



ukrainian legal group

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CANCELLATION OF THE MANDATORY CORPORATE SEAL REQUIREMENT

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Ukraine, until recently, maintained an archaic requirement for a corporate seal as a mandatory attribute of every legal entity. In order to be valid most of the documents, including contracts and contractual documentation, had to be attested by the corporate seal. Abolishing this requirement is a welcoming development considerably simplifying and modernizing business operations.

Effective 31 October 2014, the use of corporate seals by legal entities is optional (in contracts it is optional unless the parties decide to make it mandatory).

This development occurred pursuant to the Law "On Amendments to Certain Legislative Acts Regarding the Simplification of Opening Businesses in Ukraine" dated 15 April 2014 (hereinafter – the "**Law**"), which took effect on 31 October 2014. The purpose of the Law is to simplify the creation and day-to-day activity of legal entities. The Law, for example, cancels the State fee for the State registration (incorporation) of the legal entity and an individual-entrepreneur (such fees were 170 UAH and 34 UAH, respectively).

With regards to corporate seal, the Law amended a number of other Laws replacing in them the obligation of a legal entity to have a corporate seal with the right to have it (in other words, leaving this issue to the discretion of the legal entity). In particular, the amendments were made to the Commercial Code, Civil Code, the Law "On Electronic Documents and Electronic Documents Turnover", the Law "On Notaries", the Law "On State Registration of Legal Entities and Individuals-Entrepreneurs".

However, a number of other Laws and regulations currently in effect have not been amended, and they still contain the mandatory corporate seal requirement. For example, the Instructions Concerning the Procedure for Registering Issued, Returned and Used Powers of Attorney Authorizing the Obtaining of Valuables, approved by Order No. 99 of the Ministry of Finance of Ukraine dated 16 May 1996, which requires a seal to be affixed to a power of attorney authorizing the obtaining of commodity and material valuables.

We believe that relevant amendments must be introduced into all Laws and regulations that have mandatory seal requirement for any purpose or document. Therefore, until such Laws and regulations are amended, in case there is a mandatory corporate seal requirement in effect for a specific purpose or document, this requirement must be complied with. This position is supported by instructive letters of the State bodies (for example, a letter of the State Service of Ukraine on Regulatory Policy and Development dated 04.08.2014 #6255 and letter of the Ministry of Justice dated 14.08.2014 #6820-0-4-14/8.1).

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