing damage to another person, acquisition or storing of property at the expense of another person without sufficient grounds;

due to violation of the law in conducting economic activities;

from other circumstances with which the law associates the emergence of property rights and obligations of economic entities.

2. The right to property subject to state registration shall arise from the date of registration of this property or the corresponding rights thereto, unless otherwise provided for by law.

Article 145. Property status and accounting of property of an economic entity

1. The property status of an economic entity shall be determined by the set of its property rights and property obligations, which shall be indicated in the accounting of its economic activity in accordance with the requirements of the law.

2. A change in the legal regulation of the property of an economic entity shall be effected by the decision of the property owner (owners) in the manner prescribed by this Code and other laws adopted under it, unless such change is prohibited by law.

3. Legal regulation of the property of an economic entity based on state (communal) property may be changed by privatising the property of a state-owned (communal) enterprise under the law.

4. Legal regulation of the property of an economic entity based on state (communal) property may be changed by leasing unified assets of an enterprise or assets of its structural unit.

5. The law may also define other grounds for changing the legal regulation of the property of an economic entity.

6. Economic entities shall draft financial reporting on the basis of accounting data according to forms prescribed by law, conduct an inventory of their property to ensure the accuracy of accounting data and reporting, submit financial reporting in accordance with law and their constituent documents.

Article 146. Privatisation of state-owned and communal enterprises

1. The property of unified assets of a state-owned (municipal) enterprise or its separate units, which are unified assets and are separated as independent enterprises, and facilities of unfinished construction and shares (equities) owned by the state in the property of other economic entities may be alienated for the benefit of individuals or non-state legal entities and privatised by these entities in accordance with law.

{Part 1 of Article 146 as amended by Law No. 157-IX of 03 October 2019}

2. Privatisation of state-owned (communal) enterprises shall be conducted under procedure established by law.

{Part 2 of Article 146 as amended by Law No. 2269-VIII of 18 January 2018}

3. Privatisation of state-owned (communal) enterprises or their property shall be conducted by:

purchase and sale of privatisation targets at auction;

purchase of privatisation targets.

{Part 3 of Article 146 as amended by Law No. 2269-VIII of 18 January 2018}

4. Every citizen of Ukraine, except in cases established by law, shall be entitled to acquire state property in the process of privatisation in the manner prescribed by law.

{Part 4 of Article 146 as amended by Law No. 2269-VIII of 18 January 2018}

5. General terms and procedure for the privatisation of state-owned (communal) enterprises or their property shall be determined by law.

6. In certain sectors of the economy, the law may define specific aspects of the privatisation of state-owned enterprises.

7. In the course of privatisation of a state-owned (communal) enterprise, the rights of employees of an enterprise to be privatised shall be guaranteed by law.

Article 147. Guarantees and protection of property rights of economic entities

1. Property rights of economic entities shall be protected by law.

2. Seizure by the state of the economic entity's property shall be allowed only in cases, on the grounds and in the manner prescribed by law.

3. Damages caused to an economic entity by violation of its property rights by individuals or legal entities, as well as by government authorities or local governments, shall be reimbursed to it in accordance with law.

4. The right to property and other property rights of an economic entity shall be protected in the manner prescribed in Article 20 hereof.

Chapter 15
USE OF NATURAL RESOURCES IN THE ECONOMIC SECTOR

Article 148. Specific aspects of the legal regulation of the use of natural resources in the economic sector

1. Under the Constitution of Ukraine, the land, its mineral resources, atmospheric air, water and other natural resources located within the territory of Ukraine, natural resources of its continental shelf, exclusive (sea) economic zone shall be the property of the Ukrainian people. On behalf of the people, the rights of the property owner shall be exercised by government authorities and local governments within the scope defined by the Constitution of Ukraine.

2. Every citizen shall be entitled to use natural property of the Ukrainian people under the law.

3. Land is the fundamental national wealth that is under special protection of the state. The property right for the land shall be guaranteed. This right shall be acquired and exercised by citizens, legal entities and the state under the Land Code of Ukraineand other laws.

4. Legal regulation of the use of certain types of natural resources (land, water, forests, mineral resources, atmospheric air, fauna) shall be defined by law.

5. Natural resources may be provided to economic entities for use or acquired by them only in the cases and in the manner prescribed by law.

Article 149. Use of natural resources by economic entities

1. Economic entities shall use natural resources in economic activity under procedure for special or general management of natural resources in accordance with this Code and other laws.

2. The Cabinet of Ministers of Ukraine shall provide the state accounting of natural resources that belong to state property, managed by the Autonomous Republic of Crimea and belong to communal property and can be used in economic activities.

Article 150. Use of natural resources under the right to property

1. Economic entities may be granted ownership of land with closed reservoirs, forest areas, common minerals it contains, as well as to citizens for farming, and agricultural enterprises for economic activities.

{Part 1 of Article 150 as amended by Law No. 2454-IV of 03 March 2005}

2. The procedure for granting land ownership shall be defined exclusively by law, taking into account the need to determine guarantees for the efficient use of land by economic entities, to prevent its wasteful use and damage.

Article 151. Use of natural resources on the user right

1. Economic entities shall be provided with land and other natural resources (including for a fee or on other terms) for use on the basis of special permits (decisions) of the authorised government bodies.

2. The procedure for providing natural resources to individuals and legal entities for economic activities shall be established by land, water, forest and other special legislation.

Article 152. The rights of economic entities to use natural resources

1. When conducting economic activities, an economic entity shall be entitled to:

exploit the useful properties of the natural resources provided to it;

use minerals of local value, water bodies, forest resources located on the grounds provided to it for economic needs under procedure established by law;

gain profit from the outcome of economic activities related to the use of natural resources;

receive preferential short-term and long-term loans for the implementation of measures for the efficient use, renewal and protection of natural resources, as well as enjoy tax benefits in the implementation of these measures;

demand compensation for damage caused by other entities to natural resources belonging to it and the removal of obstacles to economic activities related to the use of natural resources.

Article 153. Responsibilities of economic entities for the use of natural resources

1. When conducting economic activities, an economic entity shall:

use natural resources in accordance with the purpose specified in their provision (acquisition) for use in economic activities;

provide efficient and economical use of natural resources applying the latest technologies in production operations;

take measures for timely renewal and prevention of damage, pollution, clogging and depletion of natural resources, prevent a decrease in their quality in the course of economic activities;

timely pay the respective fee for the use of natural resources;

conduct economic activities without violating the rights of other owners and users of natural resources;

compensate for losses caused to the owners or primary users of natural resources.

2. The law may define other responsibilities of an economic entity for the use of natural resources in economic activities.

Chapter 16
USE OF INTELLECTUAL PROPERTY RIGHTS IN ECONOMIC ACTIVITY

Article 154. Regulation of relations concerning the use of intellectual property rights in economic activity

1. Relations arising from the use and protection of intellectual property rights in economic activities shall be governed by this Code and other laws.

2. The provisions of the Civil Code of Ukraine shall apply to the relations arising from the use of intellectual property rights in economic activity taking into account specific aspects provided by this Code and other laws.

Article 155. Intellectual property

1. Intellectual property in the economic sector shall be as follows:

inventions and utility models;

industrial designs;

plant varieties and animal breeds;

trademarks (labels for goods and services);

commercial (brand) name;

geographical indication;

trade secret;

software;

other items provided by law.

2. General terms of protection of intellectual property rights related to property specified in this Article shall be defined by the Civil Code of Ukraine.

Article 156. Legal authority to use the invention, utility model and industrial design

1. The intellectual property right to an invention, utility model under the law shall be certified by a patent, an industrial design shall be issued a certificate.

{Part 1 of Article 156 as amended by Law No. 815-IX of 21 July 2020}

2. The relations of an economic entity that is an employer for a inventor (inventors) or an author (authors) of the property specified in Part 1 of this Article regarding the rights to obtain a patent (certificate) and the right to use this intellectual property shall be governed by the Civil Code of Ukraine and other laws.

{Part 2 of Article 156 as amended by Law No. 815-IX of 21 July 2020}

3. The terms of using an invention, utility model, industrial design in economic activities shall be defined by law.

{Part 3 of Article 156 as defined by Law No. 815-IX of 21 July 2020}

4. Economic entities shall have the right of prior use of an invention, utility model or industrial design under the terms provided for in the Civil Code of Ukraine.

{Part 4 of Article 156 as amended by Law No. 815-IX of 21 July 2020}

5. Intellectual property rights to an invention, utility model, industrial design may be transferred to the authorised capital of an economic entity as a contribution.

Within thirty days after the expiration of intellectual property rights to the invention, utility model or industrial design transferred to the authorised capital of an economic entity as a contribution, the authorised capital of an economic entity shall be reduced by an amount corresponding to their value.

{Part 5 of Article 156 as amended by Law No. 815-IX of 21 July 2020}

6. Rules of this Article shall also apply to the regulation of relations arising in connection with the exercise of rights to plant varieties and animal breeds in economic activities.

Article 157. Legal authority to use a trademark

1. The intellectual property right to a trademark shall be confirmed by a certificate in the cases and in the manner prescribed by law.

2. The terms for the use of a trademark in economic activities shall be defined by law.

{Part 2 of Article 157 as amended by Law No. 815-IX of 21 June 2020}

3. A certificate shall entitle its owner to prohibit other entities from using the registered trademark without its permission, except in cases provided for by law.

{Part 3 of Article 157 as amended by Law No. 815-IX of 21 July 2020}

{Part 4 of Article 157 has been deleted under Law No. 815-IX of 21 June 2020}

{Part 5 of Article 157 has been deleted under Law No. 815-IX of 21 July 2020}

6. Intellectual property rights to a trademark may be transferred to the authorised capital of an economic entity as a contribution.

{Part 6 of Article 157 as amended by Law No. 815-IX of 21 July 2020}

7. Should an economic entity go bankrupt, the right to a trademark shall be assessed together with other property of this entity.

{Article 158 has been deleted under Law No. 815-IX of 21 July 2020}

Article 159. Legal authority of economic entities regarding a commercial name

1. Economic entity – a legal entity or an individual entrepreneur – may have a commercial name.

An individual entrepreneur shall be entitled to declare his/her last name or first name as a commercial name.

2. Information on the commercial name of an economic entity shall be entered upon its submission to the registers, the procedure for which shall be defined by law. An economic entity whose commercial name had been included in the register earlier shall have a priority of protection over any other entity whose identical commercial name was included in the register later.

3. Both full and abbreviated commercial name of an economic entity shall be subject to legal protection if it is actually used by it in the economic turnover.

4. If a commercial name of an economic entity is an element of its trademark, the legal protection of both the commercial name and the trademark shall be exercised.

5. A person who uses someone else’s commercial name shall terminate such use and reimburse the damage at the request of its owner.

Article 160. Legal authority to use a geographical indication

1. Only those economic entities that produce goods (provide services) in respect of which the state registration of a respective geographical indication has been made shall be entitled to use a geographical indication.

2. The terms for the use of a geographical indication in the economic activities shall be defined by law.

{Part 2 of Article 160 as amended by Law No. 123-IX of 20 September 2019}

{Part 3 of Article 160 has been deleted under Law No. 123-IX of 20 September 2019}

4. The terms for granting legal protection of a geographical indication shall be defined by law.

Article 161. Use of the name of the country of origin of goods

1. Products of foreign origin or, in cases prescribed by law, their packaging, as well as products of domestic manufacture or packaging intended for export shall contain information on the country of origin.

2. Information on the country of origin shall be found in an accessible place of a product (packaging) and printed in a manner that meets the established requirements.

3. Economic entities shall not use the inscription (brand) “Made in Ukraine” or similar inscription for goods of foreign origin.

4. Competent government authorities shall monitor compliance with these requirements in accordance with law.

Article 162. Legal authority of economic entities in respect of a trade secret

1. An economic entity that owns technical, organisational or other commercial information shall have the right to protection against illegal use of this information by third parties, provided that this information has commercial value due to the fact that it is unknown to third parties and it does not provide free access to other persons on legal grounds, and the owner of the information takes appropriate steps to protect its confidentiality.

2. The term of legal protection of a trade secret shall be limited to the period of validity of the set of conditions specified in Part 1 of this Article.

3. A person who illegally uses commercial information belonging to an economic entity shall reimburse the damages caused to it by such actions under the law. A person who received information that is a trade secret independently and in good faith shall be entitled to use this information at his/her discretion.

4. Respective provisions of the Civil Code of Ukraine and other laws shall apply to relations concerning trade secrets not governed by this Code.

Chapter 17
SECURITIES IN THE ECONOMIC ACTIVITY

Article 163. Securities and their types

1. Within their competence and in accordance with the procedure established by law, economic entities may issue and sell securities, as well as purchase securities of other economic entities.

A security shall be deemed a document of the prescribed form with corresponding details that certifies monetary or other property rights, define the relations between an issuer of a security (a person who has issued a security) and a person having the right to security, and provides for the fulfillment of obligations under such security, and the possibility of transferring rights to a security to others.

{Paragraph 2, Part 1 of Article 163 as amended by Law No. 5178-VI of 06 July 2012}

2. Equity, debt and other securities may be issued and circulated in Ukraine. In economic activities in cases provided by law, the following types of securities shall be used: shares, shares of corporate investment fund, domestic and foreign government bonds, local government bonds, corporate bonds, treasury bills, savings (deposit) certificates, promissory notes, certificates of real estate transaction fund (RETF certificates), other types of securities provided by this Code and other laws.

{Part 2 of Article 163 as amended by Laws No. 3201-IV of 15 December 2005, No. 3480-IV of 23 February 2006, No. 5080-VI of 05 July 2012, No. 79-IX of 12 September 2019}

{Part 3 of Article 163 has been deleted under Law No. 5178-VI of 06 July 2012}

4. Legal regulation of securities shall be defined by this Code and other laws.

Article 164. Terms and procedure for issuing securities by economic entities

1. Economic entity – a legal entity shall be entitled to issue on its own behalf shares and bonds of an enterprise in the cases and in the manner prescribed by law and sell them to individuals and legal entities.

2. The right to issue shares and bonds of of an enterprise shall arise in an economic entity from the date of registration of this issue in the respective government authority.

3. An economic entity shall be prohibited from issuing shares and bonds of an enterprise to cover losses related to its economic operation.

4. Economic entities, whose exclusive activity is managing the assets of collective investment institutions, shall be entitled to issue investment certificates.

{Part 4 of Article 164 as amended by Law No. 3480-IV of 23 February 2006}

5. Banking institutions that accept funds for deposit from legal entities and individuals shall issue written certificates confirming the right of depositors to receive a deposit and interest thereon after the expiration of the term (savings (deposit) certificates).

{Part 5 of Article 164 as amended by Law No. 3480-IV of 23 February 2006}

6. Financial institutions that have created a real estate fund and raise funds of individuals and legal entities for their management in order to fund the construction of housing shall be entitled to issue certificates of the real estate fund.

{Article 164 has been supplemented with part under Law No. 3201-IV of 15 December 2005}

7. Economic entities shall be entitled to issue promissory notes – debt securities in the manner prescribed by law that certify the unconditional monetary obligation of an issuer or his/her order to a third party to pay a certain amount to the owner of a promissory note (billholder).

{Part 7 of Article 164 as amended by Law No. 3480-IV of 23 February 2006}

8. Securities (or their forms) shall be produced only at state-owned enterprises subordinated to the central executive body that implements state policy in the organisation and control over the production of securities and strict reporting documents forms, and which are under security.

{Part 8 of Article 164 as amended by Laws No. 5463-VI of 16 October 2012, No. 399-VII of 04 July 2013, No.1670-VIII of 06 October 2016}

{Part 9 of Article 164 has been deleted by Law No. 5178-VI of 06 July 2012}

Article 165. Acquisition of securities by economic entities

1. Economic entities may purchase shares and other securities specified in this Code using the funds available to them after payment of taxes and interest on a bank loan, unless otherwise provided by law.

2. Securities shall be paid by economic entities in hryvnias, and in cases provided by law and the terms of their issuance they shall be paid in foreign currency. Regardless of the type of currency used to pay for securities, their value shall be indicated in hryvnias.

3. Securities purchase and sale operations shall be conducted by their issuers, owners, as well as securities traders – intermediaries in the area of issue and circulation of securities. The types and procedure for conducting this activity shall be defined by this Code and other laws.

Article 166. State regulation of the securities market

1. In order to implement single state policy in the area of issuance and circulation of securities, create conditions for effective mobilisation and allocation of financial resources by economic entities, with due account of the interests of society and protection of stock market players, state regulation of the securities market shall be conducted.

2. State regulation of the securities market shall be provided by the National Commission on Securities and Stock Market, the status, organisation and activities of which shall be defined by law.

{Part 2 of Article 166 as amended by Law No. 3610-VI of 07 July 2011}

3. Other government authorities shall exercise control over the operation of securities market players within the powers defined by law.

4. Forms of state regulation of the securities market, the procedure for conducting professional activities in the securities market by economic entities and the liability of these entities for violating the rules of such operation shall be defined by this Code and other legislative acts adopted under it.

Chapter 18
CORPORATE RIGHTS AND CORPORATE RELATIONS

{Title of Chapter 18 of Section III as amended by Law No. 483-V of 15 December 2006}

Article 167. Definition of corporate rights and corporate relations

{Title of Article 167 as amended by Law No. 483-V of 15 December 2006}

1. Corporate rights shall be deemed the rights of a person whose share is determined in the authorised capital (property) of an economic organisation, including the legal authority to participate in the management of an economic organisation, obtaining a certain share of profits (dividends) of the organisation and assets in case of its liquidation under the law, and other legal powers provided by law and statutory documents.

2. Ownership of corporate rights shall not be deemed entrepreneurship. The law may provide for restrictions on certain individuals' ownership and/or exercise of corporate rights.

3. Corporate relations shall mean relations that arise, change and terminate in respect of corporate rights.

{Article 167 has been supplemented with Part 3 under Law No. 483-V of 15 December 2006}

{Article 168 has been deleted under Law No. 4498-VI of 13 March 2012}

{Article 169 has been deleted under Law No. 4498-VI of 13 March 2012}

{Article 170 has been deleted under Law No. 4498-VI under 13 March 2012}

{Article 171 has been deleted under Law No. 4498-VI of 13 March 2012}

Article 172. Legislation on state corporate rights

1. Relations arising from the management of state corporate rights shall be governed by the Law of Ukraine "On Management of State Property", other laws of Ukraine and regulatory acts adopted under them.

{Article 172 as amended by Law No. 4498-VI of 13 March 2012}

Section IV
ECONOMIC OBLIGATIONS

Глава 19
GENERAL PROVISIONS ON ECONOMIC OBLIGATIONS

Article 173. Economic obligation

1. An economic obligation shall be deemed an obligation that arises between an economic entity and another party (parties) to the economic activities on the grounds provided for in this Code, by virtue of which one entity (obligated party, including a debtor) shall perform a certain action of economic or managerial economic nature to the benefit of another entity (perform work, transfer property, pay money, provide information, etc.), or refrain from certain actions, and another entity (an entitled party, including a creditor) shall be entitled to demand from a obligated party performance of its obligation.

2. The main types of economic obligations shall be property and economic obligations and organisational and economic obligations.

3. By mutual consent, the parties may specify or expand the content of an economic obligation in the course of its implementation, unless otherwise provided for by law.

Article 174. Grounds for economic obligations

1. Economic obligations may arise:

directly from the law or other regulatory act governing economic activity;

under the act of the economic activity's management;

under an economic contract and other agreements provided by law, and also from the agreements which are not provided by law, but do not contradict it;

as a result of causing damage to an entity or by an economic entity, acquisition or preservation of property of an entity or economic entity at the expense of another individual without sufficient grounds;

as a result of creation of intellectual property and other actions of entities, and also as a result of events that provide for legal consequences in the economic activities under the law.

Article 175. Property and economic obligations

1. Property and economic obligations shall be deemed civil obligations arising between the parties to economic relations in the course of economic activity, by virtue of which an obligated party shall perform a certain economic action to the benefit of the other party or refrain from a certain action, and an entitled party shall have the right to demand from an obligated party the performance of its obligation.

Property obligations arising between parties to economic relations shall be governed by the Civil Code of Ukraine, with due account of the specific aspects provided for in this Code.

2. Entities of property and economic obligations may be economic entities specified in Article 55 of this Code, non-economic entities – legal entities, as well as government authorities, local governments endowed with economic competence. Should a property and economic obligation arise between economic entities or between economic entities and non-economic entities – legal entities, a debtor and a creditor respectively shall be entitled parties to the obligation.

3. Property obligations that arise between economic entities and non-economic entities – individuals shall not be deemed economic and shall be governed by other legislative acts.

4. In the cases provided for by this Code and other laws economic entities may voluntarily assume property obligations to the benefit of other parties to economic relations (charity, etc.). Such obligations shall not be deemed a basis for their mandatory performance.

Article 176. Organisational and economic obligations

1. Organisational and economic obligations shall be deemed economic obligations that arise in the course of managing economic activity between an economic entity and an entity of organisational and economic powers, by virtue of which an obligated party shall perform to the benefit of the other party a certain administrative and economic (organisational) action or refrain from a certain action, while an entitled party shall have the right to require an obligated party to perform its obligation.

2. Organisational and economic obligations may arise:

between an economic entity and a property owner, a founder of this entity, or a government authority, a local government endowed with economic competence in relation to this entity;

between economic entities that jointly establish an enterprise association or an economic company, and the management bodies of these associations or companies;

between economic entities, provided one of them is a subsidiary of the other one;

in other cases provided by this Code, other legislative acts or constituent documents of an economic entity.

3. Organisational and economic obligations of entities may arise from the agreement and take the form of an agreement.

4. Economic entities shall be entitled to conduct joint economic activities to achieve a common goal, without establishing a single economic entity, on the terms specified in a joint activity agreement. Should the parties to a joint activity agreement entrust the management of their joint activities to either party, it may be obliged to

conduct joint affairs. Such a party shall exercise organisational and managerial powers under a power of attorney signed by other parties.

Article 177. Social and communal obligations of economic entities

1. Upon a decision of a local council, economic entities shall provide specially equipped workplaces for people with disabilities and organise their training at their own expense under the law.

2. Economic entities under Part 4 of Article 175 hereof may, regardless of the statutory purpose of their activities, undertake obligations for economic assistance in resolving issues of social development of settlements of their location, in the construction and maintenance of socio-cultural facilities, utility and consumer services facilities, to provide other economic assistance in order to address local issues. Economic entities shall be entitled to participate in the raising of respective funds of local councils, unless otherwise provided for by law, and in the performance of work on integrated economic and social development of territories.

Article 178. Public obligations of economic entities

1. An economic entity, which under the law and its constituent documents shall perform work, provide services or sell goods to anyone who applies to it legally, shall not have the right to refuse to perform work, provide services, sell goods if it has such a possibilty or to give preference to one consumer over others, except as provided by law.

2. An economic entity that evades the fulfillment of a public obligation for no good reason shall reimburse the other party for the damages caused by it in the manner prescribed by law.

3. In cases specified by law, the Cabinet of Ministers of Ukraine may provide for the regulations that are binding on the parties to a public obligation, including fixing or regulation of prices. Terms of an obligation that do not comply with these regulations or fixed prices shall be deemed invalid.

Chapter 20
ECONOMIC AGREEMENTS

Article 179. General terms for entering into agreements that give rise to economic obligations

1. Property and economic obligations that arise between economic entities or between economic entities and non-economic entities – legal entities on the basis of economic agreements shall be deemed economic and contractual obligations.

2. The Cabinet of Ministers of Ukraine, its competent executive authorities or the law may recommend to economic entities indicative terms of economic agreements (model agreements) and approve standard agreements in cases specified by law.

{Part 2 of Article 179 as amended by Laws No. 2592-VI of 07 October 2010 – has ceased to be in force under Law No. 763-VII of 23 February 2014; as amended by Law No. 310-VIII of 09 April 2015}

3. Entering into an economic agreement shall be binding for the parties given is based on a state order, performance of which shall be a responsibility of an economic entity in cases provided for by law, or there is a direct provision of the law on the obligatory conclusion of an agreement for certain categories of economic entities, government authorities or local governments.

4. When entering into economic agreements, the parties may determine the subject of an agreement on the basis of:

free act and deed, when the parties are entitled to agree on any terms of the agreement at their discretion that do not contradict the law;

a model agreement recommended by the management body to economic entities for use in concluding agreements, when the parties are entitled to change certain terms provided for in a model agreement, or to supplement its content by mutual consent;

a standard agreement approved by the Cabinet of Ministers of Ukraine, or another government authority in cases provided by law, when the parties shall not deviate from the content of a standard agreement, but are entitled to specify its terms;

an accession agreement offered by one party for other prospective entities when these entities have no right to insist on change of its content in case of entering into the agreement.

5. The content of an agreement concluded on the basis of the state order shall correspond to this order.

6. Economic entities that provide consumers referred to in Part 1 of this Article with electricity, communications, rail and other modes of transport, and in cases provided by law other entities shall also enter into agreements with all consumers of their products (services). Legislation may provide for binding terms of such agreements.

{Paragraph 2, Part 6 of Article 179 has been deleted under Law No. 4220-VI of 22 December 2011}

{Paragraph 3, Part 6 of Article 179 has been deleted under Law No. 4220-VI of 22 December 2011}

7. Economic agreements shall be concluded under the procedure established by the Civil Code of Ukraine with due account of specific aspects prescribed by this Code, and other legitimate acts on certain types of agreements.

Article 180. Essential terms of an economic agreement

1. The content of an economic agreement shall be terms of the agreement, defined by the agreement of its parties aimed at establishing, changing or terminating economic

obligations, both agreed by the parties and those accepted by them as obligatory terms of the agreement under the law.

2. An economic agreement shall be deemed concluded provided the parties have agreed on all its essential terms in the manner and form prescribed by law. Those terms shall be deemed essential, which have been recognised as such by law or those necessary for agreements of this type, as well as the terms on which an agreement shall be reached at the request of either party.

3. When entering into an economic agreement, the parties shall in any case agree on its subject, price and term.

4. Terms on the subject in an economic agreement shall determine the name (classification, range) and quantity of products (works, services), as well as requirements for their quality. Requirements for the quality of the subject of an agreement shall be defined in accordance with the obligatory regulations specified in Article 15 hereof, and in their absence they shall be determined on a contractual basis, subject to terms that protect the interests of end consumers of goods and services.

5. The price in an economic agreement shall be established in the manner prescribed by this Code, other laws, and acts of the Cabinet of Ministers of Ukraine. Upon the agreement of the parties, an economic agreement may provide for extra charges to the established price for products (works, services) of higher quality or performance of works in a shorter period time compared to the standard one.

6. Should the price agreed by the parties in the agreement be recognised as violating the requirements of antimonopoly and competition law, the antimonopoly authority shall be entitled to require the parties to change the terms of the agreement in respect of its price.

7. The term of the agreement shall be deemed the time during which obligations of the parties arising from this agreement exist. Obligations of the parties that occurred prior to the conclusion of their economic agreement shall not be subject to the terms of the concluded agreement, unless otherwise provided for by the agreement. The expiration of an economic agreement shall not release the parties from liability for its violation, which took place during the agreement's period.

Article 181. Standard procedure for entering into economic agreements

1. Under standard procedure, an economic agreement shall be drafted as a single document signed by the parties. An economic agreement may be concluded in a streamlined manner, that is by exchanging letters, faxes, telegrams, telephonograms, etc., and by confirming acceptance of orders, unless the law provides for special requirements for the form and procedure for concluding this type of agreement.

{Part 1 of Article 181 as amended by Law No. 1206-VII of 15 April 2014}

2. Either party may submit a draft agreement. Should a draft agreement be presented as a single document, it shall be provided to the other party in two copies.

3. A party that has received a draft agreement and has agreed with its terms shall draw up an agreement under the requirements of Part 1 of this Article and return one copy of an agreement to the other party or send a reply to the letter, fax, etc. within twenty days of the agreement's receipt.

4. If there are any objections to certain terms of the agreement, a party that has received a draft agreement shall draw up a protocol of disagreements, which is subject to a reservation in an agreement, and send the other party two copies of the protocol of disagreements together with the signed agreement within twenty days.

5. A party that has received the protocol of disagreements to the agreement shall review it within twenty days and take steps to settle disagreements with the other party within the same period of time and include in the agreement all approved proposals, and upon the agreement with other party submit to the court those disagreements that remain unsettled.

6. Should the parties agree on all or some of the terms specified in the protocol of disagreements, such agreement shall be confirmed in writing (protocol of settlement of disagreements, letters, telegrams, teletypograms, etc.).

7. Should a party that has received the protocol of disagreements as for the terms of an agreement based on the state order or the conclusion of which is binding on the parties under the law, or a party, a contractor that is duly recognised as a monopolist in a particular market (works, services) that has received the protocol of disagreements fail to submit to the court unsettled disagreements within the specified twenty-day period, the proposals of the other party shall be deemed accepted.

8. Should the parties fail to reach an agreement on all the essential terms of an economic agreement, such agreement shall be deemed not concluded (one that has failed). Should either party take actual action to execute it, the legal consequences of such action shall be defined by the rules of the Civil Code of Ukraine.

Article 182. Specific features of entering into preliminary agreements

1. Under the preliminary agreement, an economic entity shall conclude principal economic agreement within a certain period of time, but no later than one year from the date of concluding the preliminary agreement on the terms stipulated by the preliminary agreement.

2. Preliminary agreement shall contain the terms allowing for defining a subject, and other essential terms of the principal agreement. Standard procedure for concluding economic agreements shall not apply to the conclusion of preliminary agreements.

3. Should a party that has entered into a preliminary agreement, having received a draft agreement from the other party, evade the conclusion of the principal agreement, the other party shall be entitled to demand the conclusion of the agreement in court.

4. The obligation to enter into the principal agreement provided for in the preliminary agreement shall be terminated if, before the expiration of the term within

which the parties are to enter into the principal agreement, either party fails to send the draft agreement to the other party.

5. Relations arising from the conclusion of preliminary agreements shall be governed by the Civil Code of Ukraine with due account of specific aspects provided by this Code.

6. The agreement on intentions of the parties (protocol of intentions, etc.) shall not be recognised by the preliminary agreement and shall not give rise to legal consequences.

Article 183. Specific aspects of concluding economic agreements under state order

1. Agreements under the state order shall be concluded between economic entities defined by law – contractors of the state order and the state customers authorised on behalf of the state to conclude agreements (state agreements) in which economic obligations of the parties shall be defined and relations of a customer and a contractor of state order shall be governed.

2. The state, represented by the Cabinet of Ministers of Ukraine, shall act as a guarantor for the obligations of state customers.

3. The conclusion of an agreement by the parties under a state order (state contract) shall be conducted under procedure provided for in Article 181 hereof, with due consideration of specific aspects prescribed by law. A state contract shall be concluded by signing a single document by the parties.

4. Evasion from concluding a contract under state order shall be a violation of economic legislation and shall entail liability under this Code and other laws. Disputes related to the conclusion of a contract under state order, including evasion of the contract by one or both parties, shall be resolved in court.

5. A contractor of the state order shall be released from the obligation to conclude a state contract under the terms determined by the state order provided it is recognised invalid by court.

Article 184. Specific aspects of concluding economic agreements based on free act and deed of the parties, model and standard agreements

1. When entering into an economic agreement based on free act and deed of the parties, a draft agreement may be developed on the initiative of either party within the time agreed upon by the parties.

2. Entering into an agreement based on free act and deed of the parties may be effected in a streamlined manner or in the form of a single document, under the standard procedure for concluding agreements defined by Article 181 hereof.

3. Entering into economic agreements based on model and standard agreements shall be effected under the terms provided for in Article 179 hereof, not otherwise than by presenting an agreement as a single document drafted in accordance with the

requirements of Article 181 hereof and under the rules prescribed by regulatory acts on the use of a model or standard agreement.

Article 185. Specific aspects of concluding economic agreements at exchanges, fairs and public auctions

1. Standard rules for concluding agreements based on free act and deed, with due regard to the regulatory acts governing the activities of respective exchanges, fairs and public auctions, shall apply to the conclusion of economic agreements at exchanges, fairs, and public auctions.

Article 186. Entering into organisational and economic agreements

1. Contractual registration of organisational and economic obligations may be effected by the parties to economic relations both based on free act and deed of the parties and on model agreements, provided the conclusion of such agreements is stipulated by respective regulatory acts. Streamlined method of concluding organisational and economic agreements shall not be allowed.

Article 187. Entering into economic agreements by court decision

1. Disputes arising from the conclusion of economic agreements under state order, or agreements, the conclusion of which is obligatory under the law and in other cases established by law, shall be considered by court. Other pre-contractual disputes may be the subject of court proceedings if it is provided for by the agreement of the parties or if the parties are obliged to enter into a certain economic agreement on the basis of a preliminary agreement concluded between them.

2. The effective date of a decision of a court resolving the issue of a pre-contractual dispute shall be considered the day of concluding a respective economic agreement, unless otherwise provided for by a court decision.

Article 188. The procedure for making amendments and termination of economic agreements

1. Making amendments and termination of economic agreements unilaterally shall be prohibited, unless otherwise provided by law or agreement.

2. The party to the agreement, which deems it necessary to amend or terminate the agreement shall send respective proposals to the other party to the agreement.

3. The party to the agreement, which has received a proposal to amend or terminate the agreement, shall notify the other party of the outcome of its consideration within twenty days after receipt of the proposal.

4. Should the parties fail to agree to amend (terminate) the agreement or in case of failure to receive a response within the prescribed period, taking into account the time required for postal circulation, a party concerned shall be entitled to refer the dispute to court.

5. Should an agreement be amended or terminated by a court decision, it shall be deemed amended or terminated from the effective date of this decision, unless another effective date is established by a court decision.

Chapter 21
PRICES AND PRICING IN THE ECONOMIC SECTOR

Article 189. Price in economic obligations

1. Under this Code, the price shall be deemed a monetary equivalent of a product unit (goods, works, services, material and technical resources, property and non-property rights) to be sold, which shall be applied as a tariff, fee, rate or duty, except for rates and duties used in the taxation system.

{Part 1 of Article 189 as amended by Law No. 5007-VI of 21 June 2012}

2. Price shall be an essential term of an economic agreement. Agreement price shall be specified in hryvnias. Prices in foreign trade agreements (contracts) may be fixed in foreign currency by agreement of the parties.

3. Economic entities shall apply free and state-regulated prices in their activities.

{Part 3 and 4 of Article 189 has been replaced with one part under LawNo. 5007-VI of 21 June 2012}

Article 190. Free pricing

1. Free pricing shall be applied to all types of products (works, services), except for those for which state- regulated prices are set.

{Part 1 of Article 190 as amended by Law No. 5007-VI of 21 June 2012}

2. Free pricing shall be established by economic entities independently with the consent of the parties, and in internal economic relations it shall be established upon the decision of an economic entity.

Article 191. State-regulated prices

1. State regulated prices shall be introduced by the Cabinet of Ministers of Ukraine, executive bodies, government collegial authorities and local governments in accordance with their powers under procedure established by law.

{Part 1 of Article 191 as amended by Laws No. 1540-VIII of 22 September 2016}

2. State regulation of prices shall be effected under the Law of Ukraine "On Prices and Pricing".

3. State-regulated prices shall be fixed in respect of forms of documents, including strict accounting documents, which are used by executive authorities, other government authorities for registration of rendering administrative services (except for own forms of these authorities), according to the law.

{Article 191 has been supplemented with Part 3 under Law No. 5203-VI of 06 September 2012}

{Article 191 as amended by Law No. 5007-VI of 21 June 2012}

Article 192. Legislation on prices and pricing

1. Pricing policy, the procedure for setting and applying prices, the powers of government authorities and local governments to set and regulate prices, as well as control over prices and pricing shall be governed by the law on prices and pricing, and other legislative acts.

Chapter 22
PERFORMANCE OF ECONOMIC OBLIGATIONS. TERMINATION OF OBLIGATIONS

Article 193. General terms for performance of economic obligations

1. Economic entities and other parties to economic relations shall duly perform economic obligations in accordance with law, other regulatory acts, an agreement, and in the absence of specific requirements for the performance of obligations in accordance with the requirements usually imposed under certain terms.

Respective provisions of the Civil Code of Ukraine shall apply to the economic agreements, with due account of specific aspects provided by this Code.

2. Either party shall make every effort required for the proper performance of its obligations, with due account of the interests of the other party and the general economic interest. Breach of obligations shall be a basis for the application of economic sanctions provided for by this Code, other laws or an agreement.

3. The application of economic sanctions to an entity that has breached an obligation shall not release that entity from the duty to perform the obligation in kind, unless otherwise provided by law or an agreement, or an entitled party has refused to accept performance of obligation.

4. An entitled party shall have the right not to accept the performance of an obligation in parts, unless otherwise provided for by law, other regulatory acts or an agreement, or it does not follow from the content of an obligation.

5. An obligated party shall have the right to fulfill its obligation ahead of time, unless otherwise provided for by law, other regulatory acts or an agreement, or it does not follow from the content of an obligation.

6. An obligated party shall have the right to refuse to perform an obligation in case of improper performance of obligations by the other party, which is essential for its performance.

7. Unilateral refusal to perform obligations, except in cases provided for by law, as well as refusal to perform or postponement of performance on the grounds that the

obligations of the other party under another agreement have not been properly performed shall not be allowed.

8. An entitled party, accepting the performance of an economic obligation, shall issue a written certificate of the obligation's performance in whole or in part at the request of an obligated party.

Article 194. Performance of an economic obligation by a third party

1. Performance of an economic obligation may be entrusted in whole or in part to a third party, which is not a party to the obligation. An entitled party shall accept the performance offered by a third party – direct contractor, provided the law, economic agreement or the nature of the obligation does not imply the obligation of a party to be performed personally.

2. Improper performance of an obligation by a third party shall not release the parties from the duty to perform the obligation in kind, except as provided in Part 3 of Article 193 hereof.

Article 195. Transfer (assignment) of rights in economic obligations

1. An entitled entity of economic obligation, unless otherwise provided for by law, may transfer to the other party, with its consent, the rights due to it by law, charter or agreement to receive property from a third party in order to resolve certain issues related to property management or to delegate rights for the exercise of economic and managerial powers. The transfer (assignment) of such rights may be subject to a certain period.

2. A deed of assignment shall be deemed valid from the date of receipt of the notification by an obligated party; a deed of assignment of economic and administrative powers to another entity shall be deemed valid from the date of official publication of this deed.

3. The transfer (assignment) of rights shall entail an obligation of an entity that has received additional powers as a result of such transfer (assignment) to resolve the respective range of economic issues and be liable for the consequences of decisions taken by it.

Article 196. Performance of economic obligations with participation of several entitled or obligated entities

1. Should several entitled or obligated entities participate in an economic obligation, either entitled entity shall have the right to demand performance, and either obligated entity shall fulfill the obligation in accordance with the share of this entity determined by the obligation.

2. An obligation shall be performed jointly and severally in cases stipulated by law or agreement. Respective provisions of the Civil Code of Ukraine shall apply to the joint fulfillment of economic obligations unless otherwise provided for by law.

Article 197. Place of performance of an economic obligation

1. An economic obligation shall be performed in a place determined by law, an economic agreement, or a place determined by the obligation's subject.

2. If the place of performance of an obligation is not specified, an obligation shall be performed:

under obligations, the subject of which is the transfer of rights to a building or a land plot, other immovable property – according to the location of a building or a land plot, other immovable property;

under monetary obligations – at the location (place of residence) of an entitled party at the time of the obligation, or at its new location (residence), provided that an entitled party has promptly notified an obligated party;

{Paragraph 3, Part 2 of Article 197 as amended by Law No. 2452-IV of 03 March 2005}

under other obligations – at the location (place of residence) of an obligated party, unless otherwise provided for by law.

{Paragraph 4, Part 2 of Article 197 as amended by Law No. 2452-IV of 03 March 2005}

3. In the absence of an entitled party, its evasion from acceptance of performance or other delay in its execution, an obligated party under the monetary obligation shall be entitled to deposit the money due from it or to transfer securities under the obligation to the deposit of a notary office or private notary, which shall notify an entitled party. Placing money (securities) to the deposit of a notary office or a private notary shall be deemed the fulfillment of an obligation.

{Part 3 of Article 197 as amended by Law No. 2435-VI of 06 July 2010}

Article 198. Fulfillment of monetary obligations

1. Payments under monetary obligations arising in economic relations shall be effected via bank transfer or in cash through banking institutions, unless otherwise provided for by law.

2. Monetary obligations of the parties to economic relations shall be fixed and payable in hryvnias. Monetary obligations may be denominated in a foreign currency only provided the entities are entitled to make mutual payments in foreign currency under the law. Obligations denominated in foreign currency shall be performed under the law.

3. Interest on monetary obligations of the parties to economic relations shall be applied in cases, amounts and in the manner prescribed by law or agreement.

Article 199. Securing the fulfillment of economic obligations

1. Fulfillment of economic obligations shall be secured by measures to protect the rights and liabilities of the parties to economic relations provided for by this Code and other laws. By agreement of the parties, the types of security for the fulfillment of obligations, which are normally used in economic (business) circulation, may be applied provided by law or which do not contradict it.

Respective provisions of the Civil Code of Ukraine shall apply to secure the fulfillment of obligations by the parties to the economic relations.

2. Obligations of economic entities belonging to the state sector of the economy may be secured by a state guarantee in cases and in the manner prescribed by law.

Article 200. Bank guarantee to secure the fulfillment of economic obligations

1. Guarantee shall be deemed a specific means of securing the fulfillment of economic obligations by written confirmation (letter of guarantee) by a bank, other credit institution, insurance organisation (bank guarantee) to meet the claims of an entitled party in the amount specified in the written confirmation, if a third party (obligated party) fails to fulfill the obligation specified in it, or other terms provided in the respective confirmation will occur.

2. An obligation under the bank guarantee shall be fulfilled only at the written request of an entitled party.

3. A guarantor shall have the right to file only those claims to an entitled party, the filing of which is allowed by a letter of guarantee. An obligated party shall have no right to raise objections to a guarantor, which it could raise to an entitled party, if its agreement with a guarantor does not contain an obligation of a guarantor to make a reservation in a letter of guarantee in respect of raising such objections.

4. Respective provisions of the Civil Code of Ukraine shall apply to the relations of a bank guarantee in the part not governed by this Code.

Article 201. General economic (public) guarantees of fulfillment of obligations

1. In order to counteract the adverse effects of criminal offences in the area of economic activities, the law may provide for the obligation of commercial banks, insurers, joint-stock companies and other economic entities that raise funds or securities of individuals and legal entities to transfer part of their funds to generate a single security fund of public pledge.

{Part 1 of Article 201 as amended by Law No. 245-VII of 16 May 2013}

Article 202. General terms for termination of economic obligations

1. An economic obligation shall be terminated: upon due performance; by crediting a counter homogeneous claim or insurance obligation; in the event of a merger of entitled and obligated parties in one entity; by agreement; due to impossibility of its performance and in other cases provided for by this Code or other laws.

2. An economic obligation shall also be terminated in the event of its termination or invalidation by a court decision.

3. Respective provisions of the Civil Code of Ukraine shall apply to the relations arising from the termination of economic obligations, with due account of specific aspects provided for by this Code.

Article 203. Termination of an economic obligation by fulfillment or crediting

1. An economic obligation, all the terms of which have been duly fulfilled, shall be terminated provided its performance is accepted by an entitled party.

2. Should an obligated party duly fulfill one of the two or more obligations in respect of which it had the right to choose (alternative obligation), the economic obligation shall be deemed terminated.

3. An economic obligation shall be terminated by crediting a counter homogeneous claim, the term of which has come or the term of which is not specified or determined at the time of claim. Either party's statement shall be sufficient for crediting.

4. An economic obligation may be terminated by crediting a security obligation, unless otherwise follows from the law or the content of the principal or security obligation.

5. It is prohibited to credit claims in respect of which the statute of limitations shall be applied at the request of the other party and this period has expired, as well as in other cases provided by law.

Article 204. Termination of an economic obligation by agreement of the parties or in case of merger of its parties in one entity

1. An economic obligation may be terminated by agreement of the parties, in particular by an agreement to replace one obligation with another between the same parties, provided that such replacement does not contradict the binding act under which the previous obligation arose.

2. An economic obligation shall be terminated in the event of merger of entitled and obligated parties in one entity. An obligation shall arise again should this merger by terminated.

Article 205. Termination of an economic obligation in the event of impossibility of its performance

1. An economic obligation shall be terminated by the impossibility of its performance in the event of circumstances beyond control of either party, unless otherwise provided for by law.

2. If it is impossible to fulfil an obligation in full or in part, in order to prevent property and other consequences unfavourable for the parties an obligated party shall immediately notify an entitled party, which shall take the necessary steps to eliminate

these consequences. Such notice shall not release an obligated party from liability for non-performance of an obligation in accordance with the requirements of the law.

3. An economic obligation shall be terminated by the impossibility of performance in the event of liquidation of an economic entity, if succession under this obligation is not allowed.

4. Should an economic entity fail to meet creditors' claims due to insufficiency of its property, it may be declared bankrupt by a court decision. The terms, procedure and consequences of declaring economic entities bankrupt shall be defined by this Code and other laws. Liquidation of a bankrupt economic entity shall be a basis for termination of obligations with its participation.

Article 206. Termination of an economic obligation

1. An economic obligation may be terminated by the parties under the regulations prescribed by Article 188 hereof.

2. A state contract shall be subject to termination in the event of a change or cancellation of the state order, which provides for the termination of a contract from the moment the parties to an obligation became aware of it. The consequences of terminating a state contract for its parties shall be defined in accordance with law.

{Article 207 has been deleted under Law No. 2275-VIII of 06 February 2018}

Article 208. Consequences of invalidation of an economic obligation

1. Should an economic obligation be declared invalid as committed for a purpose intentionally contrary to the interests of the state and society, then in the presence of intention of both parties – in the event of fulfillment of an obligation by both parties – upon a court decision, all they have gained under an obligation shall be levied to the state revenue, and in the event of fulfillment of an obligation by one party, the other party's income shall be levied to the state revenue, and also everything due from it to the other party as compensation for the received income. If there was an intention of only one of the parties, everything it has gained shall be returned to the other party, and profit received by the latter or a compensation due to it shall be levied to the state revenue by court decision.

2. In the event of invalidation of an obligation on other grounds, either party shall return to the other party everything obtained under an obligation, and if it is impossible to return everything obtaine in kind, it shall reimburse its value in cash, unless other consequences of invalidity of an obligation are prescribed by law.

Chapter 23
DECLARATION OF A BUSINESS ENTITY BANKRUPT

Article 209. Insolvency of a business entity

1. In the event of inability of a business entity to fulfill its monetary obligations after the due date to other individuals, territorial community or state other than through

the restoration of its solvency, this entity (debtor) shall be declared insolvent under Part 4 of Article 205 hereof.

2. The inability of a debtor to restore its solvency and satisfy the creditors' claims recognised by the court other than through the application of the liquidation procedure defined by the court shall be deemed bankruptcy.

3. A bankruptcy entity (hereinafter referred to as a bankrupt) shall only be a business entity. Official government enterprises shall not be declared bankrupt.

{Part 3 of Article 209 as amended by Law No. 2424-IV of 04 February 2005}

4. With regard to the bankruptcy of state-owned commercial enterprises, the law provides for additional requirements and guarantees of the right to property of the Ukrainian people.

Article 210. Creditors of insolvent debtors

1. Creditors of insolvent debtors shall be deemed legal entities or individuals, as well as tax authorities and other government authorities that have duly confirmed claims for monetary obligations to a debtor.

{Part 1 of Article 210 as amended by Law No. 4212-VI of 22 December 2011}

2. Should two or more creditors have monetary claims against one debtor at the same time, they shall establish a meeting (committee) of creditors in accordance with the requirements of the law.

{Article 210 as amended by Law No. 440-IX of 14 January 2020}

Article 211. Measures to prevent bankruptcy of business entities

1. The founders (stakeholders) of a business entity, a property owner, government authorities and local governments endowed with economic competence shall take timely measures within their powers to prevent its bankruptcy.

2. Owners of a state (communal) or private enterprise's property, founders (stakeholders) of a business entity that has proved to be an insolvent debtor, creditors and other individuals within the measures to prevent the bankruptcy of the above entity may provide it with financial aid in the amount sufficient for repayment of its obligations to creditors, including obligations to pay taxes, duties (obligatory payments), and restore the solvency of the entity (out-of-court recovery).

3. The provision of financial aid to a debtor shall provide for its duty to assume the respective obligations to the individuals who have provided aid, in the manner prescribed by law.

4. Out-of-court recovery of state-owned enterprises shall be conducted with the use of budget funds, the amount of which shall be established by the law on the State Budget of Ukraine. The terms for the out-of-court recovery of state-owned enterprises at the expense of other sources of funding shall be agreed with the body endowed with

economic competence over a debtor in accordance with the procedure established by the Cabinet of Ministers of Ukraine.

Article 212. Procedures applicable to an insolvent debtor

1. In cases provided for by law, the following procedures shall apply to an insolvent debtor:

management of the debtor's property;

{Paragraph 3, Part 1 of Article 212 has been deleted under the Code No. 2597-VIII of 18 October 2018}

financial recovery (restoration of solvency) of a debtor;

liquidation of a bankrupt.

2. Financial recovery of a debtor or liquidation of a bankrupt shall be conducted in compliance with the requirements of antimonopoly and competition law.

3. From the effective date of the ruling on the initiation of bankruptcy proceedings, the reorganisation of a legal entity – a debtor by a property owner (authorised body), as well as the transfer of the debtor's property to the authorised capital shall be allowed only in cases and under procedure established by law.

Article 213. Property assets of an insolvent debtor

1. In order to settle the debt of an insolvent debtor under procedures specified in Article 212 hereof, property assets belonging to it on the basis of material and obligatory rights, as well as intellectual property rights shall be used.

2. The liquidation estate shall also include the property assets of individuals liable for the obligations of an insolvent debtor in accordance with law or the constituent documents of a debtor.

Article 214. State policy on bankruptcy

1. State policy to prevent bankruptcy, provide conditions for the implementation of procedures for restoring the solvency of a business entity or declaring its bankruptcy in relation to state-owned enterprises and enterprises in the authorised capital of which the share of state property exceeds twenty-five per cent, as well as business entities of other forms of property in cases provided for by law shall be conducted by the central executive body, which implements the state policy in the area of bankruptcy.

{Part 1 of Article 214 as amended by Law No. 5463-VI of 16 October 2012}

2. The central executive authority, which implements the state policy in the area of bankruptcy, shall facilitate the creation of organisational, economic and other conditions necessary for the implementation of procedures to restore the solvency of business entities – debtors or recognising them bankrupt. Powers of the central executive authority, which implements the state policy in the area of bankruptcy, shall be defined by law.

{Part 2 of Article 214 as amended by Law No. 5463-VI of 16 October 2012}

3. The procedures for insolvent debtors provided for in this Code shall not apply to state-owned enterprises. With regard to state-owned enterprises that are not subject to privatisation under the law, these procedures shall be applied in terms of financial recovery or liquidation only upon their exclusion from the list of entities that are not subject to privatisation in the prescribed manner.

4. In cases provided for by law, bankruptcy proceedings shall not be applied to public utility companies.

5. With regard to certain categories of business entities, the law may define the specific features of governing relations arising from bankruptcy.

6. Bankruptcy relations, the parties to which are foreign creditors, shall be governed by the legislation of Ukraine with due regard to the respective provisions of international treaties, ratified by the Verkhovna Rada of Ukraine.

Article 215. Liability for violation of bankruptcy legislation

1. In cases provided for by law, a business entity – a debtor, its founders (stakeholders), a property owner, as well as other individuals shall be legally liable for violation of bankruptcy law, including fictitious bankruptcy, concealment of bankruptcy or intentional bankruptcy.

2. A fictitious bankruptcy shall be deemed a designedly inveracious bankruptcy petition of a business entity submitted to the court about the inability to fulfill obligations to creditors and the state. Having established the fact of fictitious bankruptcy, that is the actual solvency of a debtor, the court shall refuse a debtor to satisfy its bankruptcy petition and apply the sanctions provided for by law.

3. Intentional bankruptcy shall be deemed a permanent insolvency of a business entity caused by deliberate actions of a property owner or official of a business entity, provided it has caused significant material damage to the interests of the state, society or creditors protected by law.

4. Concealment of bankruptcy, fictitious bankruptcy or intentional bankruptcy, as well as illegal actions in insolvency proceedings related to the management of the debtor's property, which caused significant damage to the interests of creditors and the state, shall entail criminal liability under the law.

Section V
LIABILITY FOR OFFENCE IN THE ECONOMIC SECTOR

Chapter 24
GENERAL PROVISIONS OF LIABILITY OF PARTIES TO ECONOMIC RELATIONS

Article 216. Economic and legal liability of the parties to economic relations

1. The parties to economic relations shall bear economic and legal liability for offences in economic activities by applying economic sanctions to offenders on the grounds and in the manner prescribed by this Code, other laws and an agreement.

2. The application of economic sanctions shall guarantee the protection of the rights and legitimate interests of individuals, organisations and the state, including compensation for damages to the parties to economic relations caused by the offence, and ensure law and order in the economic sector.

3. Economic and legal liability shall be based on the principles according to which:

an injured party shall be entitled to compensation for damages, regardless of whether there is a respective reservation in the agreement; the statutory liability of a manufacturer (seller) for substandard products shall also be applied regardless of whether there is a respective reservation in the agreement;

payment of penalties for breach of obligation, and compensation for damages shall not release an offender from the fulfillment of obligations in kind without the consent of the other party;

an economic agreement shall not have reservations concerning exclusion or limitation of responsibility of a manufacturer (seller) of products.

Article 217. Economic sanctions as a legal means of liability in the economic sector

1. Economic sanctions shall be deemed measures of influence on an offender in the area of economic activities, resulting in consequent adverse economic and/or legal consequences.

2. The following types of economic sanctions shall be applied in the economic sector: compensation for losses; penalties; operational and economic sanctions.

3. In addition to the economic sanctions specified in Part 2 of this Article, administrative and economic sanctions shall be applied to economic entities for violation of the regulations of economic activity.

4. Economic sanctions shall be applied under procedure established by law at the initiative of the parties to economic relations; administrative and economic sanctions shall be applied by government authorities or local governments.

Article 218. Grounds for economic and legal liability

1. Grounds for economic and legal liability of a party to economic relations shall be an offence committed by it in the economic sector.

2. A party to economic relations shall be liable for non-performance or improper performance of an economic obligation or violation of the regulations of economic activity, unless it proves that it has taken all measures to prevent an economic offence. Unless otherwise provided by law or agreement, for breach of economic obligation an economic entity shall bear economic and legal liability, unless it proves that proper

performance of the obligation was impossible due to force majeure, that is extraordinary circumstances beyond control under these conditions of economic activity. Breach of obligations by the offender's counterparties, deficiency of goods in the market required to fulfill the obligation, absence of required funds in a debtor shall not be classified as such circumstances.

Article 219. Limits of economic and legal liability. Reduction of amount and release from liability

1. For non-performance or improper performance of economic obligations or violation of the rules of economic activity, an offender shall be held liable of property belonging to it or assigned to it under the right of economic management or operational management, unless otherwise provided by this Code and other laws.

2. The founders of an economic entity shall not be held liable for the obligations of this entity, except in cases provided for by law or the constituent documents on the establishment of this entity.

3. Should an offence be prompted by illegal actions (inaction) of the other party to an obligation, the court shall be entitled to reduce the amount of liability or release a defendant from liability.

4. The parties to the obligation may provide for certain circumstances, which due to the extraordinary nature of these circumstances shall be a basis for their release from economic liability in case of breach of obligation due to these circumstances, as well as the procedure for certifying the occurrence of such circumstances.

Article 220. Debtor's delay

1. A debtor, which has delayed performance of an economic obligation shall be liable to a creditor (creditors) for damages caused by the delay and for the impossibility of performance, which accidentally arose after the delay.

2. If as a result of a debtor's delay a creditor has lost interest in the obligation, it is entitled to refuse to accept the performance and demand compensation for damages.

3. A debtor shall not be deemed to have overdue performance of the obligation until it can be performed due to a creditor's delay.

Article 221. Creditor's delay

1. A creditor shall be deemed to have overdue performance of an economic obligation if it has refused to accept the proper performance offered by a debtor, or has not performed actions provided by law, other legal acts, or arising from the content of an obligation in respect of which a debtor could not fulfill its obligation to a creditor.

2. A creditor's delay shall provide a debtor the right to compensation for damages caused by the delay, should a creditor fail to prove that the delay was not caused intentionally or through its negligence or those persons who under law or on behalf of a creditor were entrusted with acceptance of performance. After the expiration of a

creditor's delay, a debtor shall be liable for fulfillment according to a standard procedure.

3. Should a creditor fail to perform the actions specified in Part 1 of this Article, the performance may be postponed for the period of the creditor's delay.

Article 222. Pre-action procedure for performance of economic and legal liability

1. Parties to economic relations, which have violated the property rights or legitimate interests of other entities shall restore them before a claim or appeal is submitted to the court.

2. If there is a need to compensate for losses or apply other sanctions, an economic entity or other legal entity – a party to economic relations whose rights or legitimate interests have been violated, for the purpose of direct settlement of dispute with a violator of these rights or interests shall be entitled to file to it a written claim, unless otherwise provided for by law.

3. A claim shall state:

full name and postal details of a claimant and a person (persons) the claim is filed to;

claim's submission date and number;

the circumstances under which the claim was filed;

evidence confirming these circumstances;

a claimant's demands with reference to regulatory acts;

the amount of a claim and its calculation, should a claim be subject to monetary valuation;

claimant's payment details;

list of documents attached to the claim.

4. Documents confirming the applicant's claims shall be attached in original or duly certified copies. Documents available to the other party may not be attached to the claim.

5. The claim shall be signed by an authorised person of the claimant or its representative and sent to the addressee by registered or valuable letter or delivered to the addressee against a receipt.

6. The claim shall be considered within one month from the date of its receipt, unless another period is provided for by this Code or other legislative acts. The claim's recipient shall satisfy the applicant's justified claims.

{Part 6 of Article 222 as amended by Law No. 2705-IV of 23 June 2005}

7. When considering a claim, the parties, if needed, shall verify calculations, conduct an expert examination or perform other actions to provide pre-action settlement of the dispute.

8. The applicant shall be notified in writing of the findings of the claim's consideration. The response to the claim shall be signed by an authorised person or representative of the claim's recipient and sent to the applicant by registered or valuable letter or delivered against receipt.

{Part 9 of Article 222 has been deleted under Law No. 2705-IV of 23 June 2005}

Article 223. Terms of fulfilment of economic and legal liability

1. When fulfilling liability for economic offences in court, the general and reduced statute of limitations provided for by the Civil Code of Ukraine shall be applied, unless other terms are established by this Code.

2. The terms of application of administrative and economic sanctions to economic entities shall be provided for by this Code.

Chapter 25
COMPENSATION FOR LOSSES IN THE ECONOMIC SECTOR

Article 224. Compensation for losses.

1. A party to economic relations, which has violated an economic obligation or established requirements for conducting economic activities shall compensate for losses caused due to this to the entity whose rights or legitimate interests have been violated.

2. Losses shall be deemed expenses incurred by an entitled party, loss or damage to its property, lost profit, which an entitled party would have received in case of proper performance of the obligation or compliance with the rules of economic activity of the other party.

Article 225. Composition and amount of compensation for losses

1. Losses to be compensated by an entity that has committed an economic offence shall include:

the value of lost, damaged or destroyed property determined in accordance with the requirements of the legislation;

extra expenditures (penalties paid to other entities, the cost of additional work, additional supplies spent, etc.) incurred by a party that has suffered losses due to a violation of the obligation by the other party;

lost income (lost profit), which a party that suffered losses had the right to count on in case of proper performance of the obligation by the other party;

pecuniary compensation for non-pecuniary damage in cases provided for by law.

2. The law may establish limited liability for non-performance or improper performance of obligations in relation to certain types of economic obligations.

3. When determining the amount of losses, unless otherwise provided by law or agreement, the prices that existed at the place of performance of the obligation on the day of satisfaction by a debtor on a voluntary basis of the claim of a party that has suffered losses, and if the claim is not satisfied on a voluntary basis, on the day of filing a corresponding claim for recovery of losses in court, shall be taken into account.

4. Based on specific circumstances, the court may grant a claim for damages, taking into account the prices valid on the day of the court's decision.

{Part 5 of Article 225 has been deleted under Law No. 289-VIII of 07 April 2015}

{Part 6 of Article 225 has been deleted under Law No. 289-VIII of 07 April 2015}

{Part 7 of Article 225 has been deleted under Law No. 289-VIII of 07 April 2015}

Article 226. Terms and procedure for compensation of losses

1. A party to economic relations, which has committed an economic offence, shall take the necessary measures to prevent losses in the economic sector of other parties to economic relations or to reduce their size, and if losses are caused to other entities, it shall compensate for losses at the request of these entities on a voluntary basis in full, if the law or the agreement of the parties does not provide for compensation for losses in another amount.

2. A party that has violated its obligation or knows for sure that it will violate it when it is due, shall immediately notify the other party. Otherwise, this party shall be deprived of the right to refer to the failure of the other party to take measures to prevent losses and demand an appropriate reduction in the amount of losses.

3. A party to an economic obligation shall be deprived of the right to compensation for losses provided it was promptly notified by the other party about its prospective non-performance of the obligation and could have prevented the occurrence of losses by its actions, but did not do so, except in cases where the law or agreement does not provide otherwise.

4. Losses caused by the legitimate refusal of the obligated party to continue fulfilling the obligation shall not be subject to compensation.

5. In the event of non-fulfillment of the obligation to transfer to it a specified item (generic items), an entitled party shall have the right to demand deprivation of this item (items) from an obligated party or demand compensation for losses by the latter.

6. In the event of non-fulfillment of the obligation to perform a certain work (provide a service), an entitled party shall have the right to perform this work independently or entrust its performance (provision of the service) to third parties, unless otherwise provided for by law or obligation, and demand compensation for losses caused by non-fulfillment of the obligation.

7. Compensation for losses caused by improper performance of an obligation shall not release an obligated party from performing the obligation in kind, except as specified in Part 3, Article 193 hereof.

Article 227. Joint and several compensation for losses

1. Should the losses be caused simultaneously by several parties to economic relations, either party shall compensate for losses to an entity the damage was caused to, in accordance with the requirements of Article 196 hereof.

Article 228. Recourse claims for compensation of losses

1. A party to economic relations, which has compensated for losses shall be entitled to recover losses from third parties by way of recourse. Should there be due grounds, state-owned (communal) enterprises, shall take measures to recover losses from other economic entities by way of recourse or to recover losses from the guilty employees of an enterprise in accordance with the requirements of labour legislation.

Article 229. Compensation for losses in case of violation of monetary obligations

1. In case of violation of a monetary obligation, a party to economic relations shall not be released from liability due to the impossibility of performance and shall compensate for losses caused by non-performance of the obligation, as well as pay penalties in accordance with the requirements established by this Code and other laws.

2. The amount of losses shall be calculated in the currency in which settlements have been made or should be made between the parties, unless otherwise provided for by law.

3. In the event of raising claims for damages in foreign currency, a creditor shall indicate the monetary equivalent of the amount of losses in hryvnias at the official exchange rate of the National Bank of Ukraine on the day of raising claims.

Chapter 26
PENALTIES AND OPERATIONAL AND ECONOMIC SANCTIONS

Article 230. Penalties

1. Under this Code, penalties shall be deemed economic sanctions in the form of a sum of money (penalty, fine, penalty fee), which a party to economic relations shall pay in case of violation of the rules of economic activity, non-fulfillment or improper fulfillment of an economic obligation.

2. Entities to the right to apply penalties shall be the parties to economic relations specified in Article 2 hereof.

Article 231. Amount of penalties

1. The law may determine the amount of penalties for certain types of obligations, which shall not be changed by agreement of the parties.

2. Should an economic obligation be breached in which at least one party is an entity belonging to the state sector of the economy, or the violation is related to the performance of a state contract, or the performance of the obligation is funded from the State Budget of Ukraine or from a state loan, penalties shall be applied, unless otherwise provided for by law or agreement, in the amounts as follows:

for violation of the terms of an obligation regarding the quality (completeness) of goods (works, services), a fine shall be charged in the amount of twenty per cent of the cost of low-quality (incomplete) goods (works, services);

for violation of the terms of performance of an obligation, a penalty fee of 0.1 per cent of the cost of goods (works, services), which are overdue, shall be applied for each day of delay, and for delay exceeding thirty days, an extra fine of seven per cent of the specified value shall be charged.

3. The law may also determine the amount of penalties for other violations of certain types of economic obligations specified in Part 2 of this Article.

4. If the amount of penalties is not determined by law, the sanctions shall be applied in the amount stipulated in the agreement. At the same time, the amount of sanctions may be established by the agreement as an interest of the amount of the outstanding part of the obligation or in a certain, defined amount of money, or as an interest of the amount of an obligation, regardless of the degree of its fulfillment, or as a multiple of the value of goods (works, services).

5. Should the parties fail to reach the agreement on the establishment and amount of penalties for violation of an obligation, the dispute may be resolved in court at the request of a party concerned under the requirements of this Code.

6. Penalties for violation of monetary obligations shall be established as interest, the amount of which shall be determined by the discount rate of the National Bank of Ukraine, for the entire time of using other people’s funds, unless a different amount of interest is provided for by law or agreement.

7. The amount of penalties applied in intracompany relations for violation of obligations shall be determined by a respective economic entity – an economic organisation.

Article 232. Procedure for applying penalties

1. If penalties are imposed for non-performance or improper performance of an obligation, the losses shall be compensated in the part these sanctions are not applied to.

2. The law or agreement may provide for cases when:

only penalties can be collected;

losses can be collected in full in excess of penalties;

at a creditor’s choice, either losses or penalties can be collected.

3. A request for payment of penalties for an economic offence may be made by a party to economic economic relations whose rights or legitimate interests have been violated, and in cases provided for by law, it may be made by an authorised body with economic competence.

4. Interest for illegal use of other people's funds shall be collected on the day of payment of the amount of these funds to a creditor, unless the law or agreement establish a different period for calculating interest.

5. Under monetary obligation, a debtor shall not pay interest for a creditor's delay.

6. The accrual of penalties for overdue performance of an obligation, unless otherwise established by law or agreement, shall be terminated six months after the date when the obligation should have been fulfilled.

7. In cases stipulated by law, penalties for violation of economic obligations shall be levied by the court to the state revenue.

Article 223. Reducing the amount of penalties

1. If the penalties due for payment are excessively large in comparison with the creditor's losses, the court shall be entitled to reduce the amount of sanctions. In this respect, the following shall be duly considered: the degree of performance of an obligation by a debtor; the property status of the parties involved in the obligation; not only the property, but also other noteworthy interests of the parties.

2. Given the violation of an obligation has not caused losses to other parties to economic relations, the court may reduce the amount of penalties due for payment with due account of the debtor's interests.

Article 234. Obligation of a debtor that has paid the penalties to fulfill the obligation in kind

1. Payment of penalties for non-performance or improper performance of an economic obligation shall not release a debtor from fulfillment an obligation in kind, except in cases provided for in Part 3, Article 193 hereof.

Article 235. Operational and economic sanctions

1. For violation of economic obligations, economic entities and other parties to economic relations may be subject to operational and economic sanctions – measures of operational influence on an offender in order to stop or prevent repeated violations of an obligation used by the parties to an obligation unilaterally.

2. Only those operational and economic sanctions the application of which is provided for in the agreement may be applied to an entity that has violated an economic obligation.

3. Operational and economic sanctions shall be applied regardless of the fault of an entity that has violated an economic obligation.

Article 236. Types of operational and economic sanctions

1. In economic agreements, the parties may provide for the application of operational and economic sanctions as follows:

1) unilateral refusal to perform its obligation by an entitled party, with its release from liability – in case of violation of an obligation by the other party;

refusal to pay for an obligation that has been performed improperly or prematurely by a debtor without the consent of the other party;

postponement in shipment of goods or performance of works due to delay in issuing a letter of credit by a payer, termination of issuing bank loans, etc.;

2) refusal of an entitled party to an obligation to accept further performance of an obligation violated by the other party, or unilateral return of that fulfilled by a creditor under an obligation (debiting funds paid for low-quality products from the debtor's account without acceptance, etc.);

3) establishing unilaterally for future use additional guarantees of proper performance of obligations by a party that has violated an obligation: changing the procedure for payment for products (works, services), transferring a payer to pre-payment procedure for products (works, services) or to payment after inspecting their quality, etc.;

4) refusal to establish economic relations for the future with a party that violates the obligations.

2. The list of operational and economic sanctions provided for in Part 1 of this Article is not exhaustive. The parties may also provide for other operational and economic sanctions in the agreement.

Article 237. Grounds and procedure for applying operational and economic sanctions

1. The grounds for applying operational and economic sanctions shall be the fact of violation of an economic obligation by the other party. Operational and economic sanctions shall be applied by a party that has suffered from the offence, out-of-court and without preliminary submission of a claim to the violator of an obligation.

2. The procedure for applying specific operational and economic sanctions by the parties shall be defined by the agreement. In the event of disagreement with the application of an operational and economic sanction, a party concerned may apply to the court with an application for cancellation of such a sanction and compensation for losses caused by its application.

3. Operational and economic sanctions may be applied simultaneously with compensation for losses and collection of penalties.

Chapter 27
ADMINISTRATIVE AND ECONOMIC SANCTIONS

Article 238. Application of administrative and economic sanctions to the economic entities

1. For violation of the rules of economic activity prescribed by legislative acts, administrative and economic sanctions may be applied to economic entities by government authorities or local governments, that is, measures of an organisational, legal or property nature aimed at terminating the offence of an economic entity and eliminating its consequences.

2. Types of administrative and economic sanctions, terms and procedure for their application shall be defined by this Code and other legislative acts. Administrative and economic sanctions shall be established exclusively by law.

Article 239. Types of administrative and economic sanctions

1. Government authorities and local governments may apply administrative and economic sanctions to economic entities, in accordance with their powers and under the procedure established by law, as follows:

withdrawal of profit (income);

administrative and economic fine;

collection of duties (mandatory payments);

{Paragraph 5, Part 1 of Article 239 has neen deleted under Law No. 3541-IV of 15 March 2006}

application of anti-dumping measures;

termination of export and import operations;

application of an individual licensing mode under the terms and procedure established by law;

{Paragraph 8, Part 1 of Article 239 as amended by Law No. 222-VIII of 02 March 2015}

suspension of a license (patent) for the implementation of certain types of economic activities by an economic entity;

cancellation of a license (patent) for the implementation of certain types of economic activities by an economic entity;

restriction or suspension of the economic entity’s activities;

liquidation of an economic entity;

{Paragraph 12, Part 1 of Article 239 as amended by Law No. 642-VII of 10 October 2013}

other administrative and economic sanctions defined by this Code and other laws.

Article 240. Uncompensated seizure of profit (income)

1. Profit (income) obtained by an economic entity due to violation of the rules of economic activity defined by law, as well as the amount of hidden (undervalued) profit (income) or the amount of tax unpaid for a hidden taxation item, shall be subject to seizure to the revenue of the respective budget under procedure established by law.

In addition, an economic entity shall be charged a fine in cases and under procedure provided for by law, but not more than twice the amount of the withdrawn amount, and in case of repeated violation within a year after the application of this sanction it shall be three times the amount of the withdrawn amount.

2. The list of violations for which the sanctions provided for in this Article shall be applied to an economic entity, as well as the procedure for their application, shall be defined by laws.

Article 241. Fine as an administrative and economic sanction

1. An administrative and economic fine shall be deemed a sum of money paid by an economic entity to the respective budget in case of violation of the established rules for conducting economic activities.

2. The list of violations for which a fine shall be collected from an economic entity, the amount and procedure for its collection shall be defined by laws governing tax and other relations in which the offence is committed.

3. An administrative and economic fine may be applied in cases determined by law simultaneously with other administrative and economic sanctions provided for in Article 239 hereof.

{Article 242 has been deleted under Law No. 2756-VI of 02 December 2010}

{Article 243 has been deleted under Law No. 3541-IV of 15 March 2006}

Article 244. Application of anti-dumping measures

1. Should individual parties to economic relations conduct foreign economic activities related to obtaining an illegal advantage in the Ukrainian market (the implementation of dumping imports, subsidised imports, as well as other actions defined by law as unfair competition), which have caused damage to the economy of Ukraine or caused a threat of such damage, anti-dumping, compensation or special measures may be applied to these parties to economic relations under the law.

2. The procedure for determining the amount of damage (threat of damage) to the economy of Ukraine and applying the measures specified in this Article shall be established by the Cabinet of Ministers of Ukraine in accordance with law.

Article 245. Termination of export and import operations. Application of an individual licensing mode

1. In the events of unfair competition, placement of foreign currency valuables in violation of the procedure established by law on accounts and deposits outside Ukraine, as well as in other cases, should the actions of parties to foreign economic activity

cause damage to the economy of Ukraine, export and import operations of such economic entities shall be terminated under the terms and procedure provided for by law.

2. For violation of the rules for conducting foreign economic activities by economic entities regarding antimonopoly measures, prohibition of unfair competition and other rules defined in Part 1 of this Article, which establish certain restrictions or prohibitions in conducting foreign economic activity, such entities may be applied an individual licensing mode. The procedure and terms for applying the individual licensing mode shall be established by law.

Article 246. Restriction or suspension of the economic entity's activities;

1. It is prohibited to conduct any economic activity that threatens the life and health of people or poses an increased danger to the environment.

2. In the event of conducting economic activities in violation of environmental requirements, the activity of an economic entity may be restricted or suspended by the Cabinet of Ministers of Ukraine, the Council of Ministers of the Autonomous Republic of Crimea, as well as other authorised bodies under procedure established by law.

3. The grounds and procedure for restricting and suspending the activities of economic entities, as well as the powers of authorised bodies to make appropriate decisions shall be established by law.

{Part 3 of Article 246 as amended by Law No. 1602-VII of 22 July 2014}

{Part 4 of Article 246 has been deleted under Law No. 1602-VII of 22 July 2014}

Article 247. Liquidation of an economic entity whose activities contradict the law or its constituent documents

1. In cases established by law, an administrative and economic sanction may be applied to an economic entity in the form of its liquidation by a court decision.

{Article 247 as amended by Law No. 642-VII of 10 October 2013}

Article 248. State registration of the economic entity's liquidation

1. In the event of liquidation of an economic entity, a corresponding entry shall be made in the Unified State Register of Legal Entities and Individual Entrepreneurs;

{Article 248 as amended by Law No. 642-VII of 10 October 2013}

Article 249. Guarantees of the rights of economic entities in the event of illegal application of administrative and economic sanctions

1. An economic entity shall be entitled to appeal to the court a decision of any government authority or local government regarding the application of administrative and economic sanctions.

2. Should an act that does not comply with the legislation and violates the rights or legitimate interests of an economic entity be adopted by a government authority or local government, the latter, in accordance with Article 20 hereof, shall be entitled to apply to the court with an application for declaring such an act invalid.

3. Losses caused to an economic entity in connection with the illegal application of administrative and economic sanctions shall be subject to compensation in accordance with the procedure established by this Code and other laws.

Article 250. Terms of application of administrative and economic sanctions

1. Administrative and economic sanctions may be applied to an economic entity within six months from the date of detection of a violation, but not later than one year from the date of violation by this entity of the rules for conducting economic activities established by legislative acts, except in cases provided for by law.

2. The scope of this Article shall not apply to penalties, the amount and procedure for collecting of which are determined by the Tax Code of Ukraine, the Laws of Ukraine "On Currency and Currency Operations", "On Banks and Banking Activity" and other laws, control over compliance with which is entrusted to the tax and customs authorities.

{Article 250 has been supplemented by Part 2 under the Law No. 2756-VI of 02 December 2010; as amended by Laws No. 406-VII of 04 July 2013, No. 629-VIII of 16 July 2015, No. 2473-VIII of 21 June 2018, No. 440-IX of 14 January 2020}

3. The scope of this Article shall not apply to administrative and economic sanctions provided for by the Laws of Ukraine "On State Market Supervision and Control of Non-Food Products" and "On General Safety of Non-Food Products".

{Article 250 has been supplemented with Part 3 under the Law No. 367-IX of 12 December 2019}

Chapter 28
LIABILITY OF ECONOMIC ENTITIES FOR VIOLATION OF THE ANTIMONOPOLY AND COMPETITION LEGISLATION

Article 251. Imposition of fines for violation of antimonopoly and competition legislation

1. The Antimonopoly Committee of Ukraine shall impose fines on economic entities – legal entities for:

performing actions provided for in Articles 29, 30 and 32 hereof, evading execution or late execution of decisions of the Antimonopoly Committee of Ukraine or its territorial branches on termination of violations of the antimonopoly and competition legislation, restoration of the original state or amendements to agreements that contradict the antimonopoly and competition legislation;

creation, reorganisation (merger, accession), liquidation of economic entities, merger of one or more economic entities into an association, acquisition in any way, obtaining for management (use) of shares (equities) and assets (property) in the form of unified assets of enterprises or their structural units, as well as leasing unified assets of enterprises or their structural units without approval of the Antimonopoly Committee of Ukraine or its authorities in cases where the law provides for the need to obtain such approval;

failure to submit or overdue submission of information provided for by law, or submission of designedly inveracious information to the Antimonopoly Committee of Ukraine, or its territorial branches.

2. Committing actions defined by this Code as unfair competition by legal entities that are not economic entities shall entail the imposition of a fine by the Antimonopoly Committee of Ukraine or its territorial branches in the amount provided for by law.

Article 252. Administrative liability of individual entrepreneurs and officials

1. Officials of government authorities, local governments, enterprises, institutions, organisations, as well as individuals registered as entrepreneurs, shall bear administrative liability in accordance with law for:

committing actions provided for in Articles 29–32 hereof;

failure to submit or overdue submission of information provided for by law, or submission of designedly inveracious information to the Antimonopoly Committee of Ukraine, or its territorial branches.

evasion from execution or overdue execution of decisions of the Antimonopoly Committee of Ukraine and its territorial branches.

2. Commiting actions defined by this Code as unfair competition by individual entrepreneurs, as well as committing of these actions to the benefit of third parties by individuals who are not entrepreneurs shall entail administrative liability provided for by law.

3. Fines for violations of the antimonopoly and competition legislation shall be collected by court.

Article 253. Seizure of illegally obtained profit (income)

1. Profit (income) illegally obtained by economic entities due to violation of Articles 29, 30 and 32 hereof shall be levied by a court decision to the State Budget of Ukraine.

Article 254. Withdrawal of goods with illegally used markings or goods that are copies of another economic entity's products

1. Should the fact of illegal use of other people’s markings, advertising materials, packaging or the fact of copying products provided for in Article 33 hereof be determined, parties concerned may apply to the Antimonopoly Committee of Ukraine

or its territorial branches with an application for seizure of goods with illegal markings or copies of products of another economic entity from both a manufacturer and a seller by a court order.

2. Seizure of goods with illegal markings and copies of products of another economic entity shall be applied if the possibility of confusing with the activities of another economic entity cannot be eliminated in another way.

3. The procedure for using seized goods shall be determined by the Cabinet of Ministers of Ukraine.

Article 255. Compensation for losses.

1. Losses caused by abuse of a monopoly position, anticompetitive concerted actions, discrimination of economic entities by government authorities, local governments, as well as losses caused due to committing actions defined by this Code as unfair competition, shall be subject to compensation for claims of parties concerned in accordance with the procedure established by law.

Article 256. Refutation of false, inaccurate or incomplete information

1. Should the fact of discrediting an economic entity be determined, the Antimonopoly Committee of Ukraine and its territorial branches shall be entitled to make a decision to refute false, inaccurate or incomplete information disseminated by a violator within the period and in the manner prescribed by legislation or this decision.

Article 257. Procedural basis for consideration of unfair competition cases by the Antimonopoly Committee of Ukraine and its territorial branches

1. Cases of violation of the antimonopoly and competition legislation shall be considered by the Antimonopoly Committee of Ukraine and its territorial branches in accordance with the procedure established by law.

Section VI
SPECIFIC ASPECTS OF LEGAL REGULATION IN CERTAIN ECONOMIC SECTORS

Chapter 29
SECTORS AND TYPES OF ECONOMIC ACTIVITY

Article 258. General terms that determine specific aspects of governing economic relations

1. Specific aspects of legal regulation of economic relations shall be determined depending on the area of social production in which these relations develop, the specific features of economic sector, the type of economic activity, the economic form of the outcome of economic activity, the space in which economic relations are developed (domestic or foreign market), the characteristics of entities between which economic relations arise.

2. Legal regulation of economic relations shall be effected with due account of the existing social division of labour and objectively existing economy sectors.

3. Specific aspects of legal regulation of foreign economic relations are defined by Section VII hereof.

Article 259. Types of economic activity and their classification

1.Type of economic activity arises in the event of consolidating resources (equipment, technological means, raw supplies and materials, labour) to create the production of certain goods or provide services. A separate type of activity may consist of a single simple process or cover a number of processes, each of which shall be included in the corresponding category of classification.

2. In the legal regulation of economic activity and in the implementation of state management of the economy, the specific features of the implementation of certain types of these activities by economic entities shall be taken into account.

3. To assign an economic entity to an appropriate accounting category, the main, secondary and auxiliary types of economic activity shall be determined.

4. In order to provide the system of state management of the economy with accounting and statistical information that meets the needs of the parties to economic relations in objective data on the condition and trends of socio-economic development, economic and financial relations at the interstate, state, regional and industry levels, as well as the introduction of international standards in the area of accounting and reporting and the transition to the international system of accounting and statistics, the Cabinet of Ministers of Ukraine shall approve steps for the development of national statistics of Ukraine and the National Classification System.

{Part 4 of Article 259 as amended by Law No. 1315-VII of 05 June 2014}

5. National classifiers shall be an integral part of the National Classification System. The central executive authority that ensures the development of state policy in the area of economic development shall approve, make amendments and cancel national classifiers.

The procedure for developing, approving, amending and canceling national classifiers shall be established by the central executive authority that ensures the development of state policy in the area of economic development.

{Part 5 of Article 259 as amended by Law No. 5463-VI of 16 October 2012; as amended by Laws No. 1315-VII of 05 June 2014, No. 124-IX of 20 September 2019}

{Part 6 of Article 259 has been deleted under Law No. 1315-VII of 05 June 2014}

Article 260. Economic industries and their classification

1. The totality of all production units that generally conduct the same or similar types of production activities shall be deemed an industry.

2. General classification of economic industries shall be an integral part of the unified system of classification and coding of technical, economic and statistical information used by economic entities and other parties to economic relations, as well as government authorities and local governments in the course of governing economic activities.

3. Requirements for the classification of economic industries shall be established by law.

Article 261. Material production industries

1. Material production shall include industries defined by the types of activities that create, restore or find material goods (products, energy, natural resources), an continue production in the area of circulation (sale) by moving, storing, sorting, packaging products or other types of activities.

2. All other types of activities in their totality shall constitute the field of intangible production (non-production field).

Article 262. Industrial and technical products and consumer goods

1. Material production industries shall be engaged in the production of material goods intended both for use in the field of production as means of production (industrial and technical products) and for use in the field of personal consumption (consumer goods).

2. If the wares can be used both in production and for personal consumption, the economic form of such wares shall be determined depending on the intended purpose of a particular ware.

3. The turnover of industrial and technical products and the turnover of consumer goods in the economic sector shall be governed by this Code and other legislative acts adopted under it, and in the part not regulated by these acts, the respective provisions of the Civil Code of Ukraine shall be applied.

4. Specific feature of legal regulation of economic activities related to the sale of industrial and technical products and consumer goods shall be defined by this Code and other legislative acts that do not contradict it.

Chapter 30
SPECIFIC ASPECTS OF LEGAL REGULATION OF ECONOMIC AND TRADE ACTIVITIES

Article 263. Economic and trade activities

1. Economic and trade activity shall be deemed an activity conducted by economic entities in the field of commodity circulation, aimed at the sale of industrial and technical products and consumer goods, as well as auxiliary activities that provide their sale by rendering appropriate services.

2. Depending on the market (internal or external) within which commodity circulation is effected, economic and trade activities shall act as domestic trade or foreign trade.

3. Economic and trade activities may be conducted by economic entities in the following forms: material and technical supply and sale; energy supply; procurement; wholesale trade; retail trade and public catering; sale and lease of production means; commercial mediation in the implementation of trade activities and other auxiliary activities to provide the sale of goods (services) in the turnover.

4. Economic and trade activities shall be mediated by economic agreements for the supply, contracting of agricultural products, energy supply, purchase and sale, lease, barter, leasing and other agreements.

§ 1. Supply.

Article 264. Material and technical supply and sale

1. Material and technical supply and sale of industrial and technical products and consumer goods, both of own production and purchased from other economic entities shall be conducted by economic entities through delivery, and in cases provided for by this Code, also on the basis of purchase and sale agreements.

2. The legislation may provide for the specific aspects of the delivery of certain types of industrial and technical products or consumer goods, as well as a special procedure for the delivery of products for priority state needs.

{Part 2 of Article 264 as amended by Law No. 3205-IV of 15 December 2005}

3. Basic requirements for the conclusion and execution of supply agreements shall be defined by this Code and other legislative acts.

Article 265. Supply agreement

1. Under a supply agreement, one party – a supplier shall deliver (supply) the goods to the other party – a buyer within the agreed time frame (term), and the buyer shall accept specified goods and pay a certain amount of money for it.

2. A supply agreement shall be concluded at the discretion of the parties or in accordance with the state order.

3. The parties to a supply agreement may be economic entities specified in Clauses 1, 2 , Part 2 of Article 55 hereof.

4. The parties shall be entitled to apply established international customs, recommendations, rules of international authorities and organisations to determine the terms and conditions of a supply agreement, unless this is prohibited directly or exclusively by this Code or laws of Ukraine.

{Part 4 of Article 265 as amended by Law No. 5060-VI of 05 July 2012}

5. Delivery of goods without entering into a supply agreement may be conducted only in cases and in accordance with the procedure provided for by law.

6. The sale of goods by economic entities to non-economic entities shall be effected under the rules on purchase and sale agreements. The respective provisions of the Civil Code of Ukraine on the purchase and sale agreement shall apply to delivery relations that are not regulated by this Code.

Article 266. Subject, quantity and range of supply

1. The subject of supply shall be products defined by generic characteristics, products with the name specified in the documentation for samples (standards), price lists or commodity research reference books. The subject of supply can also be products, goods defined by individual characteristics.

{Part 1 of Article 266 as amended by Law No.124–IX of 20.09.2019}

2. The total number of goods to be supplied, their partial ratio (range, assortment, classification) by grades, groups, subgroups, types, brands, and sizes shall be determined by the specification by agreement of the parties, unless otherwise provided for by law.

Article 267. Delivery terms and procedure

1. A supply agreement may be concluded for one year, for a period of more than one year (long-term agreement), or for another period determined by agreement of the parties. If an agreement does not specify its validity period, it shall be deemed concluded for one year.

2. Delivery terms shall be set by the parties in the agreement, with due account of the need for uninterrupted supply of goods to consumers, unless otherwise provided for by law.

3. Should a long-term agreement define the quantity of supply only for a year or less, the agreement shall provide for the procedure for co-ordinating the terms of delivery by the parties for subsequent periods before the agreement's expiration. If such a procedure is not provided for, the agreement shall be considered concluded for one year.

4. Should the parties provide for the delivery of goods in separate batches, the term (period) of delivery of industrial and technical products shall normally be a quarter, as for consumer goods, it is a month, as a rule. The parties may also co-ordinate the delivery schedule in the agreement (month, decade, day, etc.).

5. By agreement of the parties, a supply agreement may provide for the procedure for shipment of goods by any mode of transport, as well as the selection of goods by a buyer.

6. The agreement may provide for the shipment of goods by a consignor (manufacturer), which is not a supplier and the receipt of goods by a consignee, which is not a buyer, as well as payment for goods by a payer, which is not a buyer.

7. The agreement may provide for the procedure for delivery of the quantity of goods not received by a buyer within the established time limit.

Article 268. Quality of delivered goods

1. The quality of the delivered goods shall comply with standards, technical conditions (if any), other technical documentation that sets requirements for their quality, or samples (standards), if the parties do not specify higher requirements for the quality of goods in the agreement.

2. The numbers and indexes of standards, technical specifications (if any) or other documentation on the quality of goods shall be specified in the agreement. If the specified documentation is not provided in publicly available publications, its copies shall be attached by a supplier to a copy of a buyer's agreement upon request.

3. If the agreement does not stipulate terms regarding the quality of goods, the latter shall be determined according to the purpose of the agreement or to the usual quality level for the subject of the agreement or general quality criteria.

4. A supplier shall certify the quality of the delivered goods with the appropriate accompanying document, which shall be sent together with the goods, unless otherwise provided for in the agreement.

5. In the event of delivery of goods of lower quality than required by the standard, technical specifications (if any) or a sample (standard), a buyer shall be entitled to refuse to accept and pay for the goods, and if the goods have already been paid for by a buyer, to demand a refund of the amount paid.

6. If the defects of the delivered goods can be eliminated without returning them to a supplier, a buyer shall be entitled to demand that a supplier eliminates the defects in the location of the goods or eliminate them by its own means at the expense of supplier.

7. If the delivered goods meet the standards or specifications (if any), but turn out to be of a lower grade than stipulated, a buyer shall have the right to accept the goods with payment at the price established for goods of the corresponding grade, or refuse to accept and pay for the delivered goods.

8. Should s buyer (consignee) refuse to accept goods that do not meet the quality standards, technical conditions (if any), samples (standards) or the terms of the agreement, a supplier (manufacturer) shall dispose of the goods within ten days, and for perishable goods within 24 hours from the date of receipt of a buyer's (consignee's) notification of the refusal of goods. Should a supplier (manufacturer) fail to dispose of the goods within the specified period, a buyer (consignee) shall be entitled to sell them

on the spot or return them to the manufacturer. Perishable goods shall be subject to on-site sales in all cases.

{Text of Article 268 as amended by Law No. 124-IX of 20 September 2019}

Article 269. Product quality guarantee. Claims for defects in delivered goods

1. The terms and procedure for determining by a buyer the defects of the goods delivered, which could not be detected during their regular acceptance, and raising claims to a supplier in connection with the defects of the delivered goods shall be determined by the legislation in accordance with this Code.

2. Standards, technical specifications (if any) or an agreement as for goods intended for long-term use or storage may provide for longer periods for a buyer to establish the specified defects in due course (guaranteed periods). The parties may stipulate in the agreement that the guaranteed period shall be longer than the standards or specifications provided for (if any).

{Part 2 of Article 269 as amended by Law No. 124-IX of 20 September 2019}

3. Guaranteed service life shall be calculated from the date of putting a product into service, but not later than one year from the date of receipt of a product by a buyer (consumer); as for consumer goods to be sold through retail trade it shall be calculated from the date of retail sale of a product, unless otherwise provided by the standards, technical conditions (if any) or the agreement.

{Part 3 of Article 269 as amended by Law No. 124-IX of 20 September 2019}

4. Guaranteed shelf life and storage of goods shall be calculated from the date of manufacture of the goods.

5. A supplier (manufacturer) shall guarantee the quality of goods as a whole. Guaranteed period for components and parts shall be considered equal to the guaranteed period for the main product, unless otherwise provided by the agreement or standards, technical specifications (if any) for the main product.

{Part 5 of Article 269 as amended by Law No. 124-IX of 20 September 2019}

6. A supplier (manufacturer) shall at its own expense eliminate defects in the product identified during the guaranteed period, or to replace the goods, unless it proves that the defects occurred as a result of violation by a buyer (consumer) of the rules of service or storage of a product. In the event of elimination of defects in the product for which the guaranteed service period has been established, this period shall be extended for the period during which it was not used due to its defect, and when replacing the product, the guaranteed period shall be calculated anew from the date of replacement.

7. In the event of delivery of goods of improper quality, a buyer (consignee) shall be entitled to collect a fine from the manufacturer (supplier) in the amount provided for in Article 231 hereof, unless another amount is provided for by law or agreement.

8. Claims arising from the delivery of goods of improper quality may be filed within six months from the date of identification by a buyer of defects in the goods delivered under due procedure.

Article 270. Completeness of delivered goods

1. Goods shall be delivered complete in accordance with the requirements of standards, technical specifications (if any) or price lists. The agreement may provide for delivery with additional products (parts) to the set or without some products (parts) included in the set that are not required by a buyer.

{Part 1 of Article 270 as amended by Law No. 124-IX of 20 September 2019}

2. If the completeness is not defined by standards, technical specifications (if any) or price lists, it may be determined by the agreement, if needed.

{Part 2 of Article 270 as amended by Law No. 124-IX of 20 September 2019}

3. In the event of delivery of incomplete products, a supplier (manufacturer) shall complete them at the request of a buyer (consignee) within twenty days after receiving the request or replace them with complete products within the same period, unless the parties have agreed on another period. Further, before completing a product or its replacing, a buyer (consignee) shall be entitled to refuse to pay for it, and if the product has already been paid, demand a refund of the amounts paid under the established procedure. Should a supplier (manufacturer) fail to complete the product or replace it with a completed one within the established time limit, a buyer shall be entitled to refuse it.

4. The buyer's acceptance of incomplete products shall not release a supplier (manufacturer) from liability.

Article 271. Provisions on supply and Special Delivery Terms

1. The Cabinet of Ministers of Ukraine, in accordance with the requirements of this Code and other laws, shall approve Provisions on the supply of industrial and technical products and consumer goods, as well as Special Delivery Terms for certain types of goods.

§ 2. Contracting of agricultural products

Article 272. Agricultural production contractual agreement

1. State procurement of agricultural products shall be effected under contractual agreements concluded on the basis of state orders for the supply of agricultural products to the state.

2. Under the contractual agreement, a manufacturer of agricultural products (hereinafter referred to as a manufacturer) shall transfer to a procurement or processing enterprise or organisation (hereinafter referred to as a contractor) the products manufactured by it within the terms, quantities and range stipulated in the agreement,

and a contractor shall assist a manufacturer in the manufacturing of the specified products, accept and pay for them.

3. Contractual agreements shall provide for:

types of products (range), maximum permissible concentration of harmful substances in products;

{Paragraph 2, Part 3 of Article 272 as amended by Law No. 124-IX of 20 September 2019}

the quantity of products that a contractor shall accept directly from a manufacturer;

price per unit, total amount of the agreement, procedure and terms of delivery, period of delivery and acceptance of products;

obligations of the contractor to provide assistance in organising the manufacture of agricultural products and their transportation to reception points and enterprises;

mutual property liability of the parties in case of non-fulfillment of the terms of the agreement;

other terms and conditions stipulated by Standard Contractual Agreement for agricultural products approved in accordance with the procedure established by the Cabinet of Ministers of Ukraine.

Article 273. Specific features of execution of contractual agreements

1. A manufacturer shall notify a contractor no later than fifteen days before the start of harvesting of products about the quantity and timing of delivery of agricultural products offered for sale, and agree on a calendar schedule for their delivery.

2. A contractor shall accept from a manufacturer all products declared by it on the terms stipulated in the agreement. Non-standard perishable products suitable for consumption in fresh or processed form, and standard perishable products delivered in excess of the volumes stipulated in the agreement shall be accepted by a contractor at prices and on the terms agreed by the parties.

3. A contractual agreement may provide for the volume of agricultural products that a contractor shall accept directly from a manufacturer, and products that shall be delivered directly by a manufacturer to commercial enterprises. The remaining products shall be accepted by a contractor at the reception points defined by the agreement, located within the administrative district at the location of a manufacturer.

4. Providing manufacturers with containers and necessary supplies for packaging products shall be effected in the quantity, under procedure and terms stipulated in the agreement.

5. Other specific features of the implementation of contractual agreements shall be defined by the Provision on contracting agricultural products, which shall be approved by the Cabinet of Ministers of Ukraine.

Article 274. Liability under a contractual agreement

1. For failure to deliver agricultural products within the terms stipulated in the agreement, a manufacturer shall pay a contractor a penalty in the amount established by the agreement, unless another amount is provided for by law.

2. For non-fulfillment of an obligation to accept agricultural products directly from a manufacturer, as well as in the event of refusal to accept products presented by a manufacturer within the timing and in accordance with the procedure agreed by the parties, a contractor shall pay a manufacturer a fine of five per cent of the value of the rejected products, taking into account surcharges and discounts, and also compensate for losses caused to a manufacturer; as for perishable products, a contractor shall pay their full cost.

3. In the event the products were not prepared for delivery and acceptance in a timely manner and a contractor was not notified about it, a manufacturer shall compensate a contractor for the losses incurred.

4. A contractual agreement may also provide for other sanctions for non-performance or improper performance of obligations in accordance with the requirements of this Code.

§ 3. Power supply

Article 275. Power supply agreement

1. Under a power supply agreement, a power supply company (power supplier) shall supply electric energy, steam, hot and superheated water (hereinafter referred to as power) to a consumer (subscriber), who shall pay for the received power and comply with the mode of its use provided for in the agreement, and provide the safe operation of the power equipment.

A separate type of a power supply agreement shall be an electric power supply agreement. Specific features of the supply of electric power to consumers and the requirements for an electric power supply agreement shall be established by the Law of Ukraine “On the Electric Power Market”.

{Part 1 of Article 275 has been supplemented by Paragraph 2 under the Law No. 663-VII of 24 October 2013; as amended by Law No. 2019-VIII of 13 April 2017}

2. Providing with power without signing an electric power supply agreement shall be prohibited.

3. The subject of an electric power supply agreement shall be certain types of power with the name provided for in a regulatory act.

{Part 3 of Article 275 as amended by Law No. 124-IX of 20 September 2019}

{Part 4 of Article 275 has been deleted under Law No. 2019-VIII of 13 April 2017}

5. Power supply companies of other forms of ownership, except for state-owned and communal ones, may participate in providing power to any consumers, including through the state (communal) power grid, under the conditions defined by the respective agreements.

Article 276. Quantity and quality of power. Terms, prices and settlement procedure for an electric power supply agreement

1. The total amount of power to be provided shall be determined by agreement of the parties. Should the power be supplied on account of an order for priority state needs (limit), a power supplier shall not have the right to reduce this limit to a consumer without its consent.

{Part 1 of Article 276 as amended by Law No. 3205-IV of 15 December 2005}

2. Consumer's proposals regarding the quantity and types of power, terms of its supply shall be a priority provided a power supplier has production capabilities.

3. Power quality indicators shall be agreed by the parties by coordinating a list (value) of indicators, the maintenance of which shall be a responsibility of the parties to the agreement.

{Part 3 of Article 276 as amended by Law No. 124-IX of 20 September 2019}

4. The terms of power supply shall be set by the parties in the agreement normally based on the need to provide its uninterrupted supply to a consumer. The main accounting period for power supply shall be a decade, with volume adjustments during the day. The parties can agree upon the power supply during the day by hours, and the time and duration of maximum and minimum loads.

5. The amount of power not received in previous periods due to the fault of a power supplier shall be subject to replenishment at the consumer's request. Should a consumer fail to consume power or receive less power for heating due to favourable weather conditions, the replenishment of the lost power shall be effected by agreement of the parties.

6. Settlements under power supply agreements shall be effected on the basis of prices (tariffs) established/determined in accordance with the requirements of the law.

{Part 6 of Article 276 as amended by Law No. 663-VII of 24 October 2013}

7. Payment for the supplied power shall be effected under the terms of the agreement. The agreement may provide for advance payment, scheduled payments with subsequent recalculation, or payment made for the cost of accepted resources.

{Part 7 of Article 276 as amended by Law No. 3569-VI of 05 July 2011}

8. Should a consumer have its own power source and supply energy to the supplier's power network, calculations shall be allowed based on the balance of mutually received power.

{Article 277 has been deleted under Law No. 2019-VIII of 13 April 2017}

§ 4. Exchange trading

Article 278. Trading and exchange activities

1. Conducting trading and exchange activities shall be aimed at organising and regulating trade by providing services to economic entities in conducting their trading operations by a specially established economic organisation – a commodity exchange.

2. The legal terms for the establishment and operation of commodity exchanges, as well as the basic rules for trading and exchange activities, shall be determined by this Code, laws and other regulatory acts adopted under it.

3. The legal terms for organising and conducting purchase and sale of electric power shall be established by the Law of Ukraine "On the Electric Power Market".

{Article 278 has been supplemented by Part 3 under the Law No. 663-VII of 24 October 2013; as amended by Law No. 2019-VIII of 13 April 2017}

Article 279. Commodity exchange

1. A commodity exchange shall be deemed a special economic entity that provides services in concluding exchange transactions, identifying supply and demand for goods, commodity prices, studying, streamlining trade turnover and facilitating related trading operations.

2. A commodity exchange shall be a legal entity operating under principles of self-government and economic independence, having separate property, an independent balance sheet, accounts in banking institutions, also it may have its own stamps.

{Part 2 of Article 279 as amended by Law No. 1206-VII of 15 April 2014}

3. A commodity exchange shall be established on a basis of a voluntary association of engaged economic entities. Founders and members of a commodity exchange shall not be government authorities and local governments, as well as state-owned and communal enterprises, institutions and organisations that are fully or partially supported by the State Budget of Ukraine or local budgets.

4. The establishment of a commodity exchange shall be made by entering into an agreement by the founders, which shall determine the procedure for its establishment, the composition of its founders, their obligations, the amount and terms of payment of share, admission and regular contributions. Founders shall pay a share contribution.

5. A commodity exchange shall operate under the charter, which shall be approved by the exchange founders.

6. State registration of a commodity exchange shall be effected in accordance with the requirements of Article 58hereof.

7. A commodity exchange shall not be engaged in commercial intermediation and shall not not pursue the purpose of making a profit.

8. A commodity exchange shall operate on the principles of equality of the parties to exchange trading, public conduct of exchange trading, and the application of free (market) prices.

Article 280. Rights and obligations of a commodity exchange

1. A commodity exchange shall be entitled to:

establish its own rules of exchange trading and exchange arbitration that shall be binding for all bidders in accordance with the legislation;

fix admission and regular fees for exchange members, the amount of payment for services provided by the exchange;

establish and charge a fee for registering transactions on the exchange under the exchange charter, as well as sanctions for violating the exchange charter and exchange rules;

create divisions of the exchange and approve respective provisions;

establish arbitration commissions to resolve disputes in trade transactions;

develop standard contracts;

{Paragraph 7, Part 1of Article 280 as amended by Law No. 124-IX of 20 September 2019}

enter into agreements with other exchanges, have their representatives on exchanges, including those located outside Ukraine;

issue stock market bulletins, reference books, and other informational and advertising publications;

resolve other issues provided for by law.

2. A commodity exchange shall:

create conditions for conducting exchange trading;

regulate exchange operations;

regulate the prices of goods allowed to be traded on the exchange;

provide organisational, informational and other services to exchange members and visitors;

provide collection, processing and distribution of information related to market conditions.

Article 281. Rules of exchange trading. Exchange trading

1. The rules of exchange trading shall be developed in accordance with the legislation and shall be a principal document regulating the procedure for conducting exchange operations, exchange trading and resolving disputes on these issues.

2. The rules of exchange trading shall be approved by the general meeting of members of the commodity exchange or their authorised body.

3. Exchange trading shall be deemed trading that is publicly and openly conducted in the trading floors of the exchange with the participation of the members of the exchange on goods allowed for sale on the exchange in accordance with the procedure established by the rules of exchange trading.

4. Exchange operations may be conducted exclusively by members of the exchange or individual brokers registered at the exchange under its charter to fulfill the instructions of the exchange members they represent to conduct exchange operations.

Article 282. Termination of a commodity exchange

1. Termination of a commodity exchange shall take place upon a decision of the general meeting of exchange members, as well as by a court decision in cases provided for by law.

§ 5. Property rental and leasing

Article 283. Lease of property in the economic sector

1. Under a lease agreement, one party (a lessor) shall transfer property for conducting economic activities to the other party (a lessee) for a fee for a certain period of time.

2. Individually defined industrial and technical property (or a unified asset) that does not lose its consumer quality (non-consumer item) in the process of its use shall be transferred for use under a lease agreement.

3. Leased property may be as follows:

state-owned and communal enterprises or their structural units as unified assets, that is, economic facilities with a completed production cycle of goods (works, services), a separate land plot on which a facility is located, and autonomous engineering communications and a power supply system;

immovable property (buildings, structures, rooms);

other separate individually defined industrial and technical property belonging to economic entities.

4. The lease of structural units of state-owned and communal enterprises shall not violate the production and economic integrity, and technological unity of this enterprise.

5. The law may define a list of state-owned and communal enterprises whose unified assets shall not be leased.

6. Respective provisions of the Civil Code of Ukraine shall apply to lease relations, with due account of the specific aspects provided for in this Code.

Article 284. Terms of a lease agreement

1. The essential terms of a lease agreement shall be: leased property (composition and value of the property, with due account of its indexation); the term for which a lease agreement is concluded; its lease payment, with due account of its indexation; the procedure for using depreciation charges; restoration of the leased property and the conditions for its return or redemption.

2. Assessment of a leased property shall be effected at the replacement cost, except for leased property of state-owned and communal property, the assessment of which shall be effected according to the methodology approved by the Cabinet of Ministers of Ukraine. The terms of a lease agreement shall remain valid for the entire term of the agreement, as well as if, after its conclusion, the legislation establishes rules that aggravate the situation of a lessee.

{Part 2 of Article 284 as amended by Law No. 3269-VI of 21 April 2011}

3. Reorganisation of a lessor shall not be a reason for amending the terms or terminating a lease agreement.

4. The term of a lease agreement shall be determined by agreement of the parties. If there is no application from either party to terminate or amend the terms of a lease agreement, within one month after the expiration of an agreement, it shall be deemed extended for the same period and under the same terms and conditions that were provided for in the agreement.

Article 285. Basic rights and obligations of a lessee

1. A lessee shall have a pre-emptive right over other economic entities to extend the term of a lease agreement.

2. A lessee may be obliged to use the leased property for its intended purpose in accordance with the profile of the production activity of an enterprise whose property is leased.

3. A lessee shall take care of the leased property in accordance with the terms of the agreement, preventing its damage or deterioration, and effect the lease payment in full and in a timely manner.

4. A lessee shall reimburse a lessor for the value of the leased property in case of alienation of this property or its destruction or damage due to the lessee’s fault.

Article 286. Lease payment

1. Lease payment shall be deemed a fixed payment that a lessee shall pay to a lessor regardless of the consequences of its economic activities. The amount of lease payment may be changed by agreement of the parties, as well as in other cases stipulated by law.

2. A lessee shall be entitled to demand a reduction in the amount of lease payment if, due to the circumstances beyond its control, the economic conditions stipulated in

the agreement have changed or the condition of a leased property has significantly deteriorated.

3. Lease payment shall be fixed in monetary terms. Depending on the specific features of the lessee's production activities, lease payment may be fixed in kind or in cash by agreement of the parties.

4. The terms of lease payment shall be defined in the agreement.

Article 287. Lease of state and communal property

1. State and communal property lessors shall be as follows:

1) The State Property Fund of Ukraine, its regional branches – in relation to unified assets of enterprises, their structural units and immovable property that is state property, as well as other property stipulated by law;

2) bodies authorised by the Verkhovna Rada of the Autonomous Republic of Crimea or local councils to manage property – respectively, in relation to property that belongs to the Autonomous Republic of Crimea or is a communal property;

3) state-owned (communal) enterprises, institutions and organisations – in relation to immovable property, the total area of which shall not exceed 200 sq m per enterprise, institution, organisation, and other separate individually defined property, unless otherwise provided for by law;

{Clause 3, Part 1 of Article 287 as amended by Law No. 3269-VI of 21 April 2011; as amended by Law No. 5213-VI of 06 September 2012}

4) state-owned enterprise for providing the functioning of diplomatic missions and consular offices of foreign states, representative offices of international intergovernmental organisations in Ukraine of the State Administration of Affairs – in relation to immovable property and other separate individually defined property of this enterprise.

{Part 1 of Article 287 has been supplemented with Clause 4 under the Law No. 5063-VI of 05 July 2012}

2. Organisational and property relations arising from the leasing of unified assets of the state sector of the economy, as well as unified assets that are communal property, shall be regulated by law in accordance with this Code.

3. The purpose and subject of economic activity defined in the constituent documents of an economic entity that conducts economic activity based on leased property shall not contradict the terms of a lease agreement.

{Part 3 of Article 287 as amended by Law No. 3269-VI of 21 April 2011}

Article 288. Sublease of state and communal property

1. A lessee shall be entitled to sublease certain leased property, unless otherwise provided for by law or a lease agreement.

2. Sublease of unified assets shall not be allowed.

Article 289. Purchase (privatisation) of a property

1. A lessee shall be entitled to purchase leased property, should this right be provided for in a lease agreement.

{Part 2 of Article 289 has been deleted under Law No. 3269-VI of 21 April 2011}

3. A lessee shall be entitled to refuse to exercise the right to purchase leased property provided for in the agreement at any time.

4. Privatisation of leased-out unified assets, immovable and other separate individually defined property shall be conducted in cases and in accordance with the procedure provided for by law.

{Part 4 of Article 289 as amended by Law No. 3269-VI of 21 April 2011}

{Article 290 has been deleted under Law No. 1509-VI of 11 June 2009}

Article 291. Termination of a lease agreement

1. Unilateral withdrawal from a lease agreement shall not be allowed.

2. Lease agreement shall be terminated in the following cases:

the term of the agreement has expired;

purchase (privatisation) of leased property;

liquidation of the lessee's economic entity;

loss (destruction) of leased property.

3. Lease agreement may be terminated by agreement of the parties. At the request of either party, a lease agreement may be terminated prematurely on the grounds provided for by the Civil Code of Ukraine for termination of a lease agreement, in accordance with the procedure established by Article 188 hereof.

4. The legal consequences of termination of a lease agreement shall be determined in accordance with the terms of regulation of a lease agreement by the Civil Code of Ukraine.

Article 292. Leasing in an economic sector

1. Leasing shall be deemed as an economic activity aimed at investing own or attracted financial resources, which consists in providing under a lease agreement by one party (a lessor) for the exclusive use of the other party (a lessee) property for a certain period of time that belongs to a lessor or is acquired by it in ownership (economic management) on behalf of or by agreement of a lessee from a respective supplier (seller) of the property, provided that a lessee effects regular lease payments.

2. Depending on the specific features of leasing operations, leasing can be of two types – financial or operational one. According to the form of implementation, leasing can be reverse, shared, international, etc..

3. Leasing property may be immovable and movable property intended for use as fixed assets, which is not prohibited by law for free circulation in the market and in respect of which there are no restrictions on its transfer to leasing.

4. The property specified in Part 1 of this Article, which is state (communal) property, may be a leasing property only in co-ordination with the authority that manages this property, in accordance with law.

5. Land plots, other natural sites, as well as unified assets of state (communal) enterprises and their structural units shall not be leased property.

6. The transfer of ownership of a leased property to another entity shall not be grounds for termination of a lease agreement.

7. Legal regulation of leasing shall be conducted in accordance with this Code and other laws.

§ 6. Other types of economic and trade activities

Article 293. Exchange (barter) in the economic sector

1. Under an exchange (barter) agreement, either party shall transfer ownership, full-fledged economic management or operational management of a certain product to the other party in exchange for another product.

2. A party to the agreement shall be deemed a seller of the goods that it transfers in exchange, and a buyer of the goods it receives in return.

3. By agreement of the parties, a monetary surcharge shall be possible for goods of higher value exchanged for goods of lower value, if this does not contradict the law.

4. Property classified by law as fixed assets that is a state or communal property may not be subject to exchange (barter), provided the other party to an exchange (barter) agreement is not a state-owned or communal enterprise, respectively. The legislation may also establish other specific features of barter (commodity exchange) operations related to the acquisition and use of certain types of property, as well as the implementation of such operations in certain economic sectors.

5. The rules governing purchase and sale, delivery, and contractual agreements, the elements of which shall be included in the barter agreement, shall apply to the barter agreement, if this does not contradict the legislation and corresponds to the essence of the parties' relations.

Article 294. Storage in a commodity warehouse

1. A commodity warehouse shall be deemed an organisation that stores goods and provides storage-related services on the basis of business activity.

2. A commodity warehouse shall mean a public warehouse if it follows from the law, other legal acts or a permit (license) issued to an economic entity that it undertakes to accept goods from any commodity holder for storage.

3. Storage in a commodity warehouse shall be effected under a warehouse storage agreement.

4. Respective provisions of the Civil Code of Ukraine shall apply to the regulation of relations arising from the storage of goods under a warehouse storage agreement.

Chapter 31
COMMERCIAL MEDIATION (AGENCY RELATIONS) IN THE ECONOMIC SECTOR

Article 295. Agency activities

1. Commercial mediation (agency activity) shall mean an entrepreneurial activity that consists in providing services by a commercial agent to economic entities when they conduct economic activities through mediation on behalf of, to the benefit, under the monitoring and at the expense of an entity it represents.

2. A commercial agent may be an economic entity (individual or legal entity) that performs commercial mediation under the authority based on the agency agreement.

3. Entrepreneurs who act on their own behalf, although to other people’s benefit, shall not be deemed commercial agents.

4. A commercial agent shall not enter into agreements on behalf of a person it represents in personal interests.

5. The law may establish restrictions or prohibitions on the implementation of commercial intermediation in certain economic sectors.

Article 296. Grounds for emergence of agency relations

1. Agency relations shall arise in the following cases:

granting by an economic entity the authority of a commercial agent to perform appropriate actions on the basis of an agreement;

approval by an economic entity represented by a commercial agent of an agreement concluded to the benefit of this entity by an agent without the authority to conclude it or in excess of the authority granted to it.

Article 297. Subject of an agency agreement

1. Under an agency agreement, one party (commercial agent) shall provide services to the other party (an entity represented by an agent) in concluding agreements or to facilitate their conclusion (provision of actual services) on behalf of this entity and at its expense.

2. An agency agreement shall determine the scope, nature and procedure for performing intermediary services by a commercial agent, the rights and obligations of the parties, the terms and amount of remuneration due to a commercial agent, the term of validity of the agreement, sanctions in case of violation by the parties of the terms of the agreement, and other necessary terms and conditions determined by the parties.

3. The agreement shall provide for a condition for the territory within which a commercial agent shall conduct its activities determined by the agreement of the parties. In the event the agent's territory of operation is not defined in the agreement, it shall be deemed that an agent operates within the territory of Ukraine.

4. An agency agreement shall be concluded in writing. The agreement shall specify the form of confirmation of the authority (representation) of a commercial agent.

Article 298. Approval of an agreement entered into by a commercial agent without the authority to conclude it or in excess of its authority

1. A commercial agent shall inform the entity it represents about each case of its mediation in the conclusion of transactions and about each transaction concluded by it to the benefit of this entity.

2. An agreement concluded on behalf of an entity represented by a commercial agent, without the authority to conclude it or in excess of the authority granted to it, shall be considered approved by this entity, provided it does not reject the actions of a commercial agent before a third party. Subsequent approval of the agreement by an entity represented by an agent shall make the agreement valid from the date of its conclusion.

Article 299. Non-monopoly and monopoly agency relations

1. An entity represented by a commercial agent shall also be entitled to entrust commercial mediation to other entities, notifying the agent about this, and an agent shall also be entitled to conduct commercial mediation for other economic entities, should the interests of the entities represented by a commercial agent be not contradictory in matters for which this agent has been involved.

2. In the event of monopoly agency relations, a commercial agent representing an economic entity shall not conduct commercial mediation for other entities within the limits provided for in the agency agreement.

Article 300. Transfer of commercial agent's rights

1. A commercial agent shall personally perform the actions it is authorised to by an entity it represents.

2. Unless otherwise provided in the agency agreement, a commercial agent shall not transfer to other entities the rights it owns to the benefit of an entity it represents at its discretion.

Article 301. Mutual settlements in agency relations

1. In accordance with an agency agreement, a commercial agent shall receive agency remuneration for intermediary operations performed by it to the benefit of an entity it represents, in the amount stipulated in the agreement.

2. Agency remuneration shall be paid to a commercial agent after payment by a third party under an agreement concluded with its mediation, unless otherwise provided by the agreement of the parties.

3. The parties may provide in the agreement that an additional remuneration shall be paid to a commercial agent provided it shall guarantee the performance of an agreement concluded by it to the benefit of an entity it represents.

4. An entity represented by a commercial agent shall calculate the remuneration due to a commercial agent, in accordance with the amounts and terms stipulated in the agreement of the parties.

5. A commercial agent shall be entitled to request an accounting statements of all its agreements to calculate agency remuneration.

6. The terms of payment of remuneration to a commercial agent for agreements concluded after the end of the contractual relations, as well as other terms related to the settlements of the parties shall be determined by the agreement.

Article 302. Obligations for non-disclosure of confidential information in agency relations

1. A commercial agent shall not transfer confidential information obtained from an entity it represents without the consent of this entity, use it to its own benefit or to the benefit of other persons contrary to the interests of the entity it represents, both when the commercial agent carries out its activities to the benefit of the specified entity, and after the termination of agency relations with it.

2. The parties to an agency agreement may conclude a separate agreement on the protection of confidential information of an entity represented by a commercial agent (non-disclosure agreement).

3. A commercial agent shall be liable for disclosing confidential information in accordance with law and agreement.

Article 303. Liability for violation of an agency agreement

1. A commercial agent shall be fully liable for damage caused to an entity it represents due to failure to perform or improper performance of its duties, unless otherwise provided in the agency agreement.

2. Unless otherwise provided in the agreement, a commercial agent shall not guarantee an entity it represents that third parties will fulfill their obligations under agreements concluded through its mediation.

3. In the event of violation of an agency agreement by an entity represented by a commercial agent, the latter shall be entitled to receive remuneration in the amounts

stipulated in the agency agreement, and to compensation for losses incurred by it due to failure to perform or improper performance of the agreement by a third party.

Article 304. Termination of an agency agreement

1. An agency agreement shall be terminated by agreement of the parties, as well as in the event of: revocation of the powers of a commercial agent by an entity it represents, or refusal of a commercial agent to continue to conduct commercial mediation under an agreement concluded by the parties without determining the term of its validity; withdrawal of either party to the agreement due to its termination or death; occurrence of other circumstances that terminate the powers of a commercial agent or an entity it represents.

2. In the event of revocation of the powers of a commercial agent, an entity represented by a commercial agent shall notify it of the termination of the agreement at least one month in advance, unless a longer period is provided for in the agreement.

3. In the event of elimination (expiration) of the circumstances that have resulted in the termination of the commercial agent's powers, these powers may be restored by agreement of the parties.

Article 305. Legislation on commercial mediation in the economic sector

1. Relations arising in the implementation of commercial mediation (agency activities) in the economic sector shall be governed by this Code and other regulatory acts adopted in accordance with it that determine the special aspects of commercial mediation in certain economic industries.

2. In the part not regulated by the regulatory acts stipulated in this Article, the respective provisions of the Civil Code of Ukraine, which regulate the assignment relationships, may apply to agency relations.

Chapter 32
LEGAL REGULATION OF CARGO TRANSPORTATION

Article 306. Cargo transportation as a type of economic activity

1. Under this Code, cargo transportation shall be deemed an economic activity related to the transfer of industrial and technical products and consumer goods by railways, road, water and air routes, as well as transportation of products by pipelines.

2. The parties to cargo transportation relations shall be carriers, consignors and consignees.

3. Cargo transportation shall be conducted by rail cargo transport, road cargo transport, sea cargo transport and domestic cargo fleet, air cargo transport, pipeline transport, space transport, other types of transport.

4. An auxiliary type of activity related to cargo transportation shall be freight forwarding.

5. General terms of cargo transportation, as well as special conditions for the transportation of certain types of cargo (explosives, weapons, toxic, flammable, radioactive and other dangerous substances, etc.) shall be defined by this Code and the transport codes, transport charters and other regulatory acts issued under it.

6. Relations involving the transportation of passengers and luggage shall be governed by the Civil Code of Ukraine and other regulatory acts.

Article 307. Cargo transportation agreement

1. Under a cargo transportation agreement, one party (a carrier) shall deliver the cargo entrusted to it by the other party (a consignor) to its destination within the time period established by law or the agreement and hand it over to a person authorised to accept the cargo (a consignee), and a consignor shall pay the established price for the cargo transportation.

2. A cargo transportation agreement shall be concluded in writing. The conclusion of a cargo transportation agreement shall be confirmed by drawing up a transport document (waybill, bill of lading, etc.) in accordance with the requirements of the legislation. Carriers shall provide consignors with forms of transport documents in accordance with the rules for conducting the corresponding transportation.

3. Should it be necessary to conduct regular cargo transportation over a certain period of time, a consignor and a carrier may conclude a long-term agreement, under which a carrier shall accept and a consignor shall provide cargo for transportation in the amount agreed by the parties within the established time frame.

4. Depending on the type of transport that provides for regular cargo transportation, the following long-term agreements shall be concluded: long-term agreements for rail and sea transport, navigation agreements for river transport (inland fleet), special agreements for air transport, annual agreement for road transport. The procedure for concluding long-term agreements shall be established by respective transport codes, transport charters or transportation rules.

5. The terms of cargo transportation by certain modes of transport, as well as the responsibility of economic entities for these transportations shall be determined by transport codes, transport charters and other legislative acts. The parties may also provide in the agreement for other conditions of transportation that do not contradict the law, and additional liability for improper performance of contractual obligations.

Article 308. Acceptance of cargo for transportation

1. Cargo for transportation shall be accepted by carriers depending on the type of transport and cargo in common or non-common areas.

2. Carrier’s liability for the safety of the cargo shall arise from the moment the cargo is accepted for transportation.

3. A consignor shall prepare the cargo for transportation, taking into account the need to provide transportability and safety during transportation, and shall be entitled to insure the cargo in accordance with the procedure established by law.

4. Should the legislation or agreement provide for special documents (certificates) confirming the quality and other properties of the cargo being transported, a consignor shall hand over such documents to a carrier together with the cargo.

5. A carrier shall issue a duly executed document to a consignor at the point of departure on acceptance of the cargo for transportation.

Article 309. Change in the transportation terms

1. In accordance with the procedure established by transport codes or charters, a consignor shall be entitled to receive back the cargo delivered for transportation before it is shipped, to change a cargo consignee specified in a transport document (before it is delivered to a consignee), to dispose of the cargo provided a consignee fails to accept it or it is impossible to hand over the cargo to a consignee.

2. In the event of interruption or termination of cargo transportation due to circumstances beyond the carrier's control, a carrier shall notify a consignor and receive respective instructions regarding the cargo.

Article 310. Acceptance of cargo at the point of destination

1. A carrier shall notify a consignee of the arrival of the cargo at its address.

2. A consignee shall accept the cargo that has arrived at its address. It shall be entitled to refuse to accept damaged cargo provided it has been established that due to a change in quality the possibility of its full or partial use for its original purpose is excluded.

3. A carrier's liability for the safety of cargo shall be terminated from the moment it is delivered to a consignee at the point of destination. Should a consignee fail to claim the cargo that has arrived within the established time limit or refused to accept it, a carrier shall be entitled to take the cargo for storage at the consignor's expense and risk, notifying it in writing.

4. The cargo that is not received within one month after a carrier notifies a consignee shall be considered unclaimed and sold in accordance with the procedure established by law.

Article 311. Cargo transportation charges

1. Payment for cargo transportation and performance of other works related to transportation shall be determined at the prices established in accordance with the legislation.

Article 312. Transhipment cargo transportation agreement

1. Under transhipment cargo transportation agreement, transportation shall be carried out from a consignor to a consignee by two or more carriers and different modes of transport under a single transport document.

2. The rules of Article 307 hereof shall apply to transhipment cargo transportation agreement, unless otherwise provided by the transport codes or charters.

3. The relations of carriers during the transhipment cargo transportation and the operating conditions of transshipment points shall be regulated by transshipment agreements. The procedure for concluding transshipment agreements shall be governed by transport codes and charters.

Article 313. Carrier's liability for overdue delivery of cargo

1. A carrier shall deliver the cargo to its point of destination within the time period stipulated by the transport codes, charters or regulations. If the term of cargo delivery is not specified under established procedure, the parties shall be entitled to set the term of delivery in the agreement.

2. A carrier shall be released from liability for delay in the delivery of cargo, provided the delay has occurred through no fault of its own.

3. The amount of fines levied on carriers for overdue delivery of cargo shall be defined in accordance with law.

4. Payment of a fine for overdue delivery of cargo shall not release a carrier from liability for loss, shortage or damage to the cargo that occurred due to delay.

Article 314. Carrier's liability for loss, shortage, or damage to cargo

1. A carrier shall be held liable for the loss, shortage and damage of the cargo accepted for transportation, unless it proves that the loss, shortage or damage occurred through no fault of its own.

2. Transport codes or charters may provide for cases when a consignee or consignor shall be liable for proving a carrier's guilt in the loss, shortage or damage of cargo.

3. A carrier shall be held liable for the damage caused during the cargo transportation:

in the event of loss or shortage of cargo, it shall be liable in the amount of the value of the lost cargo or the shortage of cargo;

in the event of damage to the cargo, it shall be liable in the amount of the sum by which its value has decreased;

in the event of loss of the cargo shipped with the declaration of its value, it shall be liable in the amount of the declared value, unless it is proved that it is lower than the actual value of the cargo.

4. If, as a result of damage to the cargo, its quality has changed so much that it cannot be used for its intended purpose, a consignee shall be entitled to refuse it and demand compensation for its loss.

5. Should the cargo, for the loss or shortage of which a carrier has paid the corresponding compensation, be subsequently found, a consignee (consignor) shall be entitled to demand the delivery of this cargo, returning the compensation received for its loss or shortage.

Article 315. Procedure for resolving transportation disputes

1. Prior to filing a claim to a carrier arising from a cargo transportation agreement, one can first file a complaint against it.

{Part 1 of Article 315 as amended by Law No. 2705-IV of 23 June 2005}

2. Complaints may be filed within six months; complaints in respect of payment of fines and bonuses shall be filed within forty-five days.

3. A carrier shall consider a filed complaint and notify an applicant of its satisfaction or rejection within three months, and as for a complaint related to transhipment transportation, it shall be considered within six months. Complaints in respect of payment of a fine or bonus shall be considered within forty-five days.

{Part 3 of Article 315 as amended by Law No. 2705-IV of 23 June 2005}

4. Should a complaint be rejected or there is no response to it within the time period specified in Part 3 of this Article, an applicant shall be entitled to apply to the court within six months from the date of receipt of the response or the expiration of the time limit set for the response.

5. For a carrier to file claims against consignors and consignees arising from transportation, a six-month period shall be established.

6. With regard to disputes arising from interstate cargo transportation, the procedure for filing claims and the statute of limitations shall be established by transport codes, charters or international treaties, ratified by the Verkhovna Rada of Ukraine.

Article 316. Freight forwarding agreement

1. Under a freight forwarding agreement, one party (a freight forwarder) shall perform or organise the performance of services related to cargo transportation specified in the agreement for a fee and at the expense of the other party (a customer).

A transport forwarding agreement may provide for the obligation of a freight forwarder to organise the transportation of cargo by mode of transport and on the route chosen by a freight forwarder or a customer, to conclude a cargo transportation agreement on its own behalf or on behalf of a customer, to provide shipment and delivery of cargo, as well as the fulfillment of other obligations related to transportation.

A freight forwarding agreement may stipulate the provision of additional services required for the delivery of cargo (checking the quantity and condition of cargo, its loading and unloading, payment of duties, fees and expenses imposed on a customer, storage of cargo until it is accepted at the point of destination, obtaining documents necessary for export and import, executing customs formalities, etc.).

2. Payment under a freight forwarding agreement shall be effected at the prices determined in accordance with Chapter 21 hereof.

Chapter 33
MAJOR CONSTRUCTION

Article 317. Contracting relations in major construction

1. Construction of industrial and other facilities, preparation of construction sites, construction equipment works, construction completion works, applied and experimental research and inventions, etc., which are performed by economic entities for other entities or upon their order shall be conducted under contracting terms.

2. To perform the works specified in Part 1 of this Article, contracting agreements may be concluded as follows: for major construction (including subcontracting); for the performance of design and survey works; for the performance of geological, geodetic and other works required for major construction; other agreements. The general terms and conditions of contracting agreements shall be determined in accordance with the provisions of the Civil Code of Ukraineon contracting agreements, unless otherwise provided by this Code.

3. Economic relations in the area of material and technical support of major construction shall be governed by the respective contracting agreements, unless otherwise provided by the legislation or the agreement of the parties. By agreement of the parties, construction supplies may be effected on the basis of supply agreements.

Article 318. Major construction contracting agreement

1. Under a major construction contracting agreement, one party (a contractor) shall on its own and by its own means upon an order of the other party (a customer) construct and commission to a customer within the established time period specified in the agreement a facility in accordance with the design and estimate documentation or perform construction and other works stipulated in the agreement, and a customer shall submit an approved design and estimate documentation to a contractor, provide it with the construction site, accept the completed construction facilities and pay for them.

2. Under this Article, a contracting agreement shall be concluded for the construction, expansion, reconstruction and conversion of facilities; construction of facilities with the assignment in whole or in part of the performance of works on design, supply of equipment, commissioning and other works to a contractor; execution of individual complexes of construction, installation, special, design and other works related to the construction of facilities.

3. Providing construction site with supplies, technological, energy, electrical and other equipment shall be assigned to a contractor, unless otherwise provided for by law or agreement.

4. The content of a major construction contracting agreement concluded upon a state order shall correspond to this order.

5. A major construction contracting agreement shall provide for: the name of the parties; the place and date of its conclusion; the subject of the agreement (the name of the facility, scope and types of work provided for by its design); the terms of start and completion of construction, performance of works; the rights and obligations of the parties; the cost and procedure for funding the construction of the facility (works); the procedure for logistics, design and other construction support; the regulation of quality control of works and supplies by a customer; the procedure for accepting the facility (works); settlement procedure for the work performed, terms on deficiencies and warranty periods; risk insurance, financial guarantees; liability of the parties (compensation for losses); dispute resolution, grounds and conditions for amendments and termination of the agreement.

Article 319. General contractor and subcontractor

1. A major construction contracting agreement may be concluded by a customer with one contractor or with two or more contractors.

2. A contractor shall be entitled, with the consent of a customer, to involve subcontractors as third parties in the performance of the agreement, on the terms of subcontracting agreements concluded with them, being held liable to a customer for the outcome of their work. In this case, a contractor shall act to a customer as a general contractor, and to subcontractors it shall act as a customer.

3. A customer may enter into a contracting agreement for the installation of equipment with a general contractor or with an equipment supplier. With the consent of a general contractor, contracts for the performance of installation and other special works may be concluded by a customer with the respective specialised enterprises.

Article 320. Customer’s rights

1. A customer shall be entitled, without interfering with a contractor’s economic activities, to exercise control and technical supervision over the compliance of the scope, cost and quality of work performed with designs and estimates. It shall be entitled to check the progress and quality of construction and installation work, and the quality of supplies used.

2. Should a contractor fail to undertake the performance of the agreement in a timely manner or perform the work so slowly that its execution in due time becomes clearly impossible, a customer shall be entitled to demand termination of the agreement and compensation for losses.

3. A contractor shall be entitled not to undertake the work, and to suspend the work started should a customer violate its obligations under the agreement, as a result of which the start or continuation of work by a contractor is impossible or gets significantly complicated.

4. Deficiencies in the performance of works or defects in supplies used for work, which were contractor's or subcontractor's responsibility, shall be eliminated by a contractor at its own expense.

Article 321. Settlements under a major construction contracting agreement

1. Under major construction contracting agreement, the parties shall determine the cost of work (agreement's value) or the method of it's determining.

2. The cost of work under a contracting agreement (compensation for the contractor's expenses and its due remuneration) may be determined by rough or fixed estimate. An estimate shall be deemed fixed, unless the agreement provides otherwise. Changes to a fixed estimate can be made exclusively by agreement of the parties.

3. If there is a need to significantly exceed the rough estimate, a contractor shall notify a customer in a timely manner. Should a contractor fail to warn a customer about exceeding the estimate, it shall perform the work without claiming compensation for extra costs incurred.

4. A contractor shall not demand an increase in a fixed estimate, and a customer shall not demand its reduction. In the event of a significant increase in the cost of supplies and equipment that should be provided by a contractor after the conclusion of the agreement, and services provided to it by third parties, a contractor shall be entitled to demand an increase in the fixed cost of work, and in the event of the customer's refusal, it shall demand termination of the agreement under established procedure.

5. If the agreement does not provide for advance payment for the work performed or for its individual stages, a customer shall pay a contractor the price stipulated in the agreement after the commissioning of a construction facility, provided that the work is performed duly and within the agreed time frame or, with the consent of a customer, ahead of schedule.

6. A contractor shall be entitled to demand an advance payment, provided such payment and the amount of the advance payment are provided for in the agreement.

7. If it is necessary to suspend the construction due to circumstances beyond the control of the parties, a customer shall pay a contractor for the work performed before termination of works and reimburse it for the costs related to this termination.

Article 322. Liability for violation of a major construction contracting agreement

1. For non-performance or improper performance of obligations under a major construction contracting agreement, a guilty party shall pay penalties, and compensate the other party for losses (expenses incurred by the other party, loss or damage to its

property, income not received) in an amount not covered by penalties, unless another procedure is established by law.

2. A contractor shall eliminate the deficiencies identified during the acceptance of the work (facility) at its own expense within the time limits agreed with a customer. In the event of violation of the terms of elimination of deficiencies, a contractor shall be liable under the agreement.

3. The statute of limitations for claims arising from improper quality of work under a major construction contracting agreement shall be determined from the date of acceptance of the work by a customer and make up:

one year – regarding the deficiencies of non-permanent structures, and provided the deficiencies could not be identified under a common method of accepting work it shall be two years;

three years – regarding the deficiencies of bearing structures, and provided the deficiencies could not be identified under common method of accepting work it shall be ten years;

thirty years – regarding compensation of losses caused to a customer by illegal actions of a contractor, which resulted in destruction or accidents.

4. If the contracting agreement or legislation stipulate the provision of a warranty period of the quality of work and deficiencies have been identified within the warranty period, the statute of limitation shall begin from the date of detection of deficiencies.

Article 323. Terms for concluding and executing contracting agreements in major construction

1. Major construction contracting (subcontracting) agreements shall be concluded and executed under the general terms for concluding and executing contracting agreements in major construction approved by the Cabinet of Ministers of Ukraine, in accordance with law.

2. Major construction contracting agreements with foreign economic entities involved shall be concluded and executed in accordance with the procedure provided for by this Code, interstate agreements, and special terms for concluding and executing major construction contracting agreements approved in accordance with the procedure established by the Cabinet of Ministers of Ukraine.

Article 324. Contracting agreement for conducting design and survey works

1. Under a contracting agreement for conducting design and survey works, a contractor shall develop design documentation upon a customer’s instructions or perform the design work stipulated in the agreement, and perform survey work, and a customer shall accept them and pay for them.

2. The provisions of Article 318 hereof may apply to relations arising in the course of performing design and survey works.

3. A contractor shall be held liable for the deficiencies of a design, including those identified during its implementation and operation of the facility built under this design.

4. In the event of detection of design's deficiencies, a contractor shall alter the design free of charge, as well as compensate a customer for losses caused by design's deficiencies.

5. A claim for compensation for losses to a customer caused by design's deficiencies may be filed within ten years, and if the damage is caused to a customer by illegal actions of a contractor that resulted in destruction, accidents, collapses, it may be filed within thirty years from the date of commissioning the constructed facility.

Chapter 34
LEGAL REGULATION OF INNOVATIVE ACTIVITIES

Article 325. Innovative activities

1. Innovative activity in the economic sector shall be deemed the activity of the parties to economic relations based on the implementation of investments in order to perform long-term scientific and technical programmes with long payback periods and introduce new scientific and technical accomplishments in production and other areas of public life.

Article 326. Investing in innovative activities

1. Investments in the economic sector shall be deemed as long-term investments of various types of property, intellectual values and property rights in economic entities for the purpose of generating income (profit) or achieving other social effect.

2. Forms of investing in innovative activities shall be as follows:

state (municipal) investing effected by government authorities or local governments out of budgetary funds and other funds in accordance with law;

commercial investing made by economic entities out of their own or borrowed funds in order to develop the entrepreneurial base;

social investing made in respect of entities of social sector and other non-productive sectors;

foreign investing made by foreign legal entities or foreigners, as well as other states;

joint investing effected by the entities of Ukraine together with foreign legal entities or foreigners.

3. General terms for the implementation of investments in Ukraine shall be determined by law.

Article 327. Types of innovative activities

1. Innovative activity shall involve the investing in scientific research and inventions aimed at introducing qualitative changes in the state of productive powers and progressive intersectoral structural changes, inventing and introduction of new types of products and technologies.

2. Innovative activities shall be carried out in the following areas:

conducting scientific research and introducing innovations aimed at creating intellectual property, scientific and technical products;

development, familiarisation, production and distribution of fundamentally new types of equipment and technology;

development and implementation of new resource-saving technologies designed to improve the social and environmental situation;

technical re-equipment, reconstruction, expansion, construction of new enterprises, for the first time conducted as industrial development of the production of new goods or the introduction of new technology.

3. Investing in the reproduction of fixed assets and the growth of inventories shall be effected as capital investment.

Article 328. State regulation of innovation activities

1. The state shall govern innovative activities by:

definition of innovative activities as a necessary component of investment and structural and sectoral policy; development and implementation of innovative programmes and targeted projects;

creation of economic, legal and organisational conditions for ensuring state regulation of innovative activities;

creation and promotion of innovative infrastructure development.

2. The state shall exercise control over the innovative activities of economic entities and other parties to economic relations, its compliance with the requirements of legislation and state innovative programmes. The law may provide for industries or entities of innovative activity in which the use of foreign investment shall be restricted or prohibited.

Article 329. State guarantees of innovative activity

1. The state shall guarantee the parties to innovative activities:

support of innovative programmes and projects aimed at implementing the state economic and social policy;

support for the creation and development of innovative infrastructure entities;

observing intellectual property rights, protection from unfair competition in the innovation sector;

free access to information on priorities of state economic and social policy, on innovative needs and accomplishments of scientific and technical activities, except in cases stipulated by law;

support for training, retraining and advanced training of personnel in the innovation sector.

Article 330. State expert review of innovative projects

1. Innovative projects invested out of the State Budget of Ukraine or local budgets, and projects ordered by government authorities or local governments shall be subject to mandatory state expert review in accordance with the legislation. Innovative projects invested out of other sources shall be subject to mandatory state expert review on compliance with environmental, urban planning and sanitary requirements.

2. If needed, the expert review of individual innovative projects of prime national economic importance may be conducted by decision of the Cabinet of Ministers of Ukraine.

Article 331. Agreement for the creation and transfer of scientific and technical products

1. Under the agreement for the creation and transfer of scientific and technical products, one party (a contractor) shall perform research and development work (hereinafter referred to as R&D) stipulated by the task of the other party (a customer), and a customer shall accept the work performed (products) and pay for them.

2. The subject of an agreement for the transfer of scientific and technical products may be modified scientific and technical products.

3. Scientific and technical products shall be deemed a completed research, design, technological works and services, the creation of prototypes or batches of products necessary for R&D in accordance with the requirements agreed with customers, performed or provided by economic entities (research, design, and technological institutions, organisations, as well as research and design units of enterprises, institutions and organisations, etc.).

4. The agreement may be concluded for the performance of the entire scope of works from research to manufacture of scientific and technical products, as well as for its further technical support (maintenance).

5. If scientific and technical products are the result of initiative work, an agreement shall be concluded for their transfer, including the provision of services for their implementation and development.

6. Agreements for the creation and transfer of scientific and technical products for priority state needs and those with the involvement of foreign economic entities shall be concluded and executed in accordance with the procedure established by the Cabinet of Ministers of Ukraine in accordance with law.

{Part 6 of Article 331 as amended by Law No. 3205-IV of 15 December 2005}

Article 332. Legislation on innovative activities

1. Relations arising in the process of innovative activities shall be governed by this Code and other legislative acts. Respective provisions of the Civil Code of Ukraine shall apply to these relations in the part not regulated by this Code.

Chapter 35
SPECIFIC ASPECTS OF LEGAL REGULATION OF FINANCIAL ACTIVITIES

§ 1. Finance and banking

Article 333. Financial activities of economic entities

1. Finance of economic entities shall be an independent sector of the national financial and credit system with an individual circulation of funds, which covers the costs of production of goods (works, services) and profit.

2. Financial activities of economic entities shall include monetary and other financial intermediation, insurance, and auxiliary activities in the area of finance and insurance.

3. Financial intermediation shall be deemed an activity related to the receipt and redistribution of financial resources, except in cases stipulated by law. Financial intermediation shall be conducted by banking institutions and other financial and credit organisations.

4. Economic insurance shall be deemed an activity aimed at covering long-term and short-term risks of economic entities with or without the use of savings through the credit and financial system.

5. Auxiliary activities in the area of finance and insurance shall be non-state management of financial markets, exchange operations with stock values, other types of activities (mediation in lending, financial advice, activities related to foreign currency, cargo insurance, assessment of insurance risk and losses, other types of auxiliary activities).

Article 334. Legal status of banks

1. The banking system of Ukraine consists of the National Bank of Ukraine and other banks, as well as branches of foreign banks established and operating in the territory of Ukraine in accordance with law.

{Part 1 of Article 334 as amended by Law No. 358-V of 16 November 2006}

2. Banks shall be deemed financial institutions whose functions are to attract funds of individuals and legal entities to deposits and place these funds on their own behalf, on their own terms and at their own risk, open and maintain bank accounts of individuals and legal entities.

3. Banks shall be legal entities. Banks can operate as universal or specialised ones – savings, investment, mortgage, and settlement (clearing) banks.

4. Officials of government authorities and local governments shall be prohibited from participating in the management bodies of banks, unless otherwise provided for by law.

5. Banks shall not be held liable for the obligations of the state, and the state shall not be held liable for the obligations of banks, except in cases provided for by law, and cases when the state assumes such liability under the law.

6. In their activities, banks shall be guided by this Code, the law on banks and banking, and other legislative acts.

7. An economic entity shall not use the word "bank" in its name without registering this entity as a bank with the National Bank of Ukraine, except in cases stipulated by law.

Article 335. National Bank of Ukraine. Council of the National Bank of Ukraine

1.The National Bank of Ukraine shall be the central bank of the state, whose principal function is to ensure the stability of the monetary unit of Ukraine – the hryvnia.

2. The legal status of the National Bank of Ukraine shall be determined by the law on the National Bank of Ukraine.

3. The Council of the National Bank of Ukraine shall develop the basic principles of monetary policy and monitor its implementation. The legal status of the Council of the National Bank of Ukraine shall be determined by law.

Article 336. Organisational and legal forms of banks

1. Banks shall be established in the form of a joint-stock company or a co-operative bank.

{Part 1 of Article 336 as amended by Law No. 133-V of 14 September 2006; as amended by laws No. 1617-VI of 24 July 2009, No. 2210-VIII of 16 November 2017}

2. Bank's stakeholders shall be parties to civil relations. The state of Ukraine may be a stakeholder of a bank represented by the Cabinet of Ministers of Ukraine or its authorised bodies. Legal entities in which a bank has a significant share, public associations, political parties, religious and charitable organisations shall not be bank's stakeholders.

{Part 2 of Article 336 as amended by Law No. 2210-VIII of 16 November 2017}

3. It shall be prohibited to use budgetary funds for the formation of the authorised capital of a bank, given such funds have a different purpose, or they are borrowed or secured funds, as well as to increase the authorised capital of a bank to cover losses.

4. Banks shall be entitled to create banking associations, the types of which shall be determined by law. A bank shall be a member of one bank association only.

{Part 4 of Article 336 as amended by Law No. 2522-VI of 09 September 2010}

5. Terms and procedure for establishing, state registration, licensing and reorganisation of banks, requirements for their charter, formation of the authorised capital and other funds, as well as performing the functions of banks shall be established by the law on banks and banking. The legislation on economic companies and co-operation shall apply to banks in the part that do not contradict this Code and the specified law.

{Part 5 of Article 336 as amended by Law No. 2850-VI of 22 December 2010}

{Article 337 has been deleted under Law No. 2491-VIII of 05 July 2018}

Article 338. Co-operative banks

1. A co-operative bank shall be deemed a bank established by economic entities, and other entities on the territorial principle on the basis of voluntary membership and pooling of share contributions for joint monetary activities. Local and central co-operative banks can be established under the law.

2. The authorised capital of a co-operative bank shall be divided into shares.

3. Each shareholder of a co-operative bank, regardless of its participation (share) in the authorised capital of the bank, shall be entitled to one vote.

Article 339. Banking operations

1. Financial intermediation shall be conducted by banks as banking operations. The main types of banking operations shall be deposit, settlement, credit, factoring and leasing operations.

2. The list of banking operations shall be determined by the law on banks and banking.

3. Banking operations shall be conducted under procedure established by the National Bank of Ukraine.

Article 340. Deposit operations of banks

1. Deposit operations of banks consist in attracting funds to deposits and placing savings (deposit) certificates.

2. Deposits shall be formed out of funds in cash or non-cash form, in hryvnias or foreign currency, placed by legal entities or individuals (customers) on their bank accounts on the contractual basis for a certain period of storage or without specifying such a period and shall be subject to payment to a depositor in accordance with the legislation and the terms of the agreement. A bank deposit agreement shall be concluded in writing.

Article 341. Bank settlement operations

1. Bank settlement operations shall be aimed at providing mutual settlements between parties to economic relations, as well as other settlements in the financial sector.

2. For settlement purposes, economic entities shall keep their funds in banking institutions on their respective accounts.

3. Non-cash payments may be effected in the form of payment orders, payment requirements, requirements and orders, promissory notes, cheques, bank payment cards and other debit and credit payment tools used in international banking practice.

4. For non-cash payments, all payments shall be effected through banking institutions by transferring the amounts due from a payer's account to a recipient's account or by offsetting mutual obligations and monetary claims. Payments shall be effected within the limits of available funds in the payer's account. If needed, a bank can provide a payer with a loan for making payments.

5. Banking institutions shall provide settlements in accordance with the legislation and the customer's requirements, under the terms of a settlement services agreement. The agreement shall contain the details of the parties, the terms of opening and closing accounts, the types of services provided by a bank, the obligations of the parties and liability for their non-fulfillment, as well as the terms of termination of the agreement.

Article 342. Bank accounts

1. Accounts of a legal entity that is a bank customer shall be opened in banking institutions at the place of its registration or in any bank in the territory of Ukraine by agreement of the parties. The procedure for opening accounts in banking institutions outside Ukraine shall be established by law.

2. For economic entities that have an independent balance sheet, accounts shall be opened for payments for goods, works performed, services rendered, for the payment of wages, taxes and duties (mandatory payments), as well as other payments related to the financial support of their activities.

3. A business entity shall be entitled to open accounts for storing funds, performing all types of operations in any banks of Ukraine and other states of its choice and with the consent of these banks in accordance with the procedure established by the National Bank of Ukraine.

4. Legal entities and individual entrepreneurs shall open accounts for storing funds and performing all types of banking operations in any banks of Ukraine of their choice and with the consent of these banks in accordance with the procedure established by the National Bank of Ukraine.

{Part 4 of Article 342 as amended by Law No. 2424-IV of 04 February 2005}

5. Economic entities that are allocated funds for targeted use from the State Budget of Ukraine or local budgets shall have accounts opened in accordance with law.

6. The procedure for opening accounts in banking institutions, the forms of payments and the procedure for their implementation shall be determined by the law on banks and banking, other laws, and regulatory acts of the National Bank of Ukraine.

Article 343. Liability for violation of payment terms

1. Payers and recipients of funds shall exercise control over the timely effecting of payments and consider claims that have arisen without the involvement of the banking institutions.

2. For overdue payment, a payer of funds shall pay a penalty in favour of a recipient of these funds in the amount established by agreement of the parties, but which shall not exceed double the discount rate of the National Bank of Ukraine, which was in effect during the period for which the penalty is paid.

3. In the event of delay in crediting funds to the customer's account, banks shall pay a penalty fee in favour of the recipients of funds in the amount stipulated by the agreement on conducting cash settlement operations, and in the absence of an agreement on the amount of the penalty it shall be paid in the amount established by law.

4. A payer shall independently charge a penalty fee for the overdue payment amount and give a bank an order to transfer it from the funds available on the payer's account

Article 344. International settlement operations

1.International settlement operations shall be conducted in respect of monetary claims and obligations arising in the course of foreign economic activity between states, economic entities, other legal entities and individuals located and residing in the territory of different countries.

2. Parties to the international settlements shall be exporters, importers and banks that enter into relations arising from the circulation of title documents and operational processing of payments.

3. International settlements shall be governed by the regulations of international law, banking customs and rules, terms of foreign economic contracts, and foreign currency legislation of the countries participating in settlements.

4. The general terms of settlement relations with foreign states shall be determined by international treaties. The procedure for settlements and maintaining bank accounts shall be established by agreements concluded by authorised banks.

5. International settlements shall be effected through the institutions of banks that have correspondent relations (banks that have an agreement on making payments and settlements on mutual behalf).

6. Commercial documents used for international settlements shall be as follows: waybill, bill of lading, invoice, insurance documents (insurance policy, certificate), ownership document and other commercial documents. Financial documents used for international settlements shall be promissory notes, bills of exchange, IOUs, cheques, and other documents used to receive payment.

Article 345. Lending operations of banks

1. Lending operations shall consist in the placement by banks of attracted funds of legal entities (borrowers) and individuals on their own behalf, on their own terms and at their own risk. Banking operations defined as such by the law on banks and banking shall be recognised as lending operations.

2. Lending relations shall be conducted on the basis of a loan agreement concluded between a lender and a borrower in writing. A loan agreement shall provide for the purpose, amount and term of the loan, terms and procedure for its issuance and repayment, types of collateral for the borrower's obligations, interest rates, the procedure for paying for the loan, obligations, rights and liabilities of the parties regarding the issuance and repayment of the loan.

3. The legal consequences of the invalidity of a loan agreement, as well as the invalidity of a pledge agreement, which shall ensure the borrower's performance of its obligations under the loan agreement shall be defined by the Civil Code of Ukraine.

{Article 345 has been supplemented with Part 3 under Law No. 5405-VI of 02 October 2012}

Article 346. Lending to economic entities

1. To obtain a bank loan, a borrower shall provide a bank with the following documents:

a request (application) that shall specify the nature of a loan agreement, the purpose of using a loan, the amount of the loan and the term of its use;

feasibility study of a loan measure and calculation of the economic effect of its implementation;

other required documents.

2. To reduce the degree of risk, a bank shall provide a loan to a borrower in the presence of a guarantee of a solvent economic entity or a guarantee of another bank, secured by property belonging to a borrower, under other guarantees adopted in banking practice. For this purpose, a bank shall be entitled to conduct preliminary examination of the state of the borrower's economic activity, its solvency and forecast the risk of non-repayment of the loan.

3. Loans shall be provided by a bank at the interest rate, which, as a rule, cannot be lower than the interest rate on loans taken by a bank itself and the interest rate paid

by it on deposits. The provision of interest-free loans shall be prohibited, except in cases stipulated by law.

Article 347. Forms and types of bank loans

1. Banking, commercial, leasing, mortgage and other forms of loans may be used in the economic sector.

2. Loans provided by banks shall differ in:

terms of use (short-term – up to one year, medium-term – up to three years, long-term – more than three years);

method of securing;

degree of risk;

methods of providing;

maturities;

other terms of provision, use, or repayment.

Article 348. Bank control over loan usage

1. A bank shall monitor the fulfillment of the terms of the loan agreement, the intended use, timely and full repayment of the loan in accordance with the procedure established by law.

2. Should a borrower fail to fulfill its obligations stipulated in the loan agreement, a bank shall be entitled to suspend further issuance of the loan under the agreement.

Article 349. Lending resources

1. Banks shall conduct loan operations within the limits of lending resources that they generate in the course of their activities. They can borrow resources from each other on the contractual basis, raise and place funds in the form of deposits and savings accounts and conduct mutual operations provided for in their charters.

2. Should the funds to conduct lending operations and fulfill their obligations be insufficient, banks may receive loans from the National Bank of Ukraine. Lending resources of the National Bank of Ukraine shall be funds of the authorised capital and other funds, other monetary resources used as lending resources in accordance with law.

{Part 2 of Article 349 as amended by Law No. 2850-VI of 22 December 2010}

3. General terms of using lending resources shall be determined by this Code and other laws.

Article 350. Factoring operations

1. A bank shall be entitled to conclude a factoring agreement (financing for assignment of the right of monetary claim), under which it shall transfer or undertake

to transfer funds to the disposal of the other party for a fee, and the other party shall assign or undertake to assign to a bank its right of monetary claim against a third party.

2. General terms and procedure for performing factoring operations shall be defined by the Civil Code of Ukraine, this Code, other legislative acts, as well as regulatory acts of the National Bank of Ukraine.

{Part 2 of Article 350 as amended by Laws No. 3610-VI of 07 July 2011, No. 79-IX of 12 September 2019}

{Article 350 as amended by Law No. 2510-VI of 09 September 2010}

Article 351. Leasing operations of banks

1. Banks shall be entitled to purchase means of production out of their own funds for leasing them in compliance with the requirements established in Article 292 hereof.

2. General terms and procedure for conducting leasing operations shall be determined by the law on banks and banking, other legislative acts, and regulatory acts of the National Bank of Ukraine.

§ 2. Insurance

Article 352. Insurance in the economic sector

1. Insurance shall be deemed the activity of designated state organisations and economic entities (insurants) related to the provision of insurance services to legal entities or individuals (policyholders) to protect their property interests in the occurrence of events (insured events) defined by law or insurance contract, out of the monetary funds that are generated by effecting insurance payments by policyholders.

2. Insurance may be effected on the basis of a contract concluded between a policyholder and a insurant (voluntary insurance) or under the law (compulsory insurance).

3. Economic entities may establish mutual insurance companies in accordance with the procedure and terms stipulated by law for the purpose of insurance protection of their property interests.

Article 353. Insurance entities in the economic sector

1. Economic entities – insurants shall conduct insurance activities subject to obtaining a license for the right to provide a certain type of insurance. An insurant shall be entitled to engage only in those types of insurance that are defined in its license.

2. The subject of the insurant’s direct activity may be only insurance, reinsurance and financial activities related to the generation, placement and management of insurance reserves. It shall be allowed to conduct these types of activities in the form of providing services to other insurants under joint activity agreements.

3. Under this Code, policyholders shall be deemed parties to economic relations who have concluded insurance contracts with insurants or who are policyholders under the law.

Article 354. Insurance contract

1. Under an insurance contract, an insurant shall, should an insured event occur, make an insurance payment to a policyholder or another person specified by a policyholder in the insurance contract, and a policyholder shall effect insurance payments within certain terms and fulfill other terms of the contract.

2. The National Bank of Ukraine shall be entitled under the law to establish additional requirements for insurance contracts.

{Part 2 of Article 354 as amended by Laws No. 5463-VI of 16 October 2012, No. 79-IX of 12 September 2019}

3. When entering into an insurance contract, an insurant shall be entitled to request a certificate of his/her financial condition from a policyholder, confirmed by an auditor (audit company).

4. The conclusion of an insurance contract may be confirmed by an insurance certificate (policy), which shall be a form of insurance contract.

Article 355. Legislation on insurance in the economic sector

1. Insurance entities, types of compulsory insurance, as well as general terms for insurance implementation, requirements for insurance contracts and the procedure for state supervision of insurance activities shall be defined by the Civil Code of Ukraine, this Code, the law on insurance, and other legislative acts.

§ 3. Mediation in operations with securities. Stock exchange

Article 356. Mediation related to the issue and circulation of securities

1. Intermediary activity in the area of issue and circulation of securities shall be deemed an entrepreneurial activity of economic entities (hereinafter referred to as securities traders), for which operations with securities constitute the exclusive type of their activity or for which such activity is permitted by law.

{Part 2 of Article 356 has been deleted under Law No. 3480-IV of 23 February 2006}

3. The law may also provide for other types of intermediary activities with securities (securities management activities, etc.).

Article 357. Licensing of intermediary activities in the area of securities issue and circulation

1. Conducting of intermediary activities in the area of issue and circulation of securities shall be allowed subject to a license issued in accordance with the procedure established by law.

2. Entities of exclusive intermediary activities in the area of issue and circulation of securities shall conduct certain types of activities related to the circulation of securities (providing advice to security owners, etc.).

Article 358. Terms under which it shall not be allowed to conduct intermediary activities in issuing and circulating securities

1. A license to conduct any type of intermediary activity in issuing and circulating securities shall not be obtained by a securities trader who directly or indirectly owns the property of another securities trader, the value of which exceeds the amount established by law.

2. A securities trader who has a license to conduct any type of intermediary activity in issuing and circulating securities shall not directly or indirectly own the property of another securities trader, the value of which exceeds the amount established by law.

3. A securities trader shall not trade:

securities issued on its own;

shares of an issuer from which it directly or indirectly owns property in the amount of more than five per cent of the authorised capital.

Article 359. Conclusion of securities agreements

1. In the event of acceptance of an order for the purchase or sale of securities, a securities trader shall provide a person on whose behalf and at the expense of which it acts with information about the securities exchange rate.

{Part 2 of Article 359 has been deleted under Law No. 5042-VI of 04 July 2012}

3. Special requirements for concluding agreements in relation to securities shall be defined by law.

4. Specific aspects of accounting and transactions with securities shall be determined in accordance with law.

Article 360. Stock exchange

1. To ensure the functioning of the securities market, a stock exchange shall be established. The procedure for establishing and operating a stock exchange shall be established by law.

{Part 1 of Article 360 as amended by Law No. 3480-IV of 23 February 2006}

2. A stock exchange shall be established by the founders – securities traders under the procedure established by law.

{Part 3 of Article 360 has been deleted under Law No. 5042-VI of 04 July 2012}

{Refer to the Law No. 5178-VI of 06 July 2012}

4. A stock exchange shall acquire the status of a legal entity from the date of its state registration under the law.

Article 361. Special terms for terminating a stock exchange

1. A stock exchange shall be terminated provided that the number of its members remains less than the minimum number determined by law within the time period established by law.

2. A stock exchange shall be terminated in accordance with the procedure established for the termination of economic entities, unless otherwise provided for by law.

{Article 361 as amended by Law No. 642-VII of 10 October 2013}

§ 4. Audit

Article 362. Audit activity

1. Audit activity shall be deemed an independent professional activity of auditors and audit entities registered in the Register of Auditors and Audit Entities, providing audit services.

2. Audit activity shall be governed by this Code, the law on audit activity and other regulatory acts adopted under them.

{Article 362 as amended by Law No. 2258-VIII of 21 December 2017}

Article 363. Financial reporting audit and state financial audit

1. Financial reporting audit shall be deemed an audit service for checking accounting data and figures of financial reporting and consolidated financial reporting of a legal entity or representative office of a foreign economic entity or other entity that submits financial reporting, in order to express an independent opinion of an auditor on its compliance in all essential aspects with the requirements of national accounting regulations (standards), International Financial Reporting Standards or other requirements.

2. Financial reporting audit shall be conducted by audit entities registered in the Register of Auditors and Audit Entities.

3. State financial audit shall be deemed a type of state financial control and shall consist in checking and analysing the actual state of affairs regarding the legal and effective use of state or communal funds and property, other assets of the state, the correctness of accounting and reliability of financial reporting, the functioning of the internal control system.

4. State financial audit shall be conducted by the Accounting Chamber and public financial control authorities under the law.

5. Financial reporting audit and state financial audit may be conducted on the initiative of economic entities, and in cases stipulated by law (mandatory audit).

{Article 363 as amended by Law No. 3202-IV of 15 December 2005; as amended by Laws No. 5463-VI of 16 October 2012; as amended by Law No. 2258-VIII of 21 December 2017}

Article 364. Auditor and audit activity entities

1. An auditor shall mean an individual who has confirmed his/her qualification for conducting audit activity, has relevant practical experience and is included in the Register of Auditors and Audit Entities.

2. An audit entity shall be deemed an audit company or auditor that conducts audit activity as an individual entrepreneur or conducts independent professional activities, has acquired the right to conduct audit activity on the grounds and in accordance with the procedure provided for by law, and is entered in the Register of Auditors and Audit Entities.

3.The terms and procedure for conducting audit activity, the rights and obligations of auditors and audit entities shall be established by law and other regulatory acts.

{Article 364 as amended by Law No. 2738-IV of 06 July 2005; as amended by Law No. 2258-VIII of 21 December 2017}

{Article 365 has been deleted under Law No. 2258-VIII of 21 December 2017}

§ 5. Lottery activities

Article 365^{-1}. Lottery activities in Ukraine

1. Ukraine shall have a state monopoly on the organisation and conduct of lotteries.

2. Holding any other lotteries in Ukraine, except for state ones, shall be prohibited.

3. Relations in the area of lottery activities shall be governed by this Code and the Law of Ukraine “On State Lotteries in Ukraine”.

{Chapter 35 has been supplemented with Paragraph 5 under Law No. 5204-VI of 06 September 2012}

Chapter 36
USE OF THE RIGHTS OF OTHER ECONOMIC ENTITIES IN ENTREPRENEURIAL ACTIVITIES (COMMERCIAL CONCESSION)

Article 366. Commercial concession agreement

1. Under a commercial concession agreement, one party (a rightholder) shall grant the other party (a user) for a certain or indefinite period the right to use in the user’s economic activities a set of rights belonging to a rightholder, and a user shall comply with the terms of use of the rights granted to it and pay a rightholder the remuneration stipulated in the agreement.

2. A commercial concession agreement shall provide for the use of a set of rights granted to a user, business reputation and commercial experience of a rightholder in a certain scope, with or without specifying the territory of use in relation to a certain area of economic activity.

Article 367. Commercial concession agreement form

{Title of Article 367 as amended by Law No. 191-VIII of 12 February 2015}

1. A commercial concession agreement shall be concluded in writing as a single document. Failure to comply with this requirement shall entail the invalidity of the agreement.

{Part 2 of Article 367 has been deleted under Law No. 191-VIII of 12 February 2015}

{Part 3 of Article 367 has been deleted under Law No. 191-VIII of 12 February 2015}

4. Other requirements for entering into a commercial concession agreement shall be defined by law.

Article 368. Commercial sub-concession

1. A commercial concession agreement may provide for the user's right to allow other persons to use the set of rights granted to him/her or shares of this set of rights under the terms of a commercial sub-concession agreed by him/her with a rightholder or stipulated in a commercial concession agreement.

2. Should a commercial concession agreement be declared invalid, the commercial sub-concession agreements concluded on its basis shall also be deemed invalid.

Article 369. Remuneration under a commercial concession agreement

1. Remuneration under a commercial concession agreement may be paid by a user to a rightholder as one-time or regular payments or in any other form provided for in the agreement.

Article 370. Obligations of a rightholder

1. A rightholder shall:

provide a user with technical and commercial documentation and other information necessary for a user to exercise the rights granted to it under the commercial concession agreement, as well as instruct a user and its employees on issues related to the exercise of these rights;

issue licenses (permits) to a user stipulated in the agreement, providing their registration in accordance with the procedure established by law.

2. Unless otherwise provided for by a commercial concession agreement, a rightholder shall:

{Paragraph 2, Part 2 of Article 370 has been deleted under Law No. 191-VIII of 12 February 2015}

provide a user with ongoing technical and advisory assistance, including assistance in training and professional development of employees;

monitor the quality of goods (works, services) produced (performed or provided) by a user under a commercial concession agreement.

Article 371. User's responsibilities

1. Taking into account the nature and specific features of the activity conducted by a user under a commercial concession agreement, a user shall:

use a trademark and other markings of a rightholder in the manner specified in the agreement when performing the activities provided for in the agreement;

provide that the quality of goods produced by it under the agreement, works performed, services rendered, correspond to the quality of the same goods (works, services) produced (performed or rendered) directly by a rightholder;

follow the instructions of a rightholder aimed at ensuring that the nature, methods and conditions of using a set of granted rights correspond to the use of these rights by a rightholder;

provide buyers (customers) with additional services that they could count on by purchasing (ordering) goods (work, services) directly from a rightholder;

inform buyers (customers) in the most obvious way about the use of a trademark and other markings of a rightholder under a commercial concession agreement;

not disclose the secrets of the rightholder's production and other confidential information received from it;

pay a rightholder the remuneration stipulated by the agreement.

Article 372. Restriction of the rights of the parties under a commercial concession agreement

1. A commercial concession agreement may provide for restrictions on the rights of the parties under this agreement, in particular as follows:

the obligation of a rightholder not to grant other persons similar sets of rights for their use in the territory assigned to a user or to refrain from their own similar activities in this territory;

the user's obligation not to allow it to compete with a rightholder in the territory covered by a commercial concession agreement in relation to economic activities conducted by a user using the rights belonging to a rightholder;

refusal of a user to obtain similar rights from competitors (potential competitors) of a rightholder under a commercial concession agreement;

the user’s obligation to co-ordinate with a rightholder the location of industrial facilities that should be used in the exercise of the rights granted under the agreement, as well as their internal and external design.

2. Restrictive conditions may be declared invalid provided these conditions contradict the law.

Article 373. Liability of a rightholder for claims made to a user

1. A rightholder shall bear subsidiary liability for the claims made to a user of a commercial concession in case of non-compliance with the quality of goods (works, services) that are sold (performed, provided) by a user.

2. Under the claims made to a user as a manufacturer of products (goods) of a rightholder, the latter shall be liable jointly and severally with a user.

Article 374. Amendments to and termination of a commercial concession agreement

1. A commercial concession agreement may be amended in accordance with the provisions established by Article 188 hereof.

{Part 2 of Article 374 has been deleted under Law No. 191-VIII of 12 February 2015}

3. Either party to a commercial concession agreement concluded without the specified term shall be entitled to withdraw from the agreement at any time, notifying the other party six months in advance, if the agreement does not provide for a longer period.

{Part 4 of Article 374 has been deleted under Law No. 191-VIII of 12 February 2015}

5. Should a rightholder or a user be declared insolvent (bankrupt), a commercial concession agreement shall be terminated.

Article 375. Consequences of changing a trademark or other markings of a rightholder

1. In the event of a change in the trademark or other markings of a rightholder, the rights to use of which are included in the set of rights under a commercial concession agreement, this agreement shall remain valid in terms of the new amrkings of a rightholder, unless a user requests termination of the agreement.

2. Should a commercial concession agreement be extended, a user shall be entitled to demand a corresponding reduction in the remuneration due to a rightholder.

3. If during the period of validity of a commercial concession agreement the right to use of which is granted under this agreement ceases to be valid, the agreement shall continue to be valid, except for the provisions concerning the right that has ceased, and

the user, unless otherwise provided for by the agreement, shall be entitled to demand a corresponding reduction in the remuneration due to a rightholder.

Article 376. Legal regulation of a commercial concession

1. Relations arising from the use of the rights of other economic entities in business activities shall be regulated by this Code and other laws.

Section VII
FOREIGN ECONOMIC ACTIVITY

Chapter 37
GENERAL PROVISIONS

Article 377. Definition of foreign economic activity

1. Foreign economic activity of economic entities shall be deemed an economic activity that in the course of its implementation shall require crossing the customs border of Ukraine by property specified in Part 1 of Article 139 hereof and/or man power.

2. Foreign economic activity shall be conducted on the principles of freedom of its entities to voluntarily enter into foreign economic relations, to carry them out in any form not prohibited by law, and equality before the law of all entities of foreign economic activity.

3. General terms and procedure for conducting foreign economic activity by economic entities shall be defined by this Code, the law on foreign economic activity and other regulatory acts.

4. Foreign economic activity shall also include the activities of state customers under the state defence order in cases defined by the legislation of Ukraine.

{Article 377 has been supplemented with Part 4 under Law No. 2672-VIII of 17 January 2019}

Article 378. Foreign economic activity entities

1. Foreign economic activity entities shall be as follows:

economic entities specified in Paragraphs 1, 2, Part 2 of Article 55 hereof;

{Paragraph 3, Part 1 of Article 378 has been deleted under Law No. 2424-IV of 04 February 2005}

state customers in the defence sector.

{Part 1 of Article 378 has been supplemented with Paragraph 4 under Law No. 2672-VIII of 17 January 2019; as amended by LawNo. 808-IX of 17 July 2020}

2. Foreign economic organisations with the status of a legal entity established in Ukraine in accordance with law by government authorities or local governments may also take part in foreign economic activity.

3. The state shall guarantee equal protection for all foreign economic activity entities.

Article 379. Types of foreign economic activity and foreign economic operations

1. All foreign economic activity entities shall be entitled to conduct any types of foreign economic activity and foreign economic operations, unless otherwise established by law.

2. The types of foreign economic activity, the list of foreign economic operations conducted in the territory of Ukraine, the terms and procedure for their implementation by foreign economic activity entities, as well as the list of goods (works, services) prohibited for export and import, shall be determined by law.

Article 380. State regulation of foreign economic activity

1. State regulation of foreign economic activity shall be aimed at protecting the economic interests of Ukraine, the rights and legitimate interests of foreign economic activity entities, creating equal conditions for the development of all types of entrepreneurship in foreign economic relations and the use of income and investment by foreign economic activity entities, encouraging competition and limiting the monopoly of economic entities in foreign economic activity.

2. Government authorities and local governments shall have no right to interfere in the operational activities of foreign economic activity entities, except in cases provided for by law.

3. The list and powers of government authorities regulating foreign economic activity, as well as the forms of its state regulation and control, shall be determined by this Code, the law on foreign economic activity, and other laws.

Article 381. Licensing and fixing of quotas for foreign economic operations

1. The Cabinet of Ministers of Ukraine may establish a list of goods (works, services), the export and import of which shall be conducted by foreign economic activity entities subject to a license issued.

2. The procedure for licensing export and import operations and types of licenses shall be determined by law.

3. The quota mode for foreign economic operations shall be introduced in cases stipulated by law, current international treaties of Ukraine, and shall be conducted by limiting the total quantity and/or total customs value of goods that can be imported (exported) for a certain period. The procedure for fixing quotas for these operations and the types of quotas shall be determined by law.

4. Information on the introduction of a licensing or quota mode shall be provided in official publications in accordance with the procedure established by law.

Article 382. Foreign economic agreements (contracts)

1. Foreign economic activity entities shall be entitled to conclude any foreign economic agreements (contracts), except for those prohibited by the legislation of Ukraine.

2. The form and procedure for concluding a foreign economic agreement (contract), the rights and obligations of its parties shall be regulated by the Law of Ukraine "On Private International Law" and other laws.

{Parts 2–5 Of Article 382 has been replaced with a part under Law No.1837-VI of 21 January 2010}

3. A foreign economic agreement (contract) may be declared invalid by court provided it does not meet the requirements of the laws of Ukraine or current international treaties, ratified by the Verkhovna Rada of Ukraine.

4. The law may establish a special procedure for concluding, executing and terminating certain types of foreign economic agreements (contracts).

Article 383. State registration of foreign economic agreements (contracts)

1. The Cabinet of Ministers of Ukraine may introduce their state registration in order to ensure compliance of foreign economic agreements (contracts) with the legislation of Ukraine.

2. The types of foreign economic agreements (contracts) subject to state registration, as well as the procedure for its implementation, shall be determined by the law on foreign economic activity and other regulatory acts adopted under it.

3. The fulfillment of obligations arising from foreign economic agreements (contracts) that are not registered in accordance with the procedure established by law shall entail the application of administrative and economic sanctions provided for by law to economic entities that have violated this requirement.

Article 384. Customs regulation in the implementation of foreign economic activity

1. The state shall exercise customs regulation of foreign economic activity.

2. Customs regulation of foreign economic activity shall be conducted in accordance with the Customs Code of Ukraine, the law on foreign economic activity, other laws, the Single Customs Tariff and current international treaties, ratified by the Verkhovna Rada of Ukraine.

3. Customs control in the territory of special (free) economic zones shall be regulated by separate laws and current international treaties, ratified by the Verkhovna Rada of Ukraine, which establish a special legal regulation for these zones under Section VIII hereof.

Article 385. Principles of taxation in conducting foreign economic activity

1. Taxation of foreign economic activity entities shall be effected according to the following principles:

determination of the level of taxation based on the need to achieve and maintain the self sufficiency of foreign economic activity entities and ensure the deficit-free balance of payments of Ukraine;

ensuring the stability of the types and amount of taxes, establishing taxes and duties (mandatory payments), as well as the status of foreign currencies in the territory of Ukraine exclusively by law;

equality of foreign economic activity entities in fixing tax rates;

promotion of exporting domestic products.

2. Tax benefits shall be granted exclusively under the law, mainly to foreign economic activity entities that export scientific, high-tech products on an ongoing basis, the export of which exceeds the import for the financial year and the export volume of which is not less than five per cent of the volume of goods sold for the financial year.

3. Tax rates shall be established and abolished in accordance with tax laws.

Article 386. Foreign currency accounts of foreign economic activity entities

1. Foreign economic activity entities shall be entitled to open any foreign currency accounts not prohibited by law in banking institutions located in the territory of other states.

2. The procedure for opening foreign currency accounts in banking institutions in the territory of other states shall be regulated by the legislation of the respective state. Should a foreign currency account be opened in a banking institution outside Ukraine, foreign economic activity entities shall notify the National Bank of Ukraine no later than within three days. Violation of this requirement shall entail administrative and economic liability in accordance with the procedure established by law.

3. Opening of a foreign currency account in a banking institution outside Ukraine by a foreign economic activity entity the authorised capital of which has a share of state property shall be conducted in co-ordination with the State Property Fund of Ukraine.

4. Foreign economic activity entities shall provide information on the use of their foreign currency accounts to the tax authorities in accordance with the procedure established by law.

5. The procedure for making settlements in foreign currency by foreign economic activity entity shall be established by law.

{Article 386 as amended by Law No. 440-IX of 14 January 2020}

Article 387. Foreign currency earnings from foreign economic activity

1. Foreign economic activity entities, after paying taxes and duties (mandatory payments) stipulated by law, shall independently manage foreign currency earnings from their operations, except in cases when the National Bank of Ukraine introduces a requirement for the mandatory sale of part of the proceeds in foreign currency.

{Part 387 as amended by Law No. 5480-VI of 06 November 2012}

Article 388. Obtaining loans from foreign financial institutions by foreign economic activity entities

1. Foreign economic activity entities shall obtain foreign currency loans from foreign financial institutions on the contractual basis. At the same time, the terms of a loan agreement shall not contradict the legislation of Ukraine.

2. Foreign economic activity entities, the authorised capital of which has share of state property, shall enter into loan agreements with foreign financial institutions only with the consent of the State Property Fund of Ukraine.

3. The types of property that cannot be pledged in the event of obtaining a foreign currency loan from a foreign financial institution shall be determined by law.

Article 389. State protection of the rights and legitimate interests of foreign economic activity entities

1. The state shall protect the rights and legitimate interests of foreign economic activity entities outside Ukraine in accordance with the rules of international law. Such protection shall be conducted through diplomatic and consular institutions, state trade missions representing the interests of Ukraine, as well as in other ways defined by law.

2. The state shall take the necessary measures in response to discriminatory and/or unfriendly actions on the part of other states, customs unions or economic groups that restrict the rights and legitimate interests of foreign economic activity entities of Ukraine.

3. The law may provide for special measures to protect the national commodity producers from dumping imports and special measures for imports that cause or may cause significant damage to national commodity producers, as well as define a list of types of goods and services, the export, import and transit of which through the territory of Ukraine shall be prohibited.

4. In the event of unfair competition, foreign economic activity entities or their foreign counterparties shall be subject to sanctions in accordance with the law on foreign economic activity and other laws.

Chapter 38
FOREIGN INVESTMENT

Article 390. Foreign investors

1. Entities that conduct investment activities in the territory of Ukraine shall be deemed foreign investors:

legal entities established under legislation other than the legislation of Ukraine;

foreigners and stateless persons who do not have a permanent place of residence in the territory of Ukraine;

international governmental and non-governmental organisations;

other states;

other foreign investment entities defined by law.

Article 391. Types of foreign investment

1. Foreign investors shall be entitled to make investments in the territory of Ukraine in foreign currency recognised as convertible by the National Bank of Ukraine, any movable and immovable property and related property rights; other valuables (property) recognised as foreign investments under the law.

2. Prohibition or restriction of any type of foreign investment may be effected exclusively by law.

Article 392. Forms of foreign investment

1. Foreign investors shall be entitled to make all types of investments specified in Article 391 hereof in the forms as follows:

participation in economic organisations established jointly with domestic legal entities or individuals, or acquisition of a share in existing economic organisations;

creation of foreign enterprises in the territory of Ukraine, branches or other structural units of foreign legal entities or acquisition of ownership of existing enterprises;

direct acquisition of immovable or movable property, which is not prohibited by the laws of Ukraine, or acquisition of shares or other securities;

acquisition of the rights to use land and natural resources in the territory of Ukraine independently or with the participation of individuals or domestic legal entities;

economic activity based on production sharing agreements;

acquisition of other property rights;

in other forms not prohibited by law.

2. Prohibition or restriction of any form of foreign investment may be effected exclusively by law.

3. Relations arising in connection with the acquisition by a foreign investor of property rights to land and other natural resources in Ukraine shall be governed by the land and other legislation of Ukraine, respectively.

Article 393. Evaluation of foreign investment

1. Evaluation of foreign investment, including contributions to the authorised capital of an enterprise with foreign investments shall be conducted in foreign convertible currency and in hryvnias, by agreement of the parties, based on the prices of international markets or the Ukrainian market. At the same time, amounts in foreign currency shall be converted into hryvnias at the exchange rate fixed by the National Bank of Ukraine.

Article 394. Legal regulation of foreign investment

1. In the territory of Ukraine, a national regulation of investment activity shall be established in relation to foreign investments, with the exceptions provided for by this Code, other laws and current international treaties, ratified by the Verkhovna Rada of Ukraine.

2. Relations on taxation of foreign investors and enterprises with foreign investments shall be governed by the tax legislation of Ukraine.

3. Government programmes for attracting foreign investment in priority sectors of the economy and the social area may provide for the establishment of additional benefits for economic entities operating in these areas.

4. The law may restrict or prohibit the activities of foreign investors and enterprises with foreign investments in certain sectors of the economy or within certain territories of Ukraine based on the concerns of the national security of Ukraine.

{Article 395 has been deleted under Law No. 1390-VIII of 31 May 2016}

Article 396. Activities of economic entities with foreign investments in Ukraine

1. Economic entities with foreign investments may be established and operate in the territory of Ukraine, which shall conduct their activities in the forms of an enterprise with foreign investment (Article 116 hereof), a foreign enterprise (Article 117 hereof), or other forms not prohibited by law.

{Part 1 of Article 396 as amended by Law No. 2424-IV of 04 February 2005}

2. The procedure for establishing enterprises with foreign investments and foreign enterprises shall be governed by this Code and other laws adopted under it. Specific aspects of creating banking, insurance and other financial institutions with the participation of a foreign investor shall be determined by the respective laws.

Article 397. Guarantees for foreign investment

1. In order to ensure the stability of a legal regulation of foreign investment, the following guarantees shall be established for foreign investors:

application of state guarantees for the protection of foreign investments in the event of amendments introduced to the legislation on foreign investments;

guarantees as for compulsory seizure, as well as against illegal actions of the authorities and their officials;

compensation and reimbursement of losses incurred to foreign investors

guarantees in case of termination of investment activity;

guarantees for the transfer of profit and the use of income from foreign investments;

other guarantees for the implementation of investment activities.

2. Should the amendments in the legislation on the foreign investment regulation be introduced, at the request of a foreign investor, in cases and in accordance with the procedure established by law, the state guarantees shall be applied, which shall be determined by the legislation in force at the time of investment.

3. Foreign investments in Ukraine shall not be subject to nationalisation.

4. Government authorities and their officials shall not have the right to requisition foreign investments, except in cases of rescue measures in the event of a natural disaster, accidents, epidemics, and epizootics. This requisition shall be conducted exclusively on the basis of a decision of the bodies authorised by the Cabinet of Ministers of Ukraine, and in accordance with the procedure established by law.

5. Foreign investors shall be entitled to demand compensation for losses caused to them by illegal actions or inaction of government authorities, local governments, and their officials. Losses of foreign investors shall be compensated at the current market prices or on the basis of reasonable estimates confirmed by an independent auditor (audit company).

6. Compensation paid to a foreign investor under procedure for compensation for losses shall be adequate, effective and determined at the time of execution of the decision on compensation for losses. The amount of compensation under this decision shall be immediately paid in the currency in which the investment was made, or in another currency acceptable to a foreign investor in accordance with foreign currency legislation. The law may provide for the accrual of interest on the amount of compensation.

7. Compensation for losses to foreign investors shall be conducted under procedure established by law.

Article 398. Guarantees for the transfer and use of foreign investment income

1. After paying taxes and duties (mandatory payments), foreign investors shall be guaranteed an unhindered immediate transfer of their income abroad, profits and other funds in foreign currency received legally from investments.

2. The procedure for transferring these funds abroad shall be established by the National Bank of Ukraine. Income of a foreign investor or other funds received in Ukraine in hryvnias or foreign currency from investments may be reinvested in Ukraine in accordance with the procedure established by law.

Article 399. Guarantees to foreign investors in the event of termination of investment activity

1. In the event of termination of the investment activity in the territory of Ukraine, a foreign investor shall be entitled to return its investment no later than six months after the termination of this activity, as well as income on these investments in monetary or commodity form, unless otherwise established by law or agreement of the parties.

Article 400. Legislation on foreign investment

1. Relations arising from foreign investment in Ukraine shall be governed by this Code, the law on the foreign investment, other legislative acts and current international treaties, ratified by the Verkhovna Rada of Ukraine. Should an international treaty establish rules other than those provided for by the legislation of Ukraine on foreign investment, the rules of the international treaty shall apply.

Section VIII
SPECIAL ECONOMIC MODES

Chapter 39
SPECIAL (FREE) ECONOMIC ZONES

Article 401. Definition of a special (free) economic zone

1. A special (free) economic zone shall be deemed a part of the territory of Ukraine with a special legal regulation of economic activity, with a special procedure for applying and operating the legislation of Ukraine established. Preferential customs, tax, currency, financial and other terms for entrepreneurship of domestic and foreign investors may be introduced in the territory of a special (free) economic zone.

2. Special (free) economic zones shall be created for the purpose of attracting investment and their effective use, boosting economic activities together with foreign investors in order to increase the export of goods, supplies to the domestic market of high-quality products and services, the introduction of new technologies, the development of market infrastructure, streamlining the use of natural, material and labour resources, accelerating the socio-economic development of Ukraine.

Article 402. Territory and status of a special (free) economic zone

1. The territory and status of a special (free) economic zone, including the period for which it is created, shall be determined by a separate law for each special (free) economic zone.

Article 403. Types of special (free) economic zones

1. Special (free) economic zones of various functional types may be created in the territory of Ukraine: free customs zones and ports, export, transit zones, customs warehouses, technology parks, technopolises, complex production zones, tourism and recreational, insurance, banking zones, etc. Individual economic zones may combine

the functions inherent in different types of special (free) economic zones specified in this Article.

Article 404. State guarantees of investment in a special (free) economic zone

1. All economic entities that make investments in a special (free) economic zone shall be covered by the system of state guarantees of investment protection provided for by the legislation on investment activities and on foreign investment. The state shall guarantee economic entities of the special (free) economic zone the right to export profits and investments outside this zone and the borders of Ukraine in accordance with law.

Article 405. Legislation in force in the territory of a special (free) economic zone

1. The legislation of Ukraine shall be in force in the territory of a special (free) economic zone, with due account of specific aspects provided for by this Code, the law on the general principles of creation and functioning of special (free) economic zones, as well as the law on the creation of a specific special (free) economic zone, adopted under this Code.

Chapter 40
CONCESSIONS

Article 406. Concession

1. Concession shall be deemed a form of public-private partnership, which consists in granting a concessionaire the right to create and/or build (new construction, reconstruction, restoration, major repairs and technical re-equipment), and/or manage (use, operate, maintain) a concession facility, and/or provide socially significant services under procedure and on the terms defined by a concession agreement, and shall provide for the transfer to a concessionaire of the predominant part of operational risk, which shall cover the risk of demand and/or risk of supply.

2. Concession activity shall be conducted under a concession agreements concluded in accordance with the legislation of Ukraine between a concessionaire and a concessor.

{Article 406 as amended by Law No. 155-IX of 03 October 2019}

{Article 407 has been deleted under Law No. 155-IX of 03 October 2019}

{Article 408 has been deleted under Law No. 155-IX of 03 October 2019}

{Article 409 has been deleted under Law No. 155-IX of 03 October 2019}

{Article 410 has been deleted under Law No. 155-IX of 03 October 2019}

Chapter 41
OTHER TYPES OF SPECIAL ECONOMIC MODES

Article 411. Exclusive (sea) economic zone of Ukraine

1. Sea areas externally adjacent to the territorial sea of Ukraine, including areas around the islands belonging to it, shall constitute the exclusive (sea) economic zone of Ukraine.

2. The width of the exclusive (sea) economic zone shall make up to two hundred nautical miles, counted from the same starting lines as the territorial sea of Ukraine.

3. In order to provide the sovereign rights of Ukraine to explore, operate, preserve and manage living resources in the exclusive (sea) economic zone, the state shall take measures (including inspection, arrest and judicial proceedings) to ensure compliance of economic entities with the legislation of Ukraine.

4. In the exclusive (sea) economic zone of Ukraine, the state shall have an exclusive right to create, as well as permit and regulate the construction, operation and use of artificial islands, installations and structures for marine scientific research, exploration and development of natural resources, and other economic purposes in accordance with the legislation of Ukraine.

5. The economic activity mode in the exclusive (sea) economic zone shall be established in accordance with this Code by the law on the exclusive (sea) economic zone of Ukraine, other legislative acts governing issues related to the legal regulation of the exclusive (sea) economic zone of Ukraine.

Article 412. Specific aspects of conducting economic activities on the state border of Ukraine

1. Economic activity on the state border of Ukraine (navigation, use of water bodies for timber rafting and other types of water use, construction of hydraulic structures, execution of other works in the internal waters of Ukraine, use of land, forests, wildlife items, geological exploration and other economic activities) shall be conducted with due account of the specific aspects of the regime of the state border of Ukraine in accordance with the legislation of Ukraine and current international treaties, ratified by the Verkhovna Rada of Ukraine.

2. The terms for conducting economic activities on the state border of Ukraine shall be determined by the respective government authorities of Ukraine, with due account of local conditions in accordance with the requirements of the law.

3. In cases and under procedure provided for by law, communication across the state border of Ukraine in certain areas may be temporarily restricted or suspended by a decision of the Cabinet of Ministers of Ukraine, or lockdown measures may be applied for people, animals, cargo, seed, planting materials and other products of animal and plant origin crossing the state border of Ukraine.

Article 413. Specific aspects of conducting economic activities in public health protection and other protected zones, on specially protected territories and sites.

1. Economic activity in health protection, water protection zones, public health protection zones and other protected zones shall be conducted with due account of the legal regulation of such zones established by law.

2. Economic activity in the territories and on sites of the nature reserve fund of Ukraine, resort, health-improving, recreational and other territories and sites classified by law as specially protected ones, shall be conducted in accordance with the requirements of the legal regulation of these territories and sites established by law and other legislative acts.

3. The law shall establishe additional requirements for the implementation of economic activities and social guarantees for employees working in the territories radioactively contaminated as a result of the Chernobyl disaster.

Article 414. Special economic mode in certain economic sectors

1. Should it be necessary to stabilise or accelerate the development of certain economic sectors, a special economic mode in these sectors may be established by law upon the proposal of the Cabinet of Ministers of Ukraine.

2. Only non-commercial (non-profit) economic activities shall be conducted in the Armed Forces of Ukraine.

3. Economic activity in the Armed Forces of Ukraine shall be deemed a specific activity of military units, institutions, facilities and organisations of the Armed Forces of Ukraine, related to supporting their daily life, which provides for the maintenance of subsidiary farming, manufacture of products, performance of works and provision of services, leasing of movable and immovable military property (except for weapons, ammunition, combat and special equipment) within the limits and in accordance with the procedure defined by law.

4. Relations arising from conducting economic activities in the Armed Forces of Ukraine shall be governed by this Code and other laws.

Article 415. Specific aspects of economic activity in the territory of priority development

1. The law may determine, upon the proposal of a respective local government within the city or district, the territory where unfavourable socio-economic conditions have developed and on which, on the grounds and in accordance with the procedure provided for by law, a special mode of investment activity shall be introduced in order to create new jobs (the territory of priority development).

2. The procedure for conducting economic activities in the territory of priority development shall be established by law.

Article 416. The procedure for conducting economic activities in a state of emergency, an environmental emergency

1. Economic activity under a state of emergency – a special legal regime for the activities of government authorities and local governments, enterprises, institutions, organisations provided for by the Constitution of Ukraine, which shall temporarily allow restrictions in the exercise of constitutional rights and freedoms of citizens, as well as the rights of legal entities and impose additional duties on them – may be conducted with due account of the restrictions and obligations established by the Decree of the President of Ukraine issued in accordance with the Constitution of Ukraine on the introduction of a state of emergency in Ukraine or in certain localities.

2. The powers of government authorities and local governments in relation to the parties to economic relations, measures taken in a state of emergency, as well as responsibility for violating the state of emergency regime shall be determined by the law on the state of emergency.

3. The rules of this Article on conducting economic activities shall also apply in the event of declaring certain areas as zones of an environmental emergency.

Article 417. Procedure for conducting economic activities under martial law

1. During the period of martial law imposed in the territory of Ukraine or in certain localities, the legal regime of economic activity shall be determined on the basis of the law on defence of Ukraine, other legislative acts on ensuring the defence capability of the state and legislation on martial law.

Article 418. Guarantees of the rights of the parties to economic relations under a special economic mode

1. The introduction of special economic modes that are not provided for in this Code, which establish restrictions on the rights of economic entities, shall not be allowed.

2. The state shall guarantee economic entities and other parties to economic relations the right to apply to the court for protection of their property and other rights from illegal restriction under any special economic mode provided for in this Code.

Section IX
FINAL PROVISIONS

1. This Code shall become effective on 1 January 2004.

2. Starting from 1 January 2004, the following shall be declared invalid:

The Law of Ukraine "On Entrepreneurship" (Official Bulletin of the Supreme Soviet of the Ukrainian SSR, 1991, No. 14, Article 168) with subsequent amendments, except for Article 4 of the Law;

The Law of Ukraine "On Enterprises in Ukraine" (Official Bulletin of the Supreme Soviet of the Ukrainian SSR, 1991, No. 24, Article 272) with subsequent amendments.

3. The Cabinet of Ministers of Ukraine shall,

1) submit to the Verkhovna Rada of Ukraine within three months from the date of publication of the Economic Code of Ukraine:

the list of legislative acts (their certain provisions) that shall be declared invalid, and the list of legislative acts that shall be amended due to the entry into force of this Code;

if needed, proposals to clarify the procedure for the entry into force of certain provisions of this Code;

2) approve the regulatory acts provided for in this Code;

3) provide that regulatory acts of the Cabinet of Ministers of Ukraine and regulatory acts of ministries and other central executive bodies are reviewed, brought into compliance with this Code or declared invalid;

4) identify economic entities belonging to the state sector of the economy in accordance with the requirements of this Code;

5) submit to the Verkhovna Rada of Ukraine a draft law on the list of activities in which entrepreneurship shall be prohibited, and types of economic activities that shall be allowed to be conducted exclusively by state-owned enterprises, institutions and organisations;

6) provide the formation and maintenance of the Register of State Corporate Rights in accordance with the requirements of this Code.

4. Enact that the Economic Code of Ukraine shall apply to the economic relations that have arisen after the effective date of its provisions in accordance with this Section.

These provisions shall apply to the economic relations that arose before the effective date of respective provisions of the Economic Code of Ukraine, in relation to those rights and obligations that continue to exist or have arisen after the effective date of these provisions.

5. The provisions of the Economic Code of Ukraine regarding liability for violation of the rules of economic activity, as well as for violation of economic obligations, shall apply provided these violations have been committed after the effective date of these provisions, except for cases when for violation of economic obligations another liability was established by an agreement concluded before the period specified in Clause 1 of this Section.

The provisions of the Economic Code of Ukraine regarding liability for violations specified in Paragraph 1 of this Clause, committed before the effective date of the respective provisions of this Code regarding the liability of the parties to economic relations shall be applied provided they mitigate liability for these violations.

6. Enact that the statutes of limitations provided for by the Economic Code of Ukraine shall apply to the economic relations specified in Paragraph 2, Clause 4 of this Section under procedure as follows:

special statutes of limitations established by the legislation in force prior to the effective date of this Code, should the specified statutes of limitations exceed the term established by this Code;

special statutes of limitations extended under the terms established by this Code, should the duration of the previously existing terms be less than the statutes of limitations established by this Code.

7. During the lockdown introduced by the Cabinet of Ministers of Ukraine in order to prevent the spread of coronavirus disease (COVID-19), the terms defined in Articles 232, 269, 322, 324 hereof shall be extended for the duration of such lockdown.

{Section IX has been supplemented with Clause 7 under Law No. 540-IX of 30 March 2020}

8. Should a borrower fail to perform its monetary obligation during the period of lockdown introduced by the Cabinet of Ministers of Ukraine throughout the territory of Ukraine in order to prevent the spread of the coronavirus disease COVID-19, or/and within thirty days after the day of completion of such lockdown, under an agreement, according to which a borrower was granted a credit (loan) by a bank or other creditor (lender), a borrower shall be released from the obligation to pay a penalty, fine, penalty fee for such delay in favour of a creditor (lender).

{Section IX has been supplemented with Clause 8 under Law No. 691-20 of 16 June 2020}

President of Ukraine	**L. KUCHMA**
City of Kyiv **16 January 2003** **No. 436-IV**	