

The National Commission on securities and stock market has moved towards launch the arrangements of forced equity buyouts

The National Commission on securities and stock market (NSSMC) is confidently moving toward establishing a workable mechanism of forced equity buyouts in Ukraine by majority shareholders.

It should be reminded, that according to changes of the Law of Ukraine “On Joint-Stock companies” entered into force in June, 2017 a shareholder, who is owner the prevalent controlling stake, is allowed to commit forced buyouts in other shareholders (known as a “squeeze-out” procedure). However, repurchase of shares is still being impossible due to the lack of necessary regulatory base for that.

Thus, on September 5, 2017 NSSMC take a Decision № 662 “On Information, which includes in a report about acquiring property rights to a prevalent controlling stake and public irrevocable contention” (hereinafter refer to as -the Decision) with intent to create necessary condition for “squeeze-out” procedure launch. By this Decision regulator established structure and amount of information, which must be listed on the assignment of ownership report for the prevalent controlling stake is sent to NSSMC by shareholders and in the public irrevocable contention about legal entity’s shares purchase.

Particularly, name of physical person-owner or legal entity’s name, type of entity, type of participation in acquiring prevalent controlling stake, entity’s participation in company, ultimate beneficial owner (supervisor) of entity (for legal entities), number of shares which belonged to third party before purchase by legal person the prevalent controlling stake should be specified in report about acquiring property rights to prevalent controlling stake.

A person, who is the owner of prevalent controlling stake or authorized person in public irrevocable contention about purchase shares in all entity’s members, should indicate information about:

- applicant and its affiliated persons if affiliated persons would own the entity’s shares at the date of the requirement;

- an applicant who is authorized person if the decision about supply to the legal entity the public irrevocable contention was taken by persons who jointly acquired property rights to the prevalent controlling stake and information about these persons;
- legal entity;
- the depository where applicant's securities account was opened and details of the securities account;
- the procedure for implementing this requirement.

The Decision entered into force on November 01, 2017.

This Legal Alert is intended as a general overview of latest changes in legislation of Ukraine and does not constitute a legal advice.

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