



Commercial banks may be formed by persons or entities upon the approval of, and proper registration with the National Bank. They must take the form of joint-stock companies with no single shareholder holding more than 35% of shares. There are no restrictions on the nationality or residence status of shareholders.

Foreign banks that wish to conduct banking business in Ukraine but do not want direct involvement with a Ukrainian bank may also do so through wholly owned branches and representative offices. Any foreign bank wishing to establish a presence in Ukraine must apply to receive approval from the National Bank and the Ministry of Foreign Economic Relations. At the present time, there are only a few foreign banks who have set up representative offices only. These include the

Deutsche Bank, Credit Suisse, Credit Lyonnais, National Westminster Bank, Dresdner Bank, the Landesbank, the ABN - Amro Bank, and Internationale Nederlanden.

In theory, commercial banks play a role similar to that of Western banks, including the taking of deposits, maintaining accounts, extending credit, effecting transactions with foreign exchange, trading in precious metals, and providing consulting services. They are specifically precluded from participating in manufacturing, trading in commodities and insurance (with the exception of credit, currency and interest risk insurance). In practice, however, due to bureaucratic procedure, currency control legislation, and lack of banking experience, the type of banking services to which Western investors are accustomed are not yet in place.

In addition to Ukrainian state banks that have taken over the assets of FSU (former Soviet Union) banks, there are over 130 banks registered, with over 30 of them licensed to carry on foreign currency operations. The largest banks in Ukraine are: The Ukraina Bank (the old AgroPromBank), the Prominvest Bank (the old Promstroy Bank), the Oschad Bank (Savings Bank), and the Export-Import Bank of Ukraine (which has taken over the functions of the former Vnesheconombank).

The authors are with law firm of Smith, Lyons, Torrance, Stevenson & Mayer.

Smith, Lyons, Torrance, Stevenson & Mayer

Barristers & Solicitors Patent & Trade-mark Agents

to meet the needs of our growing practice
we are pleased to announce the opening of our office in

KIEV, UKRAINE

at

Predslavynskaja Street, 38

Suite 175, 5th Floor

Kiev 252006, Ukraine

Telephone and Fax: (044) 268-4181

The Kiev office will represent Canadian and international clients in commercial dealings in Ukraine and other Eastern European countries and will provide advice and assistance to the Ukrainian Government and other major Ukrainian institutions.

Mark Y. Kowalsky will be the resident Canadian lawyer, supported by a team of local Ukrainian counsel. Bohdan S. Onyschuk, based in our Toronto office, is the partner in charge.

Smith, Lyons is a member of Smith Lyons Langlois Robert, one of Canada's largest national and international legal service organizations, offering a comprehensive range of legal services to Canadian and international clients.

Member of

Smith Lyons Langlois Robert

Québec Montréal Ottawa Toronto Vancouver Hong Kong Taipei Kiev