

CSDs: IRSU (Ukraine)

Date: 24 Oct 2008

SMI Markets: Ukraine

CMIRR Markets: Ukraine

## Parliament Adopted Joint Stock Companies Law - Update

Further to our previous newsflash, the President of Ukraine signed the Ukrainian Joint Stock Company Law on 22 October 2008. The provisions of this law were put in place mainly to protect shareholders' interest and improve the transparency of the companies' management vis-à-vis the shareholders. The law will come into force six months after publication in the official journal, except for the second part of Article 20 "the stock of companies exist only in electronic format" which will come into effect two years after publication.

Note that the final version of the law requires existing companies to comply with the Law within two years (instead of five) after the provisions enter into force.

### CSD Risk Impact

#### IRSU (Ukraine)

Impacted Risk Type: Liquidity Risk

Current Rating = A

Flash Impact = On Watch

Impacted Risk Type: Operational Risk

Current Rating = A-

Flash Impact = On Watch

The provision of the law that requires the issuance of equities in electronic form is expected to have a positive impact on Liquidity Risk by reducing the timeframe for the registration of shares. Furthermore, by issuing shares in electronic form, the risk surrounding the safekeeping of physical certificates (e.g. loss, theft, damage), and the associated administration costs will also be reduced. However, due to fact that this will not come into effect for at least another two years, the Liquidity and Operational Risk impacts are set "On Watch".

### Market Information Impact

#### Ukraine

This flash is for information only.

### Infrastructure Risk Ratings Impact

#### Ukraine

Market Rating: BBB

Market Flash Impact: On Watch

Impacted Risk Type: Liquidity Risk

Current Rating = BBB

Flash Impact = On Watch

Impacted Risk Type: Operational Risk

Current Rating = BB

Flash Impact = On Watch

The provision of the law that requires the issuance of equities in electronic form is expected to have a positive impact on Liquidity Risk by reducing the timeframe for the registration of shares. Furthermore, by issuing shares in electronic form, the risk surrounding the safekeeping of physical certificates (e.g. loss, theft, damage), and the associated administration costs will also be reduced. However, due to fact that this will not come into effect for at least another two years, the Liquidity and Operational Risk impacts are set "On Watch".

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Related Flash: [Parliament Adopted Joint Stock Companies Law, 18/09/2008 \(click to view\)](#)

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