



LAW OF UKRAINE

On Investment Activity

(the Official Journal of the Verkhovna Rada (OJVR), 1991, No. 47, Article 646).

(the Law is enacted in accordance with the Resolution of the Verkhovna Rada No. 1561-XII (1561-12) dated September 18, 1991, OJVR, 1991, No. 47, Article 647).

(With changes in and amendments to the Law, which were introduced in accordance with the following Laws:

No. 1955-XII (1955-12) dated December 10, 1991, OJVR, 1992, No. 10, Article 138

No. 185/98-VR dated March 09, 1998, OJVR, 1998, No. 33, Article 226

No. 697-XIV (697-14) dated May 21, 1999, OJVR, 1999, No. 31, Article 248

No. 2899-III (2899-14) dated December 20, 2001, OJVR, 2002, No. 15, Article 100).

(Official interpretation of the Law see in the Resolution of the Constitutional Court of Ukraine No. 1-rp/2002 (v001p710-02) dated January 29, 2002).

(In addition, see the Decree of the Constitutional Court of Ukraine No. 3-up/2002 (va03u710-02) dated March 03, 2002).

(With changes in and amendments to the Law, which were introduced in accordance with the following Laws:

No. 40-IV (40-15) dated July 04, 2002, OJVR, 2002, No. 36, Article 266 – these changes were excluded in accordance with the exclusion of Point 3 of Section VII of this Law on the basis of the Law No. 2505-IV (2505-15) dated March 25, 2005,

No. 380-IV (380-15) dated December 26, 2002, OJVR, 2003, No. 10-11, Article 86

No. 762-IV (762-15) dated May 15, 2003, OJVR, 2003, No. 30, Article 247

No. 1294-IV (1294-15) dated November 20, 2003, OJVR, 2004, No. 13, Article 181

No. 1344-IV (1344-15) dated November 27, 2003, OJVR, 2004, No. 17-18, Article 250

No. 1407-IV (1407-15) dated February 03, 2004, OJVR, 2004, No. 16, Article 238

No. 2285-IV (2285-15) dated December 23, 2004, OJVR, 2005, No. 7-8, Article 162

No. 2505-IV (2505-15) dated March 25, 2005, OJVR, 2005, No. 17, No. 18-19, Article 267

No. 3201-IV (3201-15) dated December 15, 2005, OJVR, 2006, No. 13, Article 110

No. 3370-IV (3370-15) dated January 19, 2006, OJVR, 2006, No. 22, Article 184)

The present Law shall determine general legal, economic, and social conditions of investment activity within the territory of Ukraine.

The goal of the Law is to ensure equal protection of the rights, interests, and property of subjects of investment activity regardless of their patterns of ownership, as well as to ensure an

efficient investing of the national economy of Ukraine, development of the international economic cooperation and integration.

I. GENERAL PROVISIONS

Article 1. Investments

Investments shall be any and all kinds of material and intellectual values, which are made to objects of business activity and other kinds of activity, and result of which is connected with creation of profits (incomes), or any other social effect is achieved.

The following values may be considered material and intellectual values:

financial resources, specific (purpose-oriented) banking deposits, shares, stocks, and other securities;

movable and immovable property (buildings, structures, equipment, and other material values);

rights to the intellectual property; (the Indent 4 of the Paragraph 2 of Article 1 — in accordance with the changes made under the Law No. 1407-IV (1407-15) dated February 03, 2004).

a package of technical, technological, commercial, and other knowledge in the form of technical documents, skills, and production experience, which are required for organisation of one or another kind of production and which are not patented (know-how);

right of enjoyment of land, water, natural resources, buildings, structures, equipment, as well as other rights of property;

other values.

Investments to the reproduction of the fixed capital stock and to the increase of material and production inventories shall be made in the form of capital investments.

Article 2. Investment Activity

1. Investment activity shall be combination of practical actions of citizens, legal entities, and the State in the sphere of implementation of investments.

2. The investment activity shall be implemented on the following basis:

investments that are made by citizens, non-governmental enterprises, business associations, unions, and companies, as well as by public and religious organisations, and other legal entities that were established on the basis of collective property;

governmental investments that are made by the bodies of the state power and governance of Ukraine, the Crimean ASSR (the Crimean Autonomous Soviet Socialist Republic), local Councils of People's Deputies at the expense of budget resources, off-budget funds, borrowed funds, as well as investments that are made by governmental enterprises and institutions at the expense of their own and borrowed funds;

foreign investments that are made by foreign citizens, legal entities, and states;

joint investments that are made by citizens and legal entities of Ukraine and foreign states (the Indent 5 of the Paragraph 2 of Article 2 — in accordance with the changes made under the Law No. 1955-12 dated December 10, 1991).

Article 3. Innovation Activity

1. Innovation activity, as one of the forms of the investment activity, shall be made with the purpose of implementation of scientific and technical achievements in the production and social spheres, and shall include the following kinds of activity:

production and distribution of the principally new kinds of techniques and production processes;

progressive inter-industry structural changes;

implementation of the long-term scientific and technical programs with prolonged payback periods;

funding of fundamental researches that are aimed at achievement of quality changes in the state of production resources;

development and implementation of new, resource-saving technologies, that are designed in order to improve social state and environment.

Article 4. Objects of the Investment Activity

Objects of the investment activity may be any kinds of property, including any fixed capital stock and circulating assets in any branches and spheres of the national economy, as well as securities, special cash contributions, scientific and technical products, intellectual values, other proprietary objects, and rights of property.

It shall be prohibited to make investments in the objects, creation and utilization of which is not in line with the requirements of the sanitary, hygienic, radiation, ecological, architectural, and other norms, which are established by the laws of Ukraine, as well as creation and utilization of which shall infringe the rights and interests of citizens, legal entities, and the State (provided that such rights are protected by the laws).

Objects of the investment activity may not be the objects of home construction activity, which are funded on the basis of utilization of the non-governmental resources, which were raised from natural persons and legal entities (including the resources, which were raised for the purposes of management only). Investing and funding of such objects may be only made: through the special funds, which were established for funding of construction activity; funds, which are engaged in real estate transactions; joint investment institutions; non-governmental pension funds, which were established and act in accordance with the laws; as well as with the help of the resources raised in the course of issue of the interest-free (purpose-oriented) obligations, in accordance with which one unit of such real estate objects shall be the basic commodities (the Paragraph 3 was added to Article 4 in accordance with the Law No. 3201-IV (3201-15) dated December 15, 2005).

Article 5. Subjects of the Investment Activity

1. Citizens and legal entities of Ukraine and foreign states, as well as the states themselves may be subjects of the investment activity (both investors, and participants) (the Paragraph 1 of Article 5 — in accordance with the changes made under the Law No. 1955-12 dated December 10, 1991).

2. Investors shall be subjects of the investment activity, which make decisions on investments of their own, borrowed, and raised material and intellectual values to the investment objects.

The investors may act as contributors, creditors, purchasers, as well as perform duties of any other participants of the investment activity.

3. Citizens and legal entities of Ukraine, foreign states, which ensure implementation of investments as contractors, or on the basis of orders of investors may be participants of the investment activity.

Article 6. Laws on the Investment Activity

The relations that shall occur in the course of investment activity within the territory of Ukraine shall be regulated by the present Law, as well as by the other legislative acts of Ukraine.

The investment activity of the subjects of Ukraine beyond the Ukrainian territory shall be regulated by the laws of the foreign states, within the territories of which such investment activity is performed, by the relevant international treaties of Ukraine, as well as by the special laws of Ukraine (the Paragraph 2 of Article 6 — in accordance with the changes made under the Law No. 1955-12 dated December 10, 1991).

The special laws of Ukraine shall determine specific regimes of the investment activities within the territory of Ukraine, which are made by the subjects of the investment activity, which were established and operate beyond the territory of Ukraine, as well as special regimes of the investment activities of such foreign and Ukrainian subjects within the territories of the Ukrainian free economic zones.

II. PROCEDURE OF IMPLEMENTATION OF THE INVESTMENT ACTIVITY

Article 7. Rights of the Subjects of the Investment Activity

1. All subjects of the investment activity (regardless of their patterns of ownership and kinds of economic activity) shall have equal rights to implementation of the investment activity provided that otherwise shall not be established by the Ukrainian legislative acts.

Placement of investments to any objects with the exception of those ones, investments to which are prohibited or restricted on the basis of the present Law or other legislative acts of Ukraine, shall be considered the integral right of investor and shall be protected in accordance with the laws.

2. Any investor shall (at his/its own discretion) determine the goals, spheres, kinds, and volumes of investments and engage any participants of the investment activity with the purpose of achievement of such goals on the contractual basis, particularly through organisation of competitions and tenders.

3. In accordance with the relevant decision of investor, rights to own, utilize, and possess the investments, as well as the results of implementation of such investments may be transferred to other citizens and legal entities in accordance with the procedure established by the laws. Participants of such transactions shall regulate their mutual relations in accordance with the contracts to be concluded by them.

4. Investors shall have the right to raise financial resources in the form of credits, loans, as well as the right to issue securities in accordance with the procedure established by the laws.

Investors shall have the right to use their property in order to secure their obligations. Only the property, which is in the ownership of a debtor, or belongs to it in accordance with the right of comprehensive management (provided that otherwise shall not be established by the laws of Ukraine) shall be pledged as security. In the case of infringement of the security obligations, the pledged property may be sold and disposed of in accordance with the Ukrainian legislation in force.

5. Any investor shall have the right to own, utilize, and dispose of the investment objects and results of the investments made (including the right to reinvest resources and make commercial transactions within the territory of Ukraine) in accordance with the Ukrainian legislation in force.

The State shall establish and provide guaranties for the investments of the state-owned enterprises, which act as investors beyond the territory of Ukraine and in respect of obligations of which a mortgage credit was opened.

(the Indent 3 of the Paragraph 5 of Article 7 was excluded on the basis of the Law No. 1955-12 dated December 10, 1991).

6. Any investor shall have the right to purchase and acquire the property it requires from citizens and legal entities both directly, and through any intermediaries for the prices and in accordance with the conditions, which shall be determined in accordance with the arrangements of the parties (provided that otherwise shall not be established by the Ukrainian legislation in force), with no restrictions concerning volumes of such property and its assortment.

Article 8. Obligations of Subjects of the Investment Activity

1. In the cases, which are stipulated by the Ukrainian legislation in force and in accordance with the procedure established by the laws of Ukraine, any investor shall be liable to:

provide the relevant fiscal authorities with its declarations and statements concerning volumes of its investments and sources of the relevant financial resources;

receive necessary license or approval for capital development from the relevant governmental authorities and special services;

receive a positive comprehensive opinion of the governmental expert authority, which shall confirm the observance of the current norms (in the sphere of sanitary and ecological safety of population, environment protection, labour protection, power-saving, fire safety, strength, reliability, and necessary service life of buildings and structures, as well as architectural requirements) in their investment programs and construction projects (the Indent 4 of the Paragraph 1 of Article 8 — in accordance with the changes made under the Law No. 185/98-VR dated March 09, 1998).

2. Subjects of the investment activity shall be liable to:

observe the state norms and standards, procedure of establishment of which shall be determined by the Ukrainian legislation in force;

comply with the requirements of the governmental authorities and official persons, which shall be formulated and presented within the limits of competency of such governmental authorities and official persons;

submit their accounting and statistical reports in accordance with the procedure established by the laws;

abstain from unfair competition as well as observe the requirements of the laws that regulate protection of economic competition (the Indent 5 of the Paragraph 2 of Article 8 — in accordance with the changes made under the Law No. 1294-IV (1294-15) dated November 20, 2003).

(The Indent 6 of the Paragraph 2 of Article 8 was excluded on the basis of the Law No. 1955-12 dated December 10, 1991).

pay taxes, duties (compulsory payments) in the amounts and in accordance with the procedure established by the laws Ukraine (this Indent was added to the Paragraph 2 of Article 8 in accordance with the Law No. 2899-III (2899-14) dated December 20, 2001).

3. In order to perform the business activity that is subject to licensing, participants of investment activity must receive necessary licenses, which shall be issued in accordance with the procedure established by the laws (the Paragraph 3 of Article 8 — in accordance with the changes made under the Law No. 3370-IV (3370-15) dated January 19, 2006).

Article 9. Mutual Relations of Subjects of the Investment Activity

A contract (an agreement) shall be the basic legal document, which shall regulate mutual relations of subjects of the investment activity.

Subjects of the investment activity shall have the exclusive rights to conclude contracts, select partners, determine obligations and any other conditions of the mutual business relations provided that they shall be in line with the laws of Ukraine.

No interference of the governmental authorities and official persons in the implementation of the contractual relations between the subjects of the investment activity (beyond the competency of such governmental authorities and official persons) shall be allowed.

Article 10. Sources of Funding of the Investment Activity

1. The investment activity may be funded at the expense of: own financial resources of the relevant investor (profits, depreciation charges, indemnification of the losses caused by accidents and natural disasters, as well as financial deposits and savings of citizens and legal entities);

financial resources borrowed by the relevant investor (bonded debts, credits granted by commercial banks, as well as budgetary credits);

financial resources raised by the relevant investor (the resources received due to purchase of stocks, as well as the resources received due to share contributions and other contributions of citizens and legal entities);

investment appropriations from various budgets;

free-of-charge and charitable contributions and donations of organisations, enterprises, and citizens.

III. GOVERNMENTAL REGULATION OF THE INVESTMENT ACTIVITY

Article 11. Goals of the Governmental Regulation of the Investment Activity

Governmental regulation of the investment activity shall be made with the purpose of implementation of the economic, social, as well as scientific and technical strategies. Such regulation shall be described with the help of figures of economic and social development of Ukraine, as well as in the republican and regional programs of development of the national economy, republican and local budgets; such regulation shall be also described with the help of the volumes of the governmental funding of the investment activity, which are stipulated in such programs and budgets.

In the course of such governmental regulation of the investment activity, the relevant preferential terms shall be established for the investors that perform their investment activity in the most important spheres with the purpose of satisfaction of various public and social needs, first of all, for the investors, which operate: in the social sphere; in the sphere of technical and technological improvement of production processes; in the sphere of creation of new workplaces for the citizens who must be socially protected; in the sphere of introduction of scientific discoveries and investigations; in the sphere of agriculture; in the sphere of implementation of the programs aimed at liquidation of consequences of Chernobyl accident; in the sphere of production of building materials; in the sphere of education, culture, as well as in the sphere of environment protection and health protection of population (the Paragraph 2 of Article 11 — in accordance with the changes made under the Law No. 40-IV (40-15) dated July 04, 2002; it shall take legal force and effect from 01.01.2003; operation of this Law was stopped for 2003 in accordance with the Law No. 380-IV (380-15) dated December 26, 2002; operation of this Law was stopped for 2004 in accordance with

the Law No. 1344-IV (1344-15) dated November 27, 2003; operation of this Law was stopped for 2005 in accordance with the Law No. 2285-IV (2285-15) dated December 23, 2004; this formulation is presented in accordance with the changes made under the Law No. 2505-IV (2505-15) dated March 25, 2005).

Article 12. Forms of the Governmental Regulation of the Investment Activity

1. The governmental regulation of the investment activity shall include management of the governmental investments, regulation of conditions of the investment activity, and control over the investment activities that are performed by all investors and participants.

2. Management of the governmental investments shall be made by the republican and local bodies of the state power and governance; such management shall include planning, establishment of relevant conditions, as well as performance of specific actions connected with investment of the budget and off-budget resources.

3. Regulation of conditions of the investment activity shall be made as follows:

(the Indent 2 of the Paragraph 3 of Article 12 was excluded on the basis of the Law No. 2899-III (2899-14) dated December 20, 2001).

(the Indent 3 of the Paragraph 3 of Article 12 was excluded on the basis of the Law No. 2899-III (2899-14) dated December 20, 2001).

through furnishing of various kinds of financial assistance (in the form of grants, subsidies, subventions, as well as through granting budgetary loans for development of certain regions, branches, and enterprises);

establishment of the state norms and standards;

taking measures aimed at development and protection of the economic competition;

(this Indent of the Paragraph 3 of Article 12 is formulated in accordance with the changes made under the Law No. 1294-IV (1294-15) dated November 20, 2003).

measures that are taken in order to deprive the State of the state-owned property, as well as privatisation of such property;

establishment of conditions of enjoyment of land, water and other natural resources;

development of price formation strategies;

performance of the governmental expert examination of the investment programs and construction projects (the Indent 10 of the Paragraph 3 of Article 12 — in accordance with the changes made under the Law No. 185/98-VR dated March 09, 1998);

other measures.

Article 13. Procedure of Making Decisions

on the Governmental Investments at the Level of the Republic

1. Decisions on the governmental investments at the level of the republic shall be made on the basis of the forecasts of economic and social development of the republic; programmes of development and placement of production forces; purpose-oriented scientific and development programs; comprehensive programs; as well as on the basis of technical and economic assessments, which are to be made in order to establish expediency of such investments.

2. Projects of the purpose-oriented comprehensive republican programmes shall be developed in accordance with the procedure, which shall be established by the Cabinet of Ministers of Ukraine with participation of the interested governmental authorities and public associations, and shall be

submitted by the Cabinet of Ministers of Ukraine to approval of the Verkhovna Rada (Supreme Council) of Ukraine as a special section of the 'Main Directions of the Economic and Social Development of the Republic'.

3. The Verkhovna Rada of Ukraine shall approve volumes of the state investments, which shall be made at the expense of the resources of the republican budget, as a special section of the 'Main Directions of the Economic and Social Development of the Republic'.

Article 14. Procedure of Placement of the Government Contractual Order for Performance of Work in the Sphere of Capital Construction

1. The government contractual order for performance of work in the sphere of capital construction is one of the forms of the republican governmental investments.

2. Such government contractual order shall be placed, as a rule, on condition of organisation of competitions and taking into account the economic expediency of such contractual orders for enterprises and organisations.

3. The Cabinet of Ministers of Ukraine shall establish the procedure of putting the objects of the republican governmental contractual order in operation.

Article 15. The State Expert Examination of Investments

1. The investment programs and construction projects, which shall be performed with utilisation of the resources of the State Budget of Ukraine, the budget of the Autonomous Republic of Crimea, the local budgets, as well as the budgets of the state-owned enterprises, institutions, and organisations, shall be subject to the compulsory state expert examination. The investment programs and construction projects, which shall be performed at the expense of other sources of funding, shall be subject to the expert examination in accordance with the Paragraph 1 of Article 8 of the present Law.

The state expert examination of investment programs and construction projects shall be made on the comprehensive basis by the specialised governmental organisation, which shall be established and shall act in accordance with the procedure established by the Cabinet of Ministers of Ukraine. The Cabinet of Ministers of Ukraine shall establish the procedure of the state expert examination of various investment programs and construction projects.

(the Paragraph 1 of Article 15 — in accordance with the changes made under the Law No. 1955-12 dated December 10, 1991; formulation of this Paragraph is in line with the changes made under the Law No. 185/98-VR dated March 09, 1998).

2. The commissions of experts, which are established by the Verkhovna Rada of Ukraine, may perform expert examinations of the certain investment projects and programmes as well (if necessary).

Article 16. Regulation of Investment Activity by the Supreme Council of the Crimean ASSR and by the Local Councils of People's Deputies

The Supreme Council of the Crimean ASSR and the local Councils of People's Deputies shall regulate the investment activity within the limits of their competencies and within their territories; particularly, they shall approve the issues connected with creation of production and social objects, as well as with utilisation of natural resources by the subjects of the investment activity.

(the Paragraph 2 of Article 16 was excluded on the basis of the Law No. 1955-12 dated December 10, 1991).

Article 17. Price Formation in the Course of the Investment Activity

Cost of the products, work, and services in the course of the investment activity shall be established in accordance with free prices and tariffs, particularly in accordance with results of competitions (tenders), provided that in the cases stipulated by the legislative acts, cost of such products, work, and services shall be established in accordance with the governmental fixed and regulated prices and tariffs.

Cost of construction work shall be established in accordance with the governmental financial estimates, which shall be compulsory ones in the course of construction of the objects at the expense of the resources of the State Budget of Ukraine, the budget of the Autonomous Republic of Crimea, the local budgets, as well as the budgets of the state-owned enterprises, institutions, and organisations (the Paragraph 2 of Article 17 — in accordance with the changes made under the Law No. 185/98-VR dated March 09, 1998).

IV. GUARANTEES OF RIGHTS OF SUBJECTS OF THE INVESTMENT ACTIVITY AND PROTECTION OF INVESTMENTS

Article 18. Guarantees of Rights of Subjects of the Investment Activity

1. The State shall guarantee stability of conditions of performance of the investment activity, as well as it shall guarantee the observance of rights and legal interests of subjects of such investment activity.

Terms and provisions of the contracts, which were concluded between the subjects of the investment activity, shall be valid during the entire period of such contracts, as well as in the cases, where after the moment of their conclusion, the laws are enacted (except for the tax, customs, and currency laws, as well as except for the laws that regulate procedure of licensing of the certain kinds of economic activity), which shall establish such new terms and provisions that shall worsen the standing of the subjects of the investment activity or that shall worsen their rights, provided that the relevant parties shall fail to come to an agreement on changes of terms and provisions of their contracts (the Indent 2 of the Paragraph 1 of Article 18 — in accordance with the changes made under the Law No. 2899-III (2899-14) dated December 20, 2001).

2. The governmental authorities and official persons shall have no right to interfere into activity of the subjects of the investment activity except for the cases, where such interference is allowed by the legislation in force and is made within the competencies of such governmental authorities and official persons.

Neither person shall have the right to restrict rights of investors in the course of selection of objects of investments except for the cases, where such restrictions are established by the present Law.

Should governmental or other authorities enact any legislative acts, which shall infringe the rights of investors and participants of the investment activity, such authorities shall indemnify any and all losses, incurred by the subjects of the investment activity. Any disputes concerning indemnification of such losses shall be settled by courts (the Indent 3 of the Paragraph 2 of Article

18 — in accordance with the changes made under the Law No. 762-IV (762-15) dated May 15, 2003).

Article 19. Protection of Investments

1. Protection of investments shall be a package of organisational, technical, and legal measures that are aimed at creation of such conditions, which shall ensure: safety of investments; achievement of the goals, according to which investments were made; efficient operation of the objects of investments and reinvestments; protection of legal rights and interests of investors, particularly their rights to earn profits (incomes) from their investments.

The State shall guarantee protection of the investments regardless of their patterns of ownership, as well as protection of foreign investments. Protection of the investments shall be ensured by the laws of Ukraine, as well as by the international treaties of Ukraine. The State shall ensure equal rights and possibilities of operation for all investors (particularly, for foreign investors); such regime of operation shall exclude measures of discriminative nature, which would prevent management, utilisation, and liquidation of the investments; in addition, relevant conditions and procedure of export of the invested values and results of the investments shall be envisaged.

The State shall establish governmental guarantees of protection of investments in order to ensure a favourable and stable regime of investments.

The governmental guarantees of protection of investments shall be the system of legal norms, which are aimed at protection of investments and which are not connected with the issues of financial and economic activity of participants of the investment activity and with payments of taxes, duties (compulsory payments) by such participants. The governmental guarantees of protection of investments may not be ceased or restricted as concerns the part of the investments, which were made during the period, when such guarantees were in force (the Indent 4 of the Paragraph 1 of Article 19 — in accordance with the changes made under the Law No. 2899-III (2899-14) dated December 20, 2001).

(the Paragraph 1 of Article 19 — in accordance with the changes made under the Law No. 1955-12 dated December 10, 1991; this Paragraph is formulated in line with the changes made under the Law No. 697-XIV (697-14) dated May 21, 1999).

(Official interpretation of the Paragraph 1 of Article 19 see in the Resolution of the Constitutional Court of Ukraine No. 1-rp/2002 (v001p710-02) dated January 29, 2002).

2. No investments may be nationalized or confiscated on the free-of-charge basis, and no other measures may be taken in respect of the investments provided that consequences of such measures would be similar to the consequences of such nationalization or confiscation. Such measures may be only taken on the basis of the relevant legislative acts of Ukraine, and the investor must be indemnified in full volume in respect of the losses incurred by it in connection with cessation of its investment activity. The above-mentioned legislative acts shall establish the procedure of indemnification of the investors' losses.

Should the purpose-oriented banking contributions, stocks and other securities, payments for the property acquired or for the rights to lease property, which were made or acquired by investors, are confiscated in accordance with the legislative acts of Ukraine, their cost shall be returned to the investors except for the amounts, which were utilised or lost due to the acts of the investors themselves, or due to the acts performed with participation of the investors.

3. The disputes, which shall occur in the result of the investment activity, shall be settled by a court, or, correspondingly, by an arbitration court.

(the Paragraph 3 of Article 19 — in accordance with the changes made under the Law No. 762-IV (762-15) dated May 15, 2003).

4. The investments may be insured or must be insured in the cases, which are stipulated by the laws.

Article 20. Responsibility of Subjects of the Investment Activity

Should the subjects of the investment activity fail to observe their contractual obligations, they shall bear proprietary accountability and other kinds of accountability in accordance with the laws of Ukraine and the concluded contracts.

Facts of payment of penalties and forfeits for infringement of terms and provisions of the contracts, as well as facts of reimbursement of damages and losses shall not exempt the guilty party from the necessity to perform its obligations provided otherwise is not stipulated by the laws or the contract.

Article 21. Conditions of Termination of the Investment Activity

Postponement or termination of the investment activity shall be effected in accordance with the resolutions:

of investors (in this case, such investors shall pay indemnification for the losses incurred by participants of the investment activity);

of the governmental authority, which have relevant competency.

A resolution may also be made by a competent authority to suspend or stop investment activity in the following cases:

in case of prolongation of such investment activity may cause to infringement of the sanitary, hygienic, architectural, ecological and other norms, rights, and interests of citizens, legal entities and the State, which are protected by the laws;

in case of the investor declares bankruptcy due to insolvency;

in case of natural disasters;

in case of declared state of emergency.

Article 22. International Treaties

Should any international treaty to which Ukraine is a party establish other regulations contradicting Ukrainian legislation on the investment activity, regulations of the relevant international treaty shall prevail.

The Chairman of the Verkhovna Rada of Ukraine L. KRAVCHUK

Kyiv, 18 September 1991

No. 1560-XII

Publications of the document:

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- The Official Journal of the Verkhovna Rada of 19 November 1991 — 1991, No. 47, Article 646;