

# RUSSIAN FEDERATION

## FEDERAL LAW

### On the Central Bank of the Russian Federation (Bank of Russia)

(as amended by Federal Laws No. 5-FZ, dated 10 January 2003; No. 180-FZ, dated 23 December 2003; No. 58-FZ, dated 29 June 2004; No. 97-FZ, dated 29 July 2004; No. 61-FZ, dated 18 June 2005; No. 90-FZ, dated 18 July 2005; No. 60-FZ, dated 3 May 2006; No. 85-FZ, dated 12 June 2006; No. 246-FZ, dated 29 December 2006; No. 247-FZ, dated 29 December 2006; No. 24-FZ, dated 2 March 2007; No. 63-FZ, dated 26 April 2007; No. 171-FZ, dated 13 October 2008; No. 174-FZ, dated 13 October 2008; No. 176-FZ, dated 27 October 2008; No. 274-FZ, dated 25 December 2008; No. 276-FZ, dated 25 December 2008; No. 317-FZ, dated 30 December 2008; No. 192-FZ, dated 19 July 2009; No. 281-FZ, dated 25 November 2009; No. 291-FZ, dated 3 November 2010; No. 10-FZ, dated 7 February 2011; No. 162-FZ, dated 27 June 2011; No. 285-FZ, dated 19 October 2011; No. 327-FZ, dated 21 November 2011; No. 231-FZ, dated 3 December 2012; No. 266-FZ, dated 25 December 2012; No. 282-FZ, dated 29 December 2012; No. 29-FZ, dated 14 March 2013; No. 41-FZ, dated 5 April 2013; No. 102-FZ, dated 7 May 2013; No. 146-FZ, dated 2 July 2013; No. 184-FZ, dated 2 July 2013; No. 185-FZ, dated 2 July 2013; No. 251-FZ, dated 23 July 2013; No. 335-FZ, dated 2 December 2013; No. 375-FZ, dated 21 December 2013; No. 379-FZ, dated 21 December 2013; No. 410-FZ, dated 28 December 2013; No. 106-FZ, dated 5 May 2014; No. 112-FZ, dated 5 May 2014; No. 189-FZ, dated 28 June 2014; No. 202-FZ, dated 1 July 2014; No. 218-FZ, dated 21 July 2014; No. 287-FZ, dated 4 October 2014; No. 344-FZ, dated 4 November 2014; No. 432-FZ, dated 22 December 2014; No. 451-FZ, dated 29 December 2014; No. 484-FZ, dated 29 December 2014; No. 167-FZ, dated 29 June 2015; No. 210-FZ, dated 29 June 2015; No. 222-FZ, dated 13 July 2015; No. 231-FZ, dated 13 July 2015; No. 285-FZ, dated 5 October 2015; No. 333-FZ, dated 28 November 2015; No. 403-FZ, dated 29 December 2015; No. 426-FZ, dated 30 December 2015; No. 430-FZ, dated 30 December 2015; No. 222-FZ, dated 23 June 2016; No. 292-FZ, dated 3 July 2016; No. 340-FZ, dated 3 July 2016; No. 362-FZ, dated 3 July 2016; No. 505-FZ, dated 28 December 2016; No. 38-FZ, dated 28 March 2017; No. 84-FZ, dated 1 May 2017; No. 92-FZ, dated 1 May 2017; No. 153-FZ, dated 1 July 2017; No. 176-FZ, dated 18 July 2017; No. 281-FZ, dated 29 July 2017; No. 391-FZ, dated 5 December 2017; No. 482-FZ, dated 31 December 2017; No. 29-FZ, dated 19 February 2018; No. 49-FZ, dated 7 March 2018; No. 53-FZ, dated 7 March 2018; No. 87-FZ, dated 23 April 2018; No. 133-FZ, dated 4 June 2018; No. 167-FZ, dated 27 June 2018; No. 263-FZ, dated 29 July 2018; No. 322-FZ, dated 3 August 2018 (from 1 January 2019); No. 452-FZ, dated 28 November 2018; No. 485-FZ, dated 25 December 2018; No. 514-FZ, dated 27 December 2018)

## **Chapter I. General Provisions**

**Article 1.** The status, purposes, functions and powers of the Central Bank of the Russian Federation (Bank of Russia) are stipulated by the Constitution of the Russian Federation, this Federal Law and other federal laws.

The Bank of Russia shall fulfill the functions and exercise the powers stipulated by the Constitution of the Russian Federation and this Federal Law independently from other federal bodies of state power, the bodies of state power of the constituent entities of the Russian Federation and local self-government bodies.

The Bank of Russia shall be a legal entity. The Bank of Russia shall have a stamp with the image of the National Emblem of the Russian Federation and its own name.

The central bodies of the Bank of Russia shall be based in Moscow.

**Article 2.** The authorised capital and other property of the Bank of Russia shall be in federal ownership. In pursuance of its purposes and in accordance with the procedure established by this Federal Law, the Bank of Russia shall exercise its powers to own, use and manage its property, including the gold and currency (international) reserves of the Bank of Russia. This property may not be confiscated or encumbered with obligations without Bank of Russia consent unless the federal law stipulates otherwise.

The state shall not be liable for the obligations of the Bank of Russia and the Bank of Russia shall not be liable for the obligations of the state unless they have assumed such obligations or unless federal laws stipulate otherwise.

The Bank of Russia shall cover its expenses with its own revenues.

**Article 3.** The purposes of the Bank of Russia shall be as follows:

to protect the ruble and ensure its stability;

to develop and strengthen the banking system of the Russian Federation;

to ensure stability of and develop the national payment system;

*(as amended by Federal Law No. 162-FZ, dated 27 June 2011)*

to develop the financial market of the Russian Federation;

*(this Paragraph was introduced by Federal Law No. 251-FZ, dated 23 July 2013)*

to ensure stability of the financial market of the Russian Federation.

*(this Paragraph was introduced by Federal Law No. 251-FZ, dated 23 July 2013)*

Deriving profit shall not be the purpose of the Bank of Russia.

**Article 4.** The Bank of Russia shall fulfill the following functions:

1) it shall elaborate and pursue in collaboration with the Government of the Russian Federation a single state monetary policy;

1<sup>1</sup>) it shall elaborate and pursue in collaboration with the Government of the Russian Federation the policy of developing and

ensuring the stable functioning of the financial market of the Russian Federation;

*(Clause 1<sup>1</sup> was introduced by Federal Law No. 251-FZ, dated 23 July 2013)*

2) it shall be the sole issuer of cash money and organiser of cash turnover;

2<sup>1</sup>) it shall approve the graphic representation of the ruble as a sign;

*(Clause 2<sup>1</sup> was introduced by Federal Law No. 85-FZ, dated 12 June 2006)*

3) it shall be the last-resort creditor for credit institutions and it shall organise the system to refinance them;

4) it shall set the rules to effect settlements in the Russian Federation;

4<sup>1</sup>) it shall exercise supervision and oversight function over the national payment system;

*(Clause 4<sup>1</sup> was introduced by Federal Law No. 162-FZ, dated 27 June 2011)*

5) it shall set the rules to conduct banking operations;

6) it shall manage the budget accounts of all levels of the budget system of the Russian Federation, unless federal laws stipulate otherwise, by effecting settlements on behalf of the authorised bodies of executive power and state extra-budgetary funds entrusted with the task of organizing the execution of and executing the budgets;

7) it shall efficiently manage the international reserves of the Bank of Russia;

8) it shall adopt decisions on the state registration of credit institutions, issue licences to credit institutions to conduct banking operations and suspend and revoke them;

8<sup>1</sup>) it shall adopt decisions on the state registration of non-government pension funds;

*(Clause 8<sup>1</sup> was introduced by Federal Law No. 410-FZ, dated 28 December 2013)*

9) it shall exercise supervision over the activities of credit institutions and banking groups (hereinafter referred to as banking supervision);

9<sup>1</sup>) it shall exercise regulation, control and supervision over the activities of non-credit financial institutions in compliance with federal laws;

*(Clause 9<sup>1</sup> was introduced by Federal Law No. 251-FZ, dated 23 July 2013)*

10) it shall register equity securities issues, securities prospectuses and reports on the results of the issuance of equity securities;

*(Clause 10 in the wording of Federal Law No. 251-FZ, dated 23 July 2013)*

10<sup>1</sup>) it shall exercise control and supervision over the observance by issuers of the requirements of Russian Federation legislation on joint-stock companies and securities;

*(Clause 10<sup>1</sup> was introduced by Federal Law No. 251-FZ, dated 23 July 2013)*

10<sup>2</sup>) it shall exercise regulation, control and supervision in the area of corporate relations in joint-stock companies;

*(Clause 10<sup>2</sup> was introduced by Federal Law No. 251-FZ, dated 23 July 2013)*

11) it shall conduct on its own behalf or on behalf of the Government of the Russian Federation all kinds of banking operations and other transactions necessary for the fulfillment by the Bank of Russia of its functions;

12) it shall organise and exercise foreign exchange regulation and foreign exchange control in compliance with the legislation of the Russian Federation;

13) it shall establish the procedure for effecting settlements with international organisations, foreign states and also with legal entities and private individuals;

14) it shall approve sectoral accounting standards for credit institutions, the Bank of Russia and non-credit financial institutions, a chart of accounts for the accounting of credit institutions and the procedure for its application, a chart of accounts for the Bank of Russia and the procedure for its application;

*(Clause 14 as amended by Federal Law No. 251-FZ, dated 23 July 2013)*

14<sup>1</sup>) it shall approve a chart of accounts for the accounting of non-credit financial institutions and the procedure for its application;

*(Clause 14<sup>1</sup> was introduced by Federal Law No. 251-FZ, dated 23 July 2013)*

15) it shall set and publish the official rates of foreign currencies against the ruble;

16) it shall participate in making a forecast of the Russian Federation balance of payments;

*(Clause 16 as amended by Federal Law No.38-FZ, dated 28 March 2017)*

16<sup>1</sup>) it shall participate in developing a methodology of the compilation of the Russian Federation financial account in the system of national accounts and organise the compilation of the Russian Federation financial account;

*(Clause 16<sup>1</sup> was introduced by Federal Law No. 285-FZ, dated 19 October 2011)*

16<sup>2</sup>) it shall compile the balance of payments of the Russian Federation, international investment position of the Russian Federation, statistical data on external trade of the Russian Federation in services, external debt of the Russian Federation, international reserves of the

Russian Federation, direct investment in the Russian Federation and direct investment of the Russian Federation abroad;

*(Clause 16<sup>2</sup> was introduced by Federal Law No. 251-FZ, dated 23 July 2013, as amended by Federal Law No.38-FZ, dated 28 March 2017)*

16<sup>3</sup>) in order to compile the balance of payments of the Russian Federation, international investment position of the Russian Federation, statistical data on external trade of the Russian Federation in services, external debt of the Russian Federation, international reserves of the Russian Federation, direct investment in the Russian Federation and direct investment of the Russian Federation abroad it shall develop on its own and approve a statistical methodology, a list of respondents, the procedure and forms for them to provide primary statistical data, including the forms of federal statistical observation;

*(Clause 16<sup>3</sup> was introduced by Federal Law No. 251-FZ, dated 23 July 2013, as amended by Federal Law No.38-FZ, dated 28 March 2017)*

17) *this Clause has been null and void since 1 January 2013 in accordance with Federal Law No. 327-FZ, dated 21 November 2011;*

18) it shall analyse and forecast the state of the Russian Federation economy and publish the corresponding materials and statistical data;

*(Clause 18 as amended by Federal Law No. 251-FZ, dated 23 July 2013)*

18<sup>1</sup>) it shall effect Bank of Russia payments on household deposits with bankrupt banks not covered by the mandatory deposit insurance system in the cases stipulated and according to the procedure established by the federal law;

*(Clause 18<sup>1</sup> was introduced by Federal Law No. 97-FZ, dated 29 July 2004; as amended by Federal Law No. 322-FZ, dated 3 August 2018)*

18<sup>2</sup>) it shall be the depository of the IMF ruble-denominated funds and it shall conduct operations and transactions stipulated by the IMF Articles of Agreement and the agreements concluded with the IMF;

*(Clause 18<sup>2</sup> was introduced by Federal Law No. 291-FZ, dated 3 November 2010)*

18<sup>3</sup>) it shall exercise control over the observance of the requirements of Russian Federation legislation on countering the illegal use of insider information and market manipulation;

*(Clause 18<sup>3</sup> was introduced by Federal Law No. 251-FZ, dated 23 July 2013)*

18<sup>4</sup>) it shall protect the rights and legitimate interests of shareholders and investors on financial markets, insurance policyholders, insured persons and beneficiaries acknowledged as such pursuant to insurance legislation, and also insured persons under compulsory pension insurance, non-governmental pension fund depositors and participants under non-governmental pension provision schemes;

*(Clause 18<sup>4</sup> was introduced by Federal Law No. 251-FZ, dated 23 July 2013)*

18<sup>5</sup>) it shall organise provision of the services to transmit electronic messages on financial operations (hereinafter, financial messages);

*(Clause 18<sup>5</sup> is introduced by Federal Law No. 210-FZ, dated 29 June 2015)*

19) it shall fulfil other functions in compliance with federal laws.

**Article 4<sup>1</sup>.** In fulfilling its functions stipulated by federal laws, the Bank of Russia shall be obliged to elaborate and pursue a policy for preventing, detecting and managing conflicts of interests.

*(Article 4<sup>1</sup> was introduced by Federal Law No. 251-FZ, dated 23 July 2013)*



**Article 5.** The Bank of Russia shall be accountable to the State Duma of the Federal Assembly of the Russian Federation.

The State Duma shall:

appoint and dismiss the Bank of Russia Chairman at the proposal of the Russian Federation President;

appoint and dismiss members of the Bank of Russia Board of Directors (hereinafter referred to as the Board of Directors) at the proposal of the Bank of Russia Chairman with the agreement of the Russian Federation President;

delegate and recall representatives of the State Duma in the National Financial Board within its quota;

*(as amended by Federal Law No. 251-FZ, dated 23 July 2013)*

consider guidelines for the single state monetary policy and adopt decisions on them;

consider annual reports of the Bank of Russia and adopt decisions on them;

take a decision on an inspection by the Audit Chamber of the Russian Federation of the financial and economic activities of the Bank of Russia and its units and divisions. Such a decision may only be taken on the basis of a proposal of the National Financial Board;

*(as amended by Federal Law No. 251-FZ, dated 23 July 2013)*

conduct parliamentary hearings on the activities of the Bank of Russia with the participation of its representatives;

hear reports by the Bank of Russia Chairman on the activities of the Bank of Russia (when annual reports and guidelines for the single state monetary policy are presented).

The Bank of Russia shall provide information to the State Duma and Russian Federation President in accordance with the procedure established by federal laws.

**Article 6.** The Bank of Russia shall be entitled to refer a claim to court in accordance with the procedure established by Russian Federation legislation.

The Bank of Russia shall be entitled to appeal for the protection of its interests to international courts, courts of foreign states and arbitration courts.

**Article 7.** On issues within its competence under this Federal Law and other federal laws, the Bank of Russia shall issue normative acts in the form of directives, regulations and instructions binding for the federal bodies of state power, the bodies of state power of the constituent entities of the Russian Federation and local self-government bodies and all legal entities and private individuals.

The rules for drafting Bank of Russia normative acts shall be set by the Bank of Russia on its own.

Bank of Russia normative acts shall come into force 10 days after their official publication, except for the cases stipulated by the Board of Directors and except for the Bank of Russia normative acts specified in Part five hereof. The official publication of a Bank of Russia normative act shall be considered the first publication of its full text in the Bank of Russia Bulletin or the first placement (publication) on the Bank of Russia

website ([www.cbr.ru](http://www.cbr.ru)). Bank of Russia normative acts shall not be retroactive.

*(Part three as amended by Federal Laws No. 426-FZ, dated 30 December 2015 and No. 53-FZ, dated 7 March 2018)*

Bank of Russia normative acts shall be registered according to the procedure established for the state registration of the regulatory legal acts of the federal bodies of executive power.

*(Part four as amended by Federal Law No. 58-FZ, dated 29 June 2004)*

Bank of Russia normative acts shall not be subject to state registration and shall come into force in accordance with the established procedure, which provide for the following:

*(as amended by Federal Law No. 53-FZ, dated 7 March 2018)*

***The Paragraph has been null and void in accordance with Federal Law No. 53-FZ, dated 7 March 2018;***

changes in interest rates;

the amount of required reserves (the required reserve ratios, the required reserve averaging ratio);

*(as amended by Federal Law No. 218-FZ, dated 21 July 2014)*

compulsory standards for credit institutions and banking groups, and also for non-credit financial institutions in compliance with this Federal Law and other federal laws;

*(as amended by Federal Law No. 251-FZ, dated 23 July 2013)*

direct quantitative restrictions;

sectoral accounting standards for the Bank of Russia, a chart of accounts for accounting for the Bank of Russia and the procedure for its application;

*(as amended by Federal Law No. 251-FZ, dated 23 July 2013)*

the procedure for ensuring the functioning of the Bank of Russia system.

According to the procedure established for the federal bodies of executive power, other Bank of Russia normative acts may not be subject to the registration.

*(Part six as amended by Federal Law No. 58-FZ, dated 29 June 2004)*

*Part seven has been null and void since 1 September 2013, in accordance with Federal Law No. 251-FZ, dated 23 July 2013.*

Bank of Russia normative acts may be appealed against in court in accordance with the procedure established for disputing the normative legal acts of the federal bodies of state power.

Draft federal laws and draft normative legal acts of the federal bodies of executive power relating to the fulfillment by the Bank of Russia of its functions shall be sent to the Bank of Russia for its appraisal.

**Article 8.** The Bank of Russia shall not be entitled to participate in the capital of credit institutions unless federal laws stipulate otherwise.

Paragraph 1 of this Article shall not apply to Bank of Russia participation in the capital of the Savings Bank of the Russian Federation (hereinafter referred to as Sberbank).

A decrease or alienation of the Bank of Russia stake in the authorised capital of Sberbank, which does not lead to a reduction of this stake to less than 50 per cent plus one voting share, shall be agreed by the Bank of Russia with the Government of the Russian Federation.

A decrease or alienation of the Bank of Russia stake in the authorised capital of Sberbank, which leads to a reduction of this stake to less than 50 per cent plus one voting share, shall be effected pursuant to the federal law.

The Bank of Russia shall not be entitled to participate in the capital or be a member of other commercial or non-commercial organisations if they do not provide support to the activities of the Bank of Russia and its institutions, organisations and employees, except for the cases established by federal laws.

Paragraph 1 and Paragraph 5 of this Article shall not apply to Bank of Russia operations on the open market conducted pursuant to Article 39 of this Federal Law.

For the purpose of ensuring the ruble's stability, the Bank of Russia shall have the right to establish and (or) participate in the capital of organisations engaged in the trust management of Bank of Russia assets, and also assets transferred to their management by the Russian Federation, state corporations created by the Russian Federation and other public legal entities or organisations, including foreign entities, for investment in the Russian Federation and (or) foreign states.

*(Part seven was introduced by Federal Law No. 218-FZ, dated 21 July 2014)*

Provisions of Chapter XI of Federal Law No. 208-FZ, dated 26 December 1995, 'On Joint-stock Companies' shall not apply to operations conducted by the Bank of Russia with credit institutions for the purpose of implementing the single state monetary policy stipulated by Articles 39, 40, and 44 of this Federal Law.

*(Part eight was introduced by Federal Law No. 340-FZ, dated 3 July 2016)*

Based on the decision of its Board of Directors the Bank of Russia shall be entitled to contribute funds and (or) other property, including real estate, as a property contribution of the Bank of Russia to the property of the state corporation Deposit Insurance Agency.

*(Part nine was introduced by Federal Law No. 53-FZ, dated 7 March 2018)*

*(Article 8 as amended by Federal Law No. 176-FZ, dated 27 October 2008)*

**Article 9.** The Bank of Russia may participate in the capital of international organisations that promote monetary, foreign exchange and banking cooperation and cooperation in other areas of the financial market.

The Bank of Russia may participate in the activities of international organisations that promote monetary, foreign exchange and banking cooperation and cooperation in other areas of the financial market, including cooperation between central banks and (or) the corresponding regulatory (supervisory) bodies (organisations), and also participate in the activities of associations that do not have the status of an organisation (including forums, groups and committees).

Relations between the Bank of Russia and credit institutions of foreign states shall be established in compliance with international treaties of the Russian Federation, federal laws and interbank agreements.

*(Article 9 as amended by Federal Law No. 251-FZ, dated 23 July 2013)*

## **Chapter II. Bank of Russia Capital**

**Article 10.** The Bank of Russia shall have an authorised capital of 3 billion rubles.

**Article 11.** Profit of the Bank of Russia shall be the difference between the amount of income derived from banking operations and transactions stipulated by legislation of the Russian Federation, including this Federal Law, and income from the participation in the capital of the organisations and other income from the Bank of Russia activity and the amount of expenses relating to the fulfillment by the Bank of Russia of its functions stipulated in Article 4 of this Federal Law, including expenses relating to support for the activities of the Bank of Russia and its divisions and employees.

*(Article 11 as amended by Federal Law No. 53-FZ, dated 7 March 2018)*

## **Chapter III. The National Financial Board and Governing Bodies of the Bank of Russia**

*(name as amended by Federal Law No. 251-FZ, dated 23 July 2013)*

**Article 12.** The National Financial Board shall be a collegiate body of the Bank of Russia.

*(Part one as amended by Federal Law No. 251-FZ, dated 23 July 2013)*

The National Financial Board shall be comprised of 12 members, of whom two shall be delegated by the Federation Council of the Federal Assembly of the Russian Federation from Federation Council members, three by the State Duma from State Duma deputies, three by the Russian Federation President and three by the Russian Federation Government. The National Financial Board shall also include the Bank of Russia Chairman.

*(Part two as amended by Federal Law No. 251-FZ, dated 23 July 2013)*

Members of the National Financial Board shall be recalled by the body of state power that has delegated them to the National Financial Board.

*(Part three as amended by Federal Law No. 251-FZ, dated 23 July 2013)*

Members of the National Financial Board, except the Bank of Russia Chairman, shall not work in the Bank of Russia on a full-time basis and shall not receive any remuneration for these activities.

*(Part four as amended by Federal Law No. 251-FZ, dated 23 July 2013)*

The Chairman of the National Financial Board shall be elected by a majority of votes of the total number of Board members.

*(Part five as amended by Federal Law No. 251-FZ, dated 23 July 2013)*

The Chairman of the National Financial Board shall exercise general guidance of its activities and chair its sessions. In the absence of the Chairman of the National Financial Board, his functions shall be fulfilled by his deputy, elected from among the members of the National Financial Board by a majority of votes of the total number of Board members.

*(Part six as amended by Federal Law No. 251-FZ, dated 23 July 2013)*



The National Financial Board shall adopt decisions by a majority of votes of the Board members present with a quorum of seven.

*(Part seven as amended by Federal Law No. 251-FZ, dated 23 July 2013)*

When the National Financial Board adopts decisions, the opinion of Board members in a minority shall be written down at their request in the minutes of the Board meeting.

*(Part eight as amended by Federal Law No.251-FZ, dated 23 July 2013.)*

Should the votes be equally divided, the Chairman of the National Financial Board meeting shall have the deciding vote.

*(Part nine as amended by Federal Law No. 251-FZ, dated 23 July 2013)*

The National Financial Board shall meet at least once every three months.

*(Part ten as amended by Federal Law No. 251-FZ, dated 23 July 2013)*

The meetings of the National Financial Board shall be called by the Chairman of the National Financial Board or in his absence by his deputy and also at the request of the Bank of Russia Chairman or at least three members of the National Financial Board.

*(Part eleven as amended by Federal Law No. 251-FZ, dated 23 July 2013)*

The members of the National Financial Board shall be notified about a meeting of the National Financial Board in advance.

*(Part twelve as amended by Federal Law No. 251-FZ, dated 23 July 2013)*

**Article 13.** The competence of the National Financial Board shall include the following:

*(as amended by Federal Law No. 251-FZ, dated 23 July 2013)*

1) considering Bank of Russia annual reports and annual reports on the activities of the Management Company of the Banking Sector

Consolidation Fund, limited liability company (hereinafter, the Management Company);

*(Clause 1 as amended by Federal Law No. 84-FZ, dated 1 May 2017);*

2) approving on the basis of the Board of Directors' proposals for the next year no later than December 15 of the preceding year:

the total amount of expenses for the maintenance of Bank of Russia employees;

the total amount of expenses for the provision of pensions, life insurance and medical insurance for Bank of Russia employees;

the total amount of capital investments;

the total amount of other administrative and business expenses;

3) approving, if necessary, on the basis of the Board of Directors' proposals additional expenses for the maintenance of Bank of Russia employees, additional expenses for the provision of pensions, life insurance and medical insurance for Bank of Russia employees and additional capital investments and also approving other additional administrative and business expenses;

4) considering issues pertaining to the development and upgrading of the financial market of the Russian Federation and the upgrading of the banking system of the Russian Federation;

*(Clause 4 as amended by Federal Law No. 251-FZ, dated 23 July 2013)*

5) considering draft guidelines for the single state monetary policy and guidelines for the single state monetary policy;

6) deciding issues pertaining to Bank of Russia participation in the capital of credit institutions;

7) appointing the chief auditor of the Bank of Russia and considering his reports;

8) considering on a quarterly basis the Board of Directors' information on the main issues relating to the activities of the Bank of Russia:

implementing the guidelines for the single state monetary policy;

banking regulation and banking supervision, including information on the work of authorised representatives appointed to a credit institution in cases stipulated by Part one of Article 76 of this Federal Law, regulation, control and supervision over non-credit financial institutions;

*(as amended by Federal Law No. 184-FZ, dated 2 July 2013, and Federal Law No. 251-FZ, dated 23 July 2013)*

implementing the policy of foreign exchange regulation and foreign exchange control;

ensuring stability and development of the national payment system;

*(as amended by Federal Law No. 162-FZ, dated 27 June 2011)*

executing the Bank of Russia expense budget;

drafting laws and other normative acts relating to ensuring the development and stable functioning of the financial market of the Russian Federation;

*(as amended by Federal Law No. 251-FZ, dated 23 July 2013)*

9) appointing an audit firm to conduct a mandatory audit of Bank of Russia annual financial statements;

*(Clause 9 as amended by Federal Law No. 344-FZ, dated 4 November 2014)*

10) approving at the proposal of the Board of Directors sectoral accounting standards for the Bank of Russia, a chart of accounts for accounting for the Bank of Russia and the procedure for its application;

*(Clause 10 as amended by Federal Law No. 251-FZ, dated 23 July 2013)*

10<sup>1</sup>) considering the policy submitted by the Board of Directors for preventing, detecting and managing conflicts of interests in the process of the fulfillment by the Bank of Russia of its functions stipulated by federal laws and giving recommendations on this policy;

*(Clause 10<sup>1</sup> was introduced by Federal Law No. 251-FZ, dated 23 July 2013)*

11) submitting proposals to the State Duma on conducting an inspection by the Audit Chamber of the Russian Federation of the financial and economic activities of the Bank of Russia and its units and divisions;

12) approving at the proposal of the Board of Directors the procedure for making Bank of Russia provisions and the procedure for allocating Bank of Russia profit left at the disposal of the Bank of Russia;

13) approving at the proposal of the Board of Directors the report on Bank of Russia expenses for the maintenance of Bank of Russia employees, the provision of pensions, life insurance and medical insurance for Bank of Russia employees, capital investments and other administrative and business needs;

14) giving its consent to members of the Board of Directors, and also citizens, during two years from the termination of their powers as members of the Board of Directors, to holding positions in cases stipulated by Article 90 of this Federal Law;

*(Clause 14 was introduced by Federal Law No. 251-FZ, dated 23 July 2013)*

15) giving its consent to the appointment of a one-man executive body of the operator of the national payment cards system;

*(Clause 15 was introduced by Federal Law No. 112-FZ, dated 5 May 2014)*

16)considering the strategy for the development of the national payment cards system and providing recommendations for the said strategy.

*(Clause 16 was introduced by Federal Law No. 112-FZ, dated 5 May 2014)*

**Article 14.** The Bank of Russia Chairman shall be appointed by the State Duma for a term of five years by a majority of votes of the total number of State Duma deputies.

*(Part one as amended by Federal Law No. 251-FZ, dated 23 July 2013)*

A candidate for the post of Bank of Russia Chairman shall be proposed by the Russian Federation President no later than three months before the term of the incumbent Bank of Russia Chairman expires.

Should the Bank of Russia Chairman be dismissed before his term expires, the Russian Federation President shall propose a candidate for the post within two weeks of the day of the dismissal.

Should a candidate proposed for the appointment as Bank of Russia Chairman be turned down, the Russian Federation President shall propose a new candidate within two weeks. One candidate may not be proposed more than twice.

No person may hold the post of the Bank of Russia Chairman for more than three consecutive terms.

The State Duma shall be entitled to dismiss the Bank of Russia Chairman upon the proposal of the Russian Federation President.

The Bank of Russia Chairman may only be dismissed in the following cases:

when his term expires;

if he is unable to fulfill his duties for health reasons confirmed by a government medical commission;

if he submits a letter of resignation;

if he has committed an indictable crime established by a court ruling that has come into force;

if he has violated any federal law regulating the activities of the Bank of Russia;

if he has failed to take measures for prevention or settlement of conflict of interest, to which he/she is a party, to furnish or has furnished incomplete or unreliable information on his/her income, expenses, property or property-related obligations, to furnish or has furnished knowingly incomplete or unreliable information on income, expenses, property or property-related obligations of his/her spouse and underage children in cases provided for by Federal Law No. 273-FZ, dated 25 December 2008, 'On Countering Corruption' and the Federal Law 'On Control over Conformity between Expenses of Government Officials and Other Persons, and their Income', to match his/her expenses, expenses of his/her spouse and underage children with their total income, to take measures against opening (keeping) accounts (deposits), holding cash and valuables with foreign banks outside the territory of the Russian Federation, owning and (or) using foreign financial instruments by himself/herself, his/her spouse and (or) underage children. In this context 'foreign financial instruments' shall have the meaning as defined by Federal Law No. 79-FZ, dated 7 May 2013, 'On Prohibiting Certain Categories of Individuals from Opening and Maintaining Accounts (Deposits) and Holding Cash and Valuables with Foreign Banks Outside

the Russian Federation, and Owning and (or) Using Foreign Financial Instruments’.

*(this Paragraph was introduced by Federal Law No. 231-FZ, dated 3 December 2012, as amended by Federal Laws No. 102-FZ, dated 7 May 2013, and No. 505-FZ, dated 28 December 2016)*

**Article 15.** The Board of Directors shall be comprised of the Bank of Russia Chairman and 14 Board members.

*(Part one as amended by Federal Law No. 251-FZ, dated 23 July 2013)*

Members of the Board of Directors shall work in the Bank of Russia on a full-time basis.

Members of the Board of Directors shall be appointed by the State Duma for a term of five years at the proposal of the Bank of Russia Chairman, with the agreement of the Russian Federation President.

*(Part three as amended by Federal Law No. 251-FZ, dated 23 July 2013)*

Members of the Board of Directors shall be dismissed:

by the Bank of Russia Chairman upon the expiry of the term indicated in this Article;

by the State Duma at the proposal of the Bank of Russia Chairman before the expiry of the term indicated in this Article;

by the State Duma at the proposal of the Bank of Russia Chairman in the event of a failure to take measures for prevention or settlement of a conflict of interest, by a party who is a member of the Board of Directors, non-provision or provision of incomplete or unreliable information on income, expenses, property or property-related obligations, non-provision or provision of knowingly incomplete or unreliable information on income, expenses, property or property-related obligations of his/her

spouse and underage children in cases provided for by Federal Law No. 273-FZ, dated 25 December 2008, ‘On Countering Corruption’ and the Federal Law ‘On Control over Conformity between Expenses of Government Officials and Other Persons, and their Income’, to match his/her expenses, expenses of his/her spouse and underage children with their total income, to take measures against opening (keeping) accounts (deposits), holding cash and valuables with foreign banks outside the territory of the Russian Federation, owning and (or) using foreign financial instruments by a member of the Board of Directors, his/her spouse and (or) underage children. In this context ‘foreign financial instruments’ shall have the meaning as defined by Federal Law No. 79-FZ, dated 7 May 2013, ‘On Prohibiting Certain Categories of Individuals from Opening and Maintaining Accounts (Deposits) and Holding Cash and Valuables with Foreign Banks Outside the Russian Federation, and Owning and (or) Using Foreign Financial Instruments’.

*(this Paragraph was introduced by Federal Law No. 231-FZ, dated 3 December 2012, as amended by Federal Laws No. 102-FZ, dated 7 May 2013, and No. 505-FZ, dated 28 December 2016)*

**Article 15<sup>1</sup>.** Persons applying for the positions of the Bank of Russia Chairman or a member of the Board of Directors and persons holding such positions must provide information on their income, expenses, property or property-related obligations, as well as on income, expenses, property or property-related obligations of their spouses and underage children, according to the procedure set by Federal Law No. 273-FZ, dated 25 December 2008, ‘On Countering Corruption’, the Federal Law ‘On Control over Conformity between Expenses of



Government Officials and Other Persons, and their Income’, regulations of the President of the Russian Federation and the Bank of Russia, to the government body (its subdivision) defined by the President of the Russian Federation.

*(Article 15<sup>1</sup> was introduced by Federal Law No. 231-FZ, dated 3 December 2012)*

**Article 16.** Meetings of the Board of Directors shall be chaired by the Bank of Russia Chairman and in his absence by a Board member deputising for him.

The Board of Directors shall adopt decisions by a majority of votes of the Board members present at the meeting with a quorum of eight and the Bank of Russia Chairman or a person deputizing for him must be present at the meeting. The minutes of a Board meeting shall be signed by the person who chaired the meeting and one of the Board members. When the Board of Directors adopts decisions relating to monetary policy, the opinion of those Board members in a minority shall be written down in the minutes of the Board meeting at their request.

*(Part two as amended by Federal Law No. 251-FZ, dated 23 July 2013)*

Heads of Bank of Russia regional branches may be invited to participate in Board meetings.

**Article 17.** The Board of Directors shall meet at least once a month.

Board meetings shall be called by the Bank of Russia Chairman or a person deputising for him or at the request of at least four Board members.

*(Part two as amended by Federal Law No. 251-FZ, dated 23 July 2013)*

Board members shall be notified about a Board meeting in advance.

**Article 18.** The Board of Directors shall fulfil the following functions:

1) it shall elaborate in collaboration with the Russian Federation Government draft guidelines for the single state monetary policy, draft guidelines for the development of the financial market and guidelines for the single state monetary policy and submit these documents for consideration to the National Financial Board, the Russian Federation President, the Russian Federation Government and the State Duma pursuant to Articles 45 and 45<sup>3</sup> of this Federal Law and ensure the implementation of the guidelines for the monetary policy and the guidelines for the development of the financial market;

*(Clause 1 as amended by Federal Law No. 251-FZ, dated 23 July 2013)*

1<sup>1</sup>) it shall consider the issues of developing the financial market of the Russian Federation;

*(Clause 1<sup>1</sup> was introduced by Federal Law No. 251-FZ, dated 23 July 2013)*

2) it shall approve the Bank of Russia annual financial statements, consider the auditor's report on Bank of Russia annual financial statements and the report of the Audit Chamber of the Russian Federation on the results of an audit of Bank of Russia accounts and operations covered by the Russian Federation State Secrecy Law and submit these documents as part of the Bank of Russia Annual Report to the National Financial Board and the State Duma;

*(Clause 2 as amended by Federal Law No. 251-FZ, dated 23 July 2013)*

3) it shall approve the report on Bank of Russia activities, conduct an analysis of the state of the Russian economy pursuant to Article 25 of this Federal Law and submit these documents as part of the Bank of Russia Annual Report to the National Financial Board before submission to the State Duma;

*(Clause 3 as amended by Federal Law No. 251-FZ, dated 23 July 2013)*

3<sup>1</sup>) it shall approve the annual report on the activities of the Management Company comprising the assessment of its performance efficiency and submit it together with the Bank of Russia Annual Report to the National Financial Board;

*(Clause 3<sup>1</sup> was introduced by Federal Law No. 84-FZ, dated 1 May 2017)*

4) it shall consider and submit to the National Financial Board for approval for the next year with calculations and rationales no later than December 1 of the preceding year:

*(as amended by Federal Law No. 251-FZ, dated 23 July 2013)*

the total amount of expenses for the maintenance of Bank of Russia employees;

the total amount of expenses for the provision of pensions, life insurance and medical insurance for Bank of Russia employees;

the total amount of capital investments;

the total amount of other administrative and business expenses of the Bank of Russia;

5) if necessary, it shall consider and submit to the National Financial Board for approval for the next year with calculations and rationales proposals on additional expenses for purposes indicated in Clause 4 of this Article;

*(Clause 5 as amended by Federal Law No. 251-FZ, dated 23 July 2013)*

6) it shall approve the Bank of Russia expense budget, taking into account the total amounts of Bank of Russia expenses approved by the National Financial Board and indicated in Clause 4 of this Article, no later than December 31 of the preceding year;

*(Clause 6 as amended by Federal Law No. 251-FZ, dated 23 July 2013)*

7) if necessary, it shall approve an estimate of additional expenses of the Bank of Russia after the approval by the National Financial Board of the additional Bank of Russia expenses indicated in Clause 3 of Article 13 of this Federal Law;

*(Clause 7 as amended by Federal Law No. 251-FZ, dated 23 July 2013)*

8) it shall establish the form and amount of compensation to be paid to the Bank of Russia Chairman, members of the Board of Directors, Bank of Russia Deputy Chairmen and other Bank of Russia employees;

9) it shall adopt decisions:

on the creation, reorganisation and liquidation of Bank of Russia organisations;

on compulsory standards for credit institutions and banking groups, and also for non-credit financial institutions;

*(as amended by Federal Law No. 251-FZ, of 23 July 2013)*

the amount of required reserves;

*(as amended by Federal Law No. 218-FZ of 21 July 2014)*

on changes in Bank of Russia interest rates;

on setting limits on operations on the open market;

on participation in international organisations;

on the participation (membership) of the Bank of Russia in the capital of the organisations (in the organisations) providing support for the activities of the Bank of Russia and its units, divisions and employees;

on the purchase and sale of real estate necessary for the functioning of the Bank of Russia and its organisations (it shall give permission for the price and other terms and conditions of a transaction);

on the use of direct quantitative restrictions;

on the issue of new Bank of Russia banknotes and coins and on the withdrawal from circulation of old Bank of Russia banknotes and coins;

on the procedure for creating reserves by credit institutions;

on the effectuation of Bank of Russia payments on household deposits with bankrupt banks not covered by the mandatory deposit insurance system in the cases stipulated and according to the procedure established by the federal law;

*(this Paragraph was introduced by Federal Law No. 97-FZ, dated 29 July 2004; in the wording of Federal Law No. 322-FZ, dated 3 August 2018)*

on the placement of Bank of Russia bonds;

*(this Paragraph was introduced by Federal Law No.61-FZ, dated 18 June 2005)*

on the content and the procedure for and time of disclosing information about transactions conducted by the Bank of Russia in trades organised by the stock exchanges and (or) other organisers of trade on the securities market;

*(this Paragraph was introduced by Federal Law No. 176-FZ, dated 27 October 2008, as amended by Federal law No. 327-FZ, dated 21 November 2011)*

on the conduct of operations and transactions stipulated by the IMF Articles of Agreement and the agreements concluded with the IMF;

*(this Paragraph was introduced by Federal Law No. 291-FZ, dated 3 November 2010);*

on the extension of an unsecured 5-year loan to the state corporation Deposit Insurance Agency to replenish the mandatory deposit insurance fund and to implement bankruptcy prevention measures in banks;

*(this Paragraph was introduced by Federal Law No. 335-FZ, dated 2 December 2013, as amended by Federal Law No. 432-FZ, dated 22 December 2014)*

on the risk ratio premiums used by the Bank of Russia as a measure aimed at reducing the threats to the financial stability of the Russian Federation (hereinafter, the risk ratio premiums) on certain types of assets and also on the values of characteristics of the types of assets for which the risk ratio premiums are established;

*(the Paragraph was introduced by Federal Law No. 53-FZ, dated 7 March 2018)*

on the issue of a 5-year unsecured loan to the Management Company to purchase assets of insurance companies subjected to bankruptcy prevention measures in cases stipulated hereby;

*(this Paragraph was introduced by Federal Law No. 87-FZ, dated 23 April 2018)*

on the participation of the Bank of Russia in bankruptcy prevention measures for a bank or an insurance company and the approval of the plan of the Bank of Russia's participation in bankruptcy prevention measures for a bank or an insurance company in compliance with Federal Law No. 127-FZ, dated 26 October 2002, 'On Insolvency (Bankruptcy)' (hereinafter referred to as the Federal Law 'On Insolvency (Bankruptcy)');

*(this Paragraph was introduced by Federal Law No. 87-FZ, dated 23 April 2018)*

10) it shall submit to the State Duma proposals for changing the size of the authorised capital of the Bank of Russia;

11) it shall approve the Board of Directors' rules of procedure;

12) it shall present to the National Financial Board a candidate for the post of chief auditor of the Bank of Russia;

*(Clause 12 as amended by Federal Law No. 251-FZ, dated 23 July 2013)*

13) it shall approve the Bank of Russia structure, the regulations on Bank of Russia structural units and establishments, the charters of Bank of Russia organisations, the procedure for appointing heads of Bank of Russia structural units and organisations, the regulation on guarding Bank of Russia premises and the list of guarded Bank of Russia premises;

*(Clause 13 as amended by Federal Law No. 426-FZ, dated 30 December 2015)*

14) it shall establish in compliance with federal laws the conditions of access for foreign capital to the Russian banking system;

15) it shall approve a list of Bank of Russia posts;

16) it shall set the banking operation rules for the banking system of the Russian Federation;

*(Clause 16 as amended by Federal Law No. 251-FZ, dated 23 July 2013)*

16<sup>1</sup>) it shall approve sectoral accounting standards for credit institutions and non-credit financial organisations, a chart of accounts for the accounting of credit institutions and the procedure for its application;

*(Clause 16<sup>1</sup> was introduced by Federal Law No. 251-FZ, dated 23 July 2013)*

16<sup>2</sup>) it shall approve a chart of accounts for the accounting of non-credit financial institutions and the procedure for its application;

*(Clause 16<sup>2</sup> was introduced by Federal Law No. 251-FZ, dated 23 July 2013)*

17) it shall draft and submit to the National Financial Board for approval:

*(as amended by Federal Law No. 251-FZ, dated 23 July 2013)*

proposals on sectoral accounting standards for the Bank of Russia and a chart of accounts for accounting for the Bank of Russia and the procedure for its application;

*(as amended by Federal Law No. 251-FZ, dated 23 July 2013)*

proposals on the procedure for making Bank of Russia provisions and allocating Bank of Russia profits left at the disposal of the Bank of Russia;

a report on Bank of Russia expenses for the maintenance of Bank of Russia employees and for the provision of pensions, life insurance and medical insurance for Bank of Russia employees, capital investments and other administrative and business expenses;

17<sup>1</sup>) it shall approve the decision to issue (launch an additional issue of) Bank of Russia bonds;

*(Clause 17<sup>1</sup> was introduced by Federal Law No. 61-FZ, dated 18 June 2005)*

17<sup>2</sup>) it shall submit information to the National Financial Board quarterly on the volumes of loans extended to Bank of Russia employees and on interest rates on these loans;

*(Clause 17<sup>2</sup> was introduced by Federal Law No. 251-FZ, dated 23 July 2013)*

17<sup>3</sup>) it shall approve the procedure for measuring the basic yield on bank deposit agreements;

*(Clause 17<sup>3</sup> was introduced by Federal Law No. 432-FZ, dated 22 December 2014)*

17<sup>4</sup>) it shall approve the procedure for recognising the compliance of a bank's financial standing with criteria for the payment of the increased additional insurance fees to the mandatory deposit insurance fund.

*(Clause 17<sup>4</sup> was introduced by Federal Law No. 432-FZ, dated 22 December 2014)*



17<sup>5</sup>) it shall establish the lists of rating agencies to be used by the Bank of Russia in exercising its powers as well as the required levels of appropriate ratings and specifics of their use;

*(Clause 17<sup>5</sup> was introduced by Federal law No. 176-FZ, dated 18 July 2017)*

17<sup>6</sup>) it shall approve the regulation on the Bank of Russia commission to consider complaints of non-governmental pension funds stipulated by Clause 4 of Article 34<sup>2</sup> of Federal Law No. 75-FZ, dated 7 May 1998, ‘On Non-governmental Pension Funds’ and its composition;

*(Clause 17<sup>6</sup> was introduced by Federal Law No. 49-FZ, dated 7 March 2018)*

17<sup>7</sup>) it shall appoint and dismiss a financial consumer ombudsman (hereinafter, financial ombudsman) in accordance with the procedure established by the Federal Law ‘On Financial Consumer Ombudsman’;

*(Clause 17<sup>7</sup> was introduced by Federal Law No. 133-FZ, dated 4 June 2018)*

17<sup>8</sup>) it shall determine the amount of property contributions of the Bank of Russia, the founder of the financial ombudsman administration;

*(Clause 17<sup>8</sup> was introduced by Federal Law No. 133-FZ, dated 4 June 2018)*

18) it shall fulfill other functions assigned by this Federal Law to the competence of the Board of Directors.

The decisions by the Board of Directors on changes in interest rates, the amount of required reserves and compulsory ratios for credit institutions and banking groups and non-bank financial institutions, direct quantitative restrictions, risk ratio premiums, the values of characteristics of the types of assets for which the risk ratio premiums are established, the participation (membership) of the Bank of Russia in the capital of the organisations (in the organisations) providing support for the activities of the Bank of Russia and its divisions and employees, the issue of new Bank of Russia banknotes and coins, the withdrawal of old Bank of

Russia banknotes and coins from circulation, and the procedure for the creation of reserves by credit institutions and non-bank financial institutions shall be officially published in accordance with the procedure established by Part three of Article 7 thereof within 10 days after such decisions are made.

*(Part two as amended by Federal Laws No. 251-FZ, dated 23 July 2013, No. 218-FZ, dated 21 July 2014, and No. 53-FZ, dated 7 March 2018)*

**Article 19.** Members of the Board of Directors cannot be deputies to the State Duma, members of the Federation Council, deputies to the legislative (representative) bodies of the constituent entities of the Russian Federation, deputies to the bodies of local self-government, civil servants or members of the Russian Federation Government.

A member of the Board of Directors shall relinquish his powers as a deputy, resign as a member of the Russian Federation Government or retire from government service within one month after his appointment as a member of the Board of Directors and thereafter the newly-appointed Board member shall take up his duties.

A member of the Board of Directors cannot be a member of any political party or hold any position in a public, political or religious organisation.

A member of the Board of Directors shall be subject to the restrictions imposed by Article 90 of this Federal Law.

**Article 20.** The Bank of Russia Chairman:

1) shall act on behalf of the Bank of Russia and represent its interests without a power of attorney in relations with the bodies of state power, credit institutions, organisations of foreign states, international organisations and other institutions and organisations;

2) shall chair the meetings of the Board of Directors. Should the votes be divided equally, the Bank of Russia Chairman shall have the deciding vote;

3) shall sign Bank of Russia normative acts, decisions of the Board of Directors, minutes of the Board of Directors' meetings and agreements concluded by the Bank of Russia and shall be entitled to delegate the right to sign the Bank of Russia normative acts to a Board member deputizing for him;

4) shall appoint and dismiss his deputies and allocate duties between them;

5) shall be entitled to delegate his powers to his deputies;

5<sup>1</sup>) shall submit to the Board of Directors proposals on the appointment of the chief financial ombudsman approved by the President of the Russian Federation;

*(Clause 5<sup>1</sup> was introduced by Federal Law No. 133-FZ, dated 4 June 2018)*

5<sup>2</sup>) shall submit to the Board of Directors proposals on the dismissal of the chief financial ombudsman;

*(Clause 5<sup>2</sup> was introduced by Federal Law No. 133-FZ, dated 4 June 2018)*

5<sup>3</sup>) shall appoint and dismiss a head of the financial ombudsman administration on the proposal of the chief financial ombudsman;

*(Clause 5<sup>3</sup> was introduced by Federal Law No. 133-FZ, dated 4 June 2018)*

6) shall sign orders and give instructions binding for all Bank of Russia employees and organisations;

7) shall bear full responsibility for the activities of the Bank of Russia;

8) shall see to it that the Bank of Russia fulfills its functions in compliance with this Federal Law and take decisions on all issues assigned by federal laws to the competence of the Bank of Russia, except those on which decisions are taken under this Federal Law by the National Financial Board or the Board of Directors.

*(Clause 8 as amended by Federal Law No. 251-FZ, dated 23 July 2013)*

9) shall not be entitled to be a member of governing bodies, boards of trustees or supervisory boards, or other bodies of foreign non-governmental not-for-profit organisations and their structural divisions operating in the Russian Federation, except for the cases stipulated by international treaties of the Russian Federation, federal laws, interbank agreements or agreements with foreign financial market regulators, or the cases when the Bank of Russia participates in the capital and activities of organisations in compliance with Articles 8 and 9 of this Federal Law;

*(Clause 9 was introduced by Federal Law No. 24-FZ, dated 2 March 2007, as amended by Federal Law No. 251-FZ, dated 23 July 2013)*

10) shall not be entitled to combine his main job with other paid activities, except for teaching, research or other creative work. Furthermore, teaching, research or other creative work shall not be financed exclusively by foreign states, international and foreign organisations, foreign citizens and stateless persons, unless otherwise

stipulated by international treaties of the Russian Federation, federal laws, or interbank agreements.

*(Clause 10 was introduced by Federal Law No. 24-FZ, dated 2 March 2007)*

11) shall communicate under the procedure stipulated by orders of the President of the Russian Federation personal interest in the discharge of their duties that results or may result in a conflict of interests and take measures to prevent or settle such conflict.

*(Clause 11 was introduced by Federal Law No. 285-FZ, dated 5 October 2015)*

#### **Chapter IV. Relations between the Bank of Russia and Bodies of State Power and Local Self-Government**

**Article 21.** To fulfill the functions assigned to it, the Bank of Russia shall participate in elaborating the economic policy of the Russian Federation Government. The Bank of Russia Chairman or one of his deputies on his instructions shall take part in meetings of the Russian Federation Government and may also participate in State Duma sessions discussing draft laws on issues relating to the economic, financial, credit and banking policies.

The Minister of Finance of the Russian Federation and the Minister of Economic Development of the Russian Federation or on their instructions one representative of the Ministry of Finance of the Russian Federation and one representative of the Ministry of Economic Development of the Russian Federation shall participate in the Board of Directors' meetings with the right of a consultative vote.

*(Part two as amended by Federal Law No. 176-FZ, dated 27 October 2008)*

The Bank of Russia and the Russian Federation Government shall inform each other about their plans of action of national importance, coordinate their policy and hold regular consultations.

The Bank of Russia shall advise the Ministry of Finance of the Russian Federation on the schedule for issuing government securities of the Russian Federation and the payment of government debt of the Russian Federation, taking into consideration their effect on the Russian financial market, including the Russian banking system, and priorities of the single state monetary policy.

*(Part four as amended by Federal Law No. 251-FZ, dated 23 July 2013)*

The Bank of Russia shall be entitled to provide information on inquiries from advisory and coordinating bodies established in compliance with normative legal acts of the Russian Federation President and the Russian Federation Government, except for the cases stipulated by federal laws.

*(Part five was introduced by Federal Law No. 251-FZ, dated 23 July 2013)*

**Article 22.** The Bank of Russia shall not be entitled to extend loans to the Russian Federation Government to finance the federal budget deficit and buy securities at their primary placement, except for those cases stipulated by the federal budget law.

The Bank of Russia shall not be entitled to extend loans to finance deficits in the budgets of the government extra-budgetary funds, budgets of the constituent entities of the Russian Federation and local budgets.

**Article 23.** Federal budget funds and assets of the government extra-budgetary funds shall be kept in the Bank of Russia unless federal laws stipulate otherwise.

The Bank of Russia shall not charge any commission for conducting operations with federal budget funds, assets of the government extra-budgetary funds, budget funds of the constituent entities of the Russian Federation and local budget funds and also operations to service government debt of the Russian Federation and operations with international reserves.

The powers of the Bank of Russia to service government debt of the Russian Federation shall be established by federal laws.

The Bank of Russia and the Ministry of Finance of the Russian Federation shall conclude agreements, if necessary, on the conduct of the aforementioned operations on the instructions of the Russian Federation Government.

## **Chapter V. Bank of Russia Reporting**

**Article 24.** The reporting period (reporting year) of the Bank of Russia shall be from 1 January to 31 December inclusive.

**Article 25.** The Bank of Russia shall submit its Annual Report to the State Duma each year no later than May 15 of the year following the reporting year.

The Bank of Russia Annual Report shall comprise:

a report on Bank of Russia activities, including a list of the measures taken by the Bank of Russia to implement the single state monetary policy and an analysis of the implementation of the principal parameters of the single state monetary policy;

an analysis of the state of the Russian economy, including an analysis of currency circulation and credit, the Russian financial market and the foreign exchange position and balance of payments of the Russian Federation and the national payment system;

*(as amended by Federal Law No. 251-FZ, dated 23 July 2013)*

annual financial statements of the Bank of Russia;

the auditor's report on Bank of Russia annual financial statements;

a report by the Audit Chamber of the Russian Federation on the results of an audit of Bank of Russia accounts and operations covered by the Russian Federation State Secrecy Law;

information on the application of measures envisaged by Russian Federation legislation for violation of the requirements of Federal Law No. 115-FZ, dated 7 August 2001, 'On Countering the Legalisation (Laundering) of Criminally Obtained Incomes and the Financing of Terrorism', to credit institutions, non-credit financial institutions and their officials;

*(this Paragraph was introduced by Federal Law No. 484-FZ, dated 29 December 2014)*

information prepared by the Bank of Russia chief auditor on the utilisation efficiency of monetary assets constituting the Banking Sector Consolidation Fund and the Insurance Sector Consolidation Fund set up in line with Article 76<sup>12</sup> thereof;

*(this Paragraph was introduced by Federal Law No. 84-FZ, dated 1 May 2017; as amended by Federal Law No. 87-FZ, dated 23 April 2018)*



information on measures taken to financially rehabilitate credit institutions and prevent bankruptcy of insurance companies.

*(this Paragraph was introduced by Federal Law No. 84-FZ, dated 1 May 2017; as amended by Federal Law No. 87-FZ, dated 23 April 2018)*

For the purposes of this Federal Law, Bank of Russia annual financial statements shall signify:

an annual balance sheet and income statement, including a report on the profit made and its allocation;

*(as amended by Federal Law No. 344-FZ, dated 4 November 2014)*

a report on the creation and use of Bank of Russia reserves and funds;

a report on the management by the Bank of Russia of securities and stakes in the capital of organisations owned by the Bank of Russia;

a report on expenses for the maintenance of Bank of Russia employees;

a report on the execution of the capital budget;

a report on the volume of transactions conducted by the Bank of Russia in trades organised by the stock exchanges and (or) other organisers of trade on the securities market.

*(this Paragraph is introduced by Federal Law No. 176-FZ, dated 27 October 2008, as amended by Federal Law No. 327-FZ, dated 21 November 2011)*

The State Duma shall submit the Bank of Russia Annual Report to the Russian Federation President and also to the Russian Federation Government.

*(Part four as amended by Federal Law No. 251-FZ, dated 23 July 2013)*

The State Duma shall consider the Bank of Russia Annual Report before July 1 of the year following the reporting year and adopt a decision on it.

The Bank of Russia Annual Report shall be published no later than 15 July of the year following the reporting year.

The Bank of Russia shall publish on a monthly basis its balance sheet, currency circulation data, including money supply dynamics and structure, and generalised data on Bank of Russia operations.

**Article 26.** After the approval of Bank of Russia annual financial statements by the Board of Directors, the Bank of Russia shall transfer to the federal budget 75 per cent of its full-year profit left after the payment of taxes and duties as is required by the Tax Code of the Russian Federation. The remaining profit of the Bank of Russia shall be transferred by the Board of Directors to reserves and various funds.

*(Part one as amended by Federal Law No.287-FZ, dated 4 October 2014)*

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*Federal Law No. 454-FZ, dated 28 November 2018, stipulates that income earned by the Central Bank of the Russian Federation in 2019 from its share in the capital of Sberbank of Russia Public Joint-stock Company in 2018 shall be transferred to the federal budget before 1 August 2019. (Article 1)*

*A part of profit of the Central Bank of the Russian Federation subject to transfer to the federal budget in 2020 pursuant to Part one of Article 26 of Federal Law No. 86-FZ, dated 10 July 2002, 'On the Central Bank of the Russian Federation (Bank of Russia)', shall be reduced by the amount of funds transferred to the federal budget in 2019 in compliance with Article 1 thereof. (Article 2)*

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A change of the percentage and the procedure for the transfer of profit by the Bank of Russia to the federal budget shall be effected by a separate federal law, which may not include other norms changing (suspending, cancelling or invalidating) other legislative acts of the

Russian Federation or containing an independent subject of legal regulation.

*(Part two was introduced by Federal Law No. 251-FZ, dated 23 July 2013)*

Taxes and duties shall be paid by the Bank of Russia and its organisations in line with the Tax Code of the Russian Federation.

**Article 26<sup>1</sup>** The Bank of Russia shall disclose information about the transactions it conducts in trades organised by the stock exchanges and (or) other organisers of trade on the securities market and the content of this information and the procedure and times for disclosing it shall be established by the Board of Directors.

*(Article 26<sup>1</sup> was introduced by Federal Law No. 176-FZ, dated 27 October 2008, as amended by Federal law No. 327-FZ, dated 21 November 2011)*

**Article 26<sup>2</sup>.** The Bank of Russia shall forward on a quarterly basis to the State Duma data on Bank of Russia compensations to credit institutions for partial losses (expenses) they suffered following transactions with other credit institutions with their banking licences revoked and on Bank of Russia compensations to entities acting as central counterparties for partial losses (expenses) they suffered on transactions with clearing participants whose banking licences to carry out corresponding activity were revoked including:

1) on decisions taken by the Bank of Russia to establish (revise) a procedure for a partial compensation for the losses (expenses) mentioned in this Article;

2) a list of credit institutions and entities acting as central counterparties which signed corresponding agreements with the Bank of Russia, and amounts of funds provided to them by the Bank of Russia to partially compensate the losses (expenses) mentioned in this Article.

*(Article 26<sup>2</sup> is introduced by Federal Law No. 167-FZ, dated 29 June 2015).*

## **Chapter VI. Cash Management**

**Article 27.** The ruble shall be the official monetary unit (currency) of the Russian Federation. It shall be equal to 100 kopecks.

The issue of any other monetary units or quasi-money shall be prohibited in the Russian Federation.

**Article 28.** No official ratio shall be set between the ruble and gold or other precious metals.

**Article 29.** The issue of cash (banknotes and coins), organisation of its circulation and its withdrawal from circulation in the Russian Federation shall be effected exclusively by the Bank of Russia.

Bank of Russia banknotes (bank bills) and coins shall be the sole legal tender in the Russian Federation. Their forgery or illegal manufacture shall be prosecuted under the law.

**Article 30.** Bank of Russia banknotes and coins shall be unconditional obligations of the Bank of Russia, secured by all its assets.

Bank of Russia banknotes and coins shall be unconditionally accepted for their face value in effecting all kinds of payments, crediting accounts and making deposits and transfers on the entire territory of the Russian Federation.

**Article 31.** Bank of Russia banknotes and coins may not be declared invalid (no longer legal tender) without establishing a sufficiently long period of their exchange for new Bank of Russia banknotes and coins. No restrictions shall be imposed on the sum or subject of the exchange.

When old Bank of Russia banknotes and coins are exchanged for new Bank of Russia banknotes and coins, the period of the withdrawal of banknotes and coins from circulation may not be shorter than one year but no longer than five years.

**Article 32.** The Bank of Russia shall exchange worn or damaged banknotes without any restrictions in compliance with its rules.

**Article 33.** The Board of Directors shall take the decision to issue new Bank of Russia banknotes and coins and withdraw old Bank of Russia banknotes and coins from circulation and approve the

denominations and specimens of new currency. The description of new banknotes and coins shall be published in the media.

The State Duma and the Russian Federation Government shall be notified of such a decision in advance.

**Article 34.** To organise the circulation of currency in the Russian Federation, the Bank of Russia shall fulfill the following functions:

it shall forecast and organise the production, including the placement of order for production of Bank of Russia banknotes and coins with the respective organisation, transportation and storage of Bank of Russia banknotes and coins and create their reserves;

*(as amended by Federal Law No. 10-FZ, dated 7 February 2011)*

it shall set the cash storage, transportation and collection rules for credit institutions;

it shall establish the criteria of validity of Bank of Russia banknotes and coins and the procedure for destroying Bank of Russia banknotes and coins and replacing damaged Bank of Russia banknotes and coins;

it shall establish the procedure for the conduct of cash operations by legal entities and a simplified procedure for the conduct of cash operations by individual entrepreneurs and small businesses.

*(as amended by Federal Law No. 251-FZ, dated 23 July 2013 )*

**Article 34<sup>1</sup>.** The principal objective of the Bank of Russia's monetary policy shall be to protect and ensure stability of the ruble by

way of maintaining price stability, including for the creation of conditions for balanced and sustainable economic development.

*(Article 34<sup>1</sup> was introduced by Federal law No. 251-FZ, dated 23 July 2013)*

## **Chapter VII. Monetary Policy**

**Article 35.** The principal tools and methods of the Bank of Russia monetary policy shall be as follows:

- 1) interest rates on Bank of Russia operations;
- 2) required reserves;

*(Clause 2 as amended by Federal Law No. 218-FZ, dated 21 July 2014)*

- 3) open-market operations;
- 4) refinancing credit institutions;
- 5) currency interventions;
- 6) setting targets for money supply growth;
- 7) direct quantitative restrictions;
- 8) the issue of bonds on its own behalf;
- 9) other instruments specified by the Bank of Russia.

*(Clause 9 was introduced by Federal Law No. 251-FZ, dated 23 July 2013)*

**Article 36.** The Bank of Russia shall regulate the total amount of the loans it extends in line with the approved targets for the single state monetary policy.

**Article 37.** The Bank of Russia may set one or several interest rates on different kinds of operations or pursue an interest rate policy without fixing an interest rate.

The Bank of Russia shall use the interest rate policy to influence market interest rates.

**Article 38.** The amount of required reserves (the required reserve ratios, the required reserve averaging ratio) and the procedure for credit institutions to comply with rules on required reserves, including the procedure for depositing the required reserves with the Bank of Russia shall be established by the Board of Directors.

The required reserve ratios shall determine the amount of required reserves as a percentage of a credit institution's obligations.

The required reserve ratios may not exceed 20 per cent of a credit institution's liabilities and may be different for banks with universal licences, banks with basic licences, and non-bank credit institutions. In this case, the required reserve ratios established for banks with universal licences shall be uniform for all banks with universal licences, those established for banks with basic licences shall be uniform for all banks with basic licences, and those established for non-bank credit institutions shall be uniform for all non-bank credit institutions. The required reserve ratios established for banks with basic licences shall not exceed the required reserve ratios established for banks with universal licences.

*(Part three as amended by Federal Law No.92-FZ, dated 21 May 2017)*

The required reserve ratios may not be changed by more than five points at a time.



The required reserve averaging ratio is a numerical multiplier ranging from 0 to 1 and used to calculate the averaged amount of required reserves. The required reserve averaging ratio may be different for banks with universal licences, banks with basic licences, and non-bank credit institutions. In this case, the ceiling for required reserve averaging ratio established for banks with universal licences shall be uniform for all banks with universal licences, the ceiling for required reserve averaging ratio established for banks with basic licences shall be uniform for all banks with basic licences, and the ceiling for required reserve averaging ratio established for non-bank credit institutions shall be uniform for all non-bank credit institutions.

*(Part five as amended by Federal Law No.92-FZ, dated 21 May 2017)*

The Bank of Russia shall have the right to set the procedure for credit institutions to deposit required reserves with the Bank of Russia and (or) use a correspondent account with the Bank to maintain averaged required reserves calculated on the basis of the required reserve averaging ratio.

Should a credit institution violate a required reserve ratio, the Bank of Russia shall have the right to incontestably write down the amount of underpaid required reserves deposited with the Bank of Russia (underpayments into required reserves) from the credit institution's correspondent account in the Bank of Russia and, should a credit institution fail to comply with required reserve averaging, the amount calculated on the basis of the extent of a failure to comply with required reserve averaging determined as the difference between the required reserve averaging ratios set for a credit institution and actually

maintained by it, in an amount and in accordance with a procedure established by the Bank of Russia.

The Bank of Russia shall also have the right to charge the credit institution a penalty by a legal procedure for the non-observance of required reserve in an amount established by the Bank of Russia. This penalty may not exceed a sum calculated on the basis of the Bank of Russia refinancing rate effective on the day of a court ruling, multiplied by two.

No penalty shall be imposed on the required reserves deposited by a credit institution with the Bank of Russia.

After the revocation of a credit institution's banking licence, the required reserves deposited by the credit institution with the Bank of Russia shall be transferred to the credit institution's account and used in accordance with the procedure established by federal laws and Bank of Russia normative acts issued in pursuance of these laws.

When a credit institution is reorganised, the procedure for the conversion of its required reserves that were previously deposited with the Bank of Russia shall be established pursuant to Bank of Russia normative acts.

*(Article 38 as amended by Federal Law No. 218-FZ, dated 21 July 2014)*

**Article 39.** The Bank of Russia open market operations shall signify:

1) the purchase and sale of Treasury bills, government bonds, other government securities, Bank of Russia bonds, as well as the conclusion of repo agreements with these securities;

2) purchase and sale of other securities specified by the Board of Directors, provided that they are listed for organised trades, as well as the conclusion of repo agreements with these securities.

*(Clause 2 as amended by Federal Law No. 327-FZ, dated 21 November 2011)*

When conducting operations with shares on the open market, the Bank of Russia may only conclude repo agreements and sell shares if a counterparty defaults on repo obligations.

*(Article 39 as amended by Federal Law No. 281-FZ, dated 25 November 2009)*

**Article 40.** Refinancing shall signify the extension of Bank of Russia loans to credit institutions.

The form, procedure and terms and conditions of refinancing shall be established by the Bank of Russia.

**Article 41.** Bank of Russia currency interventions shall signify the purchase and sale by the Bank of Russia of foreign exchange on the currency market with the aim of regulating the ruble rate and the overall demand for money and money supply.

**Article 42.** The Bank of Russia may set growth targets for one or several money supply indicators, taking into account the guidelines for the single state monetary policy.

**Article 43.** Direct quantitative restrictions set by the Bank of Russia shall signify setting limits on the refinancing of credit institutions and the conduct of some banking operations by credit institutions.

The Bank of Russia shall be entitled to apply direct quantitative restrictions to all credit institutions equally in exceptional cases with the aim of implementing the single state monetary policy only after consultations with the Russian Federation Government.

**Article 44.** To implement the monetary policy, the Bank of Russia may issue bonds in its own name to be placed and traded among credit institutions.

The maximum total nominal value of Bank of Russia bonds of all issues, unredeemed by the date the Board of Directors takes the decision to issue (launch an additional issue of) Bank of Russia bonds, shall be established as the difference between the largest possible sum of the required reserves of credit institutions and the sum of the required reserves of credit institutions, established on the basis of the current required reserve ratio.

*(Part two as amended by Federal Law No. 61-FZ, dated 18 June 2005)*

**Article 45.** The Bank of Russia shall annually submit to the State Duma draft guidelines for the single state monetary policy for the coming year no later than the deadline for submission to the State Duma of a draft federal budget law for the next fiscal year and the planned period by the

Russian Federation Government and guidelines for the single state monetary policy for the coming year no later than December 1.

*(Part one as amended by Federal Law No. 192-FZ, dated 19 July 2009)*

Before that, draft guidelines for the single state monetary policy shall be submitted to the Russian Federation President and Russian Federation Government.

Guidelines for the single state monetary policy for the coming year shall comprise:

the main principles of the monetary policy pursued by the Bank of Russia;

a brief description of the state of the Russian economy;

a forecast for the expected fulfillment of the main parameters of the monetary policy in the current year;

a quantitative analysis of why the monetary policy targets set by the Bank of Russia for the current year were missed, an evaluation of the prospects for these targets being attained and an explanation of how they can be corrected;

a scenario forecast (in at least two versions) for the development of the Russian economy in the coming year with a projection of the price of oil and other Russian export commodities in each scenario;

a forecast for the main indicators of Russia's balance of payments for the coming year;

targets characterising the main objectives of the monetary policy, proclaimed by the Bank of Russia for the coming year, including interval indicators for inflation, the monetary base, money supply, interest rates and changes in international reserves;

main indicators for the monetary programme for the coming year;  
alternative uses of the monetary policy tools and methods  
guaranteeing the attainment of the targets in various scenarios of  
economic development;

*The Paragraph has been null and void since 1 September 2013, in accordance with Federal Law No. 251-FZ, dated 23 July 2013.*

The State Duma shall consider the guidelines for the single state monetary policy for the coming year and adopt a corresponding decision before it has passed the federal budget law for the coming year.

## **Chapter VII<sup>1</sup>. Development of Russian Financial Market and Ensuring its Stability**

*(the Chapter was introduced by Federal Law No. 251-FZ, dated 23 July 2013)*

**Article 45<sup>1</sup>.** The Bank of Russia shall elaborate and pursue in collaboration with the Government of the Russian Federation the policy of developing and ensuring the stable functioning of the financial market of the Russian Federation;

The Bank of Russia shall publish at least twice a year the Financial Stability Review.

**Article 45<sup>2</sup>.** The Bank of Russia shall conduct monitoring of the state of the Russian financial market, including for the purpose of

detecting situations endangering the financial stability of the Russian Federation.

To prevent the emergence of situations endangering the financial stability of the Russian Federation, the Bank of Russia shall elaborate measures aimed at reducing the threats to the financial stability of the Russian Federation.

The Bank of Russia, based on the decision of its Board of Directors, shall be entitled to establish the risk ratio premiums on certain types of assets included in the calculation of the capital adequacy ratios of the credit institution (banking group) as a measure aimed at reducing the threats to the financial stability of the Russian Federation. The risk ratio premiums on a certain type of assets may be differentiated depending on the values of characteristics of the respective type of assets established by the Board of Directors. The types of assets for which the risk ratio premiums may be established and also the characteristics of the said types of assets shall be stipulated by a Bank of Russia normative act.

*(Part three was introduced by Federal Law No. 53-FZ, dated 7 March 2018)*

The risk ratio premiums on certain types of assets shall be taken into account when calculating the capital adequacy ratios of the credit institution (banking group).

*(Part four was introduced by Federal Law No. 53-FZ, dated 7 March 2018)*

The specifics of using the risk ratio premiums on certain types of assets shall be established by a Bank of Russia normative act for credit institutions (banking groups) which have assumed the liability to apply bank methodologies for risk management and quantitative risk assessment models to calculate the required ratios.

*(Part five was introduced by Federal Law No. 53-FZ, dated 7 March 2018)*

**Article 45<sup>3</sup>.** The Bank of Russia shall submit to the State Duma once every three years draft guidelines for the development of the financial market of the Russian Federation.

*(Part one as amended by Federal Law No. 426-FZ, dated 30 December 2015)*

Before that, the Bank of Russia shall submit draft guidelines for the development of the financial market of the Russian Federation to the Russian Federation President and Russian Federation Government.

*(Part two as amended by Federal Law No. 426-FZ, dated 30 December 2015)*

The State Duma shall consider draft guidelines for the development of the financial market of the Russian Federation during parliamentary hearings and send the corresponding recommendations to the Bank of Russia.

*(Part three as amended by Federal Law No. 426-FZ, dated 30 December 2015)*

## **Chapter VIII. Bank of Russia Banking Operations, Transactions and Services**

*(name as amended by Federal Law No. 210-FZ, dated 29 June 2015)*

**Article 46.** The Bank of Russia shall have the right to conduct the following banking operations and transactions with Russian and foreign credit institutions, the Russian Government and the Deposit Insurance Agency in order to attain the goals set in this Federal Law:

*(as amended by Federal Law No. 410-FZ, dated 28 December 2013)*

1) to extend loans against securities and other assets;

*(Clause 1 as amended by Federal Law No. 251-FZ, dated 23 July 2013)*



1<sup>1</sup>) to extend unsecured loans for a term no longer than twelve months to Russian credit institutions that are rated not below the eligible level. The list of the rating agencies whose ratings are used to determine the creditworthiness of the borrowers, the necessary minimum ratings, additional requirements for the borrowers and the procedure for extending the corresponding loans and their terms and conditions shall be drawn up by the Board of Directors;

*(Clause 1<sup>1</sup> was introduced by Federal Law No. 171-FZ, dated 13 October 2008, as amended by Federal Law No. 317-FZ, dated 30 December 2008)*

2) to buy and sell securities on the open market and also sell securities accepted as collateral for Bank of Russia loans;

*(Clause 2 as amended by Federal Law No. 176-FZ, dated 27 October 2008)*

3) to buy and sell bonds issued by the Bank of Russia and certificates of deposits;

4) to buy and sell foreign exchange and payment documents and obligations denominated in foreign currency, offered by Russian and foreign credit institutions;

5) to buy, keep and sell precious metals and other currency values;

6) to conduct settlement, cash and deposit operations and accept securities and other assets for safe keeping and management;

7) to issue warranties and bank guarantees;

8) to conduct operations with financial instruments used in managing financial risks;

9) to open accounts in Russian and foreign credit institutions in the Russian Federation and in foreign states;

10) to draw cheques and bills in any currency;

11) to conduct other banking operations and transactions in its own name in compliance with international banking business practices.

The Bank of Russia shall be entitled to conduct banking operations and transactions for commission, except for the cases stipulated by federal laws.

The Bank of Russia shall be entitled to conduct banking operations and other transactions with international organisations, foreign central (national) banks and other foreign legal entities in the course of managing Bank of Russia assets in foreign currency and precious metals, including its international reserves. The Bank of Russia shall also be entitled to open and keep correspondent accounts of foreign central (national) banks in rubles and to transfer funds on behalf of foreign central (national) banks to their accounts.

*(Part three as amended by Federal Law No. 266-FZ, dated 25 December 2012)*

The Bank of Russia shall be entitled to pass to Russian and foreign credit institutions, as well as the organisation engaged in the production of Bank of Russia banknotes and coins, Bank of Russia banknotes in souvenir wrapping and coins at prices set by the Bank of Russia, which differ from their nominal value.

*(Part four was introduced by Federal Law No. 10-FZ, dated 7 February 2011)*

The Bank of Russia shall be entitled by a decision of the Board of Directors to extend unsecured five-year loans to the state corporation Deposit Insurance Agency to ensure the financial sustainability of the deposit insurance system, to finance deposit compensation payments, to implement bankruptcy prevention or resolution measures in banks, and for other purposes. The Bank of Russia Board of Directors may take a

decision to prolong for up to five years the term of the unsecured loan issued to the state corporation Deposit Insurance Agency.

*(Part five was introduced by Federal Law No. 335-FZ, dated 2 December 2013, as amended by Federal Laws No. 432-FZ, dated 22 December 2014, No. 222-FZ, dated 23 June 2016, No. 84-FZ, dated 1 May 2017, No. 87-FZ, dated 23 April 2018, and No. 263-FZ, dated 29 July 2018)*

To maintain stability of the banking system and protect the legitimate interests of depositors and creditors, the Bank of Russia shall be entitled by a decision of the Board of Directors to extend subordinated credits (deposits, loans, bonded loans) to the open joint-stock company Sberbank meeting the requirements of Article 25<sup>1</sup> of the Federal Law ‘On Banks and Banking Activities’ in the amount not exceeding the amount of own funds (capital) of Sberbank as of 1 January 2015, the interest rate on these credits is calculated in accordance with Clause 5 of Article 3<sup>1</sup> of the Federal Law ‘On Amending Article 11 of the Federal Law ‘On the Insurance of Household Deposits in Banks of the Russian Federation’ and Article 46 of the Federal Law ‘On the Central Bank of the Russian Federation (Bank of Russia)’.

*(Part six was introduced by Federal Law No. 451, dated 29 December 2014)*

To prevent situations threatening financial stability of the Russian Federation the Bank of Russia shall be entitled:

1) to sign agreements with credit institutions in accordance with the terms and conditions thereof the Bank of Russia shall partially compensate such credit institutions for the losses (expenses) they suffered on transactions with other credit institutions with their banking licences revoked;

2) to sign agreements with entities acting as central counterparties (credit institutions, non-credit financial institutions) in accordance with the terms and conditions thereof the Bank of Russia shall partially compensate such entities for the losses (expenses) they suffered on transactions with clearing participants with their banking licences to carry out a corresponding activity revoked (cancelled).

*(Part seven as amended by Federal Law No. 167-FZ, dated 29 June 2015)*

Terms and conditions of agreements on partial compensation of losses (expenses), time period needed to have such agreements signed, scope of credit institutions and entities acting as central counterparties which sign such agreements and their selection criteria shall be left to the discretion of the Board of Directors. Information on the terms and conditions of agreements for partial compensation of the losses (expenses), on time period needed to conclude such agreements, scope of credit institutions and entities acting as central counterparties which sign such agreements, their selection criteria and a standard form of agreement shall be published in Bank of Russia Bulletin.

*(Part eight as amended by Federal Law No. 167-FZ, dated 29 June 2015.)*

The Bank of Russia shall be entitled by a decision of the Board of Directors to issue 5-year unsecured loans to the Management Company to purchase assets of insurance companies subjected to bankruptcy prevention measures. The Bank of Russia Board of Directors may take a decision to prolong for up to five years the term of the unsecured loan issued to the Management Company.

*(Part nine was introduced by Federal Law No. 87-FZ, dated 23 April 2018)*

**Article 46<sup>1</sup>.** The Bank of Russia shall be entitled to render paid services to transmit financial messages to credit institutions and their clients – legal entities in a manner envisaged by Bank of Russia regulations, as well as to foreign credit institutions, international organisations and foreign central (national) banks on the basis of mutual agreements.

In cases established by legislation of the Russian Federation the Bank of Russia shall render free of charge services to transmit financial messages to the Federal Treasury and its regional branches in accordance with the procedure set by Bank of Russia regulations.

*(Part two was introduced by Federal Law No. 29-FZ, dated 19 February 2018)*

*(Article 46<sup>1</sup> was introduced by Federal Law No. 210-FZ, dated 25 June 2015)*

**Article 47.** Security for Bank of Russia loans can be as follows:

gold and other precious metals in standard and measuring bullions;  
foreign currency;  
bills denominated in the Russian or foreign currency;  
government securities.

Lists of bills and government securities eligible as security for Bank of Russia loans shall be drawn up in accordance with the decision of the Board of Directors.

In the cases established by the decision of the Board of Directors, other valuables and also warranties and bank guarantees may be used as security for Bank of Russia loans.

A subsequent pledge of property held as collateral for a credit institution's obligations to the Bank of Russia shall be allowed, if this is stipulated in an agreement between the Bank of Russia and the credit institution.

*(Part four was introduced by Federal Law No. 218-FZ, dated 21 July 2014)*

The Bank of Russia shall be allowed to sell pledged movable property ahead of the time established by Clause 8 of Article 349 of the Civil Code of the Russian Federation, if this sale is stipulated in an agreement between the Bank of Russia and a credit institution, when there is a material risk of a considerable fall in the value of a pledged item compared with its selling price (initial selling price) indicated in a notice of a foreclosure on pledged movable property.

*(Part five was introduced by Federal Law No. 218-FZ, dated 21 July 2014)*

**Article 48.** The Bank of Russia can conduct banking operations to service the bodies of state power and local self-government, their organisations, government extra-budgetary funds, army units, servicemen, Bank of Russia employees and other persons in those cases stipulated by federal laws.

The Bank of Russia shall be entitled to provide services to clients other than credit institutions in regions where there are no credit institutions.

**Article 49.** The Bank of Russia shall have no right to:

1) conduct banking operations with legal entities that have no banking licence and private individuals, except for the cases stipulated by Part three and Part five of Article 46 and Article 48 of this Federal Law;

*(Clause 1 as amended by Federal Law No. 291-FZ, dated 3 November 2010, Federal Law No. 335-FZ, dated 2 December 2013)*

2) to acquire shares (stakes) of credit institutions and other organisations, except for the cases stipulated by Articles 8, 9 and 39 of this Federal Law;

*(Clause 2 as amended by Federal Law No. 176-FZ, dated 27 October 2008)*

3) conduct operations with real estate, except for the cases connected with the provision of support for the activities of the Bank of Russia and its organisations;

4) engage in trade and production, except for the cases stipulated by this Federal Law;

5) change the terms of the loans it extended. An exception may be made should the Board of Directors decide to do so.

*(Clause 5 as amended by Federal Law No. 251-FZ, dated 23 July 2013)*

**Article 50.** The Bank of Russia shall be liable in accordance with the procedure established by federal laws.

The interests of the Bank of Russia may be represented in a court of law or arbitration court by the heads of its regional branches and other Bank of Russia executives who have the corresponding power of attorney in accordance with the established procedure.

## **Chapter IX. International and Foreign Economic Activities of the Bank of Russia**

**Article 51.** The Bank of Russia shall represent the interests of the Russian Federation in relations with the central banks of foreign states and in international banks and other international monetary and financial organisations.

The Bank of Russia shall be entitled to request the central bank and (or) another supervisory authority of a foreign state with the functions of banking supervision to provide it with information and (or) documents, including those that contain data constituting bank secrecy, which they received from credit institutions, banking groups, bank holding companies and other associations with the participation of credit institutions while fulfilling supervisory functions, including conducting inspections of their activities. As regards the information and (or) documents received from the central bank and (or) another supervisory authority of a foreign state with the functions of banking supervision, the Bank of Russia must comply with the requirements for the disclosure of information and the provision of documents made by Russian Federation legislation, taking into consideration the requirements made by the legislation of the foreign state. The information and (or) documents received by the Bank of Russia from the central bank and (or) another supervisory authority of a foreign state with the functions of banking supervision may be provided to third parties, including law-enforcement agencies, only with the consent of the central bank and (or) another



supervisory authority of a foreign state with the functions of banking supervision, which have provided such information, or to a court of law pursuant to a court judgment passed in criminal case proceedings.

*(Part two as amended by Federal Law No. 146-FZ, dated 2 July 2013)*

The Bank of Russia shall be entitled to provide the central bank and (or) another supervisory authority of a foreign state with the functions of banking supervision with information and (or) documents required for them to exercise banking supervision, including those that contain data constituting bank secrecy, which were received from credit institutions, banking groups, bank holding companies and other associations with the participation of credit institutions while fulfilling supervisory functions, including conducting inspections of their activities, except for the data constituting state secrecy. The Bank of Russia shall provide the central bank and (or) another supervisory authority of a foreign state with the functions of banking supervision with the said information and (or) documents on condition that the legislation of a foreign state stipulates the level of security (confidentiality) for the Bank of Russia's information and (or) documents at least matching the level of security (confidentiality) for the provision of information and (or) documents envisaged by Russian Federation legislation and, in the event that the relationships for the exchange of information and (or) documents are regulated by international treaties, the Bank of Russia shall provide such information and (or) documents in compliance with the terms and conditions of these treaties and on condition that the central bank or another supervisory authority of a foreign state with the functions of banking supervision shall not disclose such information and (or)

documents to third parties, including law-enforcement agencies, without the Bank of Russia' s prior written consent, except for the cases of providing such information to a court of law in criminal case proceedings.

*(Part three was introduced by Federal Law No. 146-FZ, dated 2 July 2013, as amended by Federal Law No. 432-FZ, dated 22 December 2014)*

The Bank of Russia shall be entitled to provide the central bank and (or) another authority of a foreign state with the functions of resolving the insolvency of parent credit institutions of a banking group (bank holding company) and other associations with the participation of credit institutions with information contained in financial stability recovery plans of credit institutions participating in such banking groups (bank holding companies) and other associations with the participation of credit institutions, except for the data constituting state secrecy.

*(Part four was introduced by Federal Law No. 432-FZ, dated 22 December 2014)*

The Bank of Russia shall provide the information (data) and (or) documents mentioned in this Article to the central bank and (or) another supervisory authority of a foreign state with the functions of banking supervision and (or) another authority of a foreign state with the functions of resolving the insolvency of organisations, on condition that the legislation of a foreign state stipulates the level of security (confidentiality) for the Bank of Russia's information and (or) documents at least matching the level of security (confidentiality) for the provision of information and (or) documents envisaged by Russian Federation legislation, and, in the event that the relationships for the exchange of information and (or) documents are regulated by international treaties the Bank of Russia shall provide such information and (or) documents in

compliance with the terms and conditions of these treaties and on condition that such information and (or) documents shall not be disclosed to third parties, including law-enforcement agencies, without the Bank of Russia's prior written consent, except for the cases of providing such information to a court of law in criminal case proceedings.

*(Part five was introduced by Federal Law No. 432-FZ, dated 22 December 2014)*

**Article 51<sup>1</sup>.** The Bank of Russia shall be entitled to request a foreign financial market regulator to provide it with information and (or) documents, which may be confidential, including those that contain data constituting bank secrecy.

The Bank of Russia shall exchange information and (or) documents, which may be confidential, including those that contain data constituting bank secrecy (hereinafter confidential information), with a foreign financial market regulator pursuant to and in compliance with:

1) the Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information of the International Organisation of Securities Commissions, the Multilateral Memorandum of Understanding on Cooperation and Information Exchange of the International Association of Insurance Supervisors;

*(Clause 1 as amended by Federal Law No. 426-FZ, dated 30 December 2015)*

2) an international treaty of the Russian Federation;

3) a bilateral treaty with a foreign financial market regulator envisaging an exchange of information, if the legislation of the corresponding foreign state stipulates the level of security for information

provision at least matching the level of information security envisaged by Russian Federation legislation.

As regards confidential information received from a foreign financial market regulator, the Bank of Russia shall be obliged to comply with the requirements for the disclosure of confidential information established by Russian Federation legislation, taking into consideration the procedure stipulated in Part two of this Article.

Confidential information received by the Bank of Russia from a foreign financial market regulator may be provided to third parties only with the consent of such a regulator, except for the cases when the said confidential information is provided to a court of law pursuant to a court judgement passed in criminal case proceedings.

Upon receiving a reasoned inquiry from a foreign financial market regulator in accordance with the procedure stipulated by agreements specified in Part two of this Article, the Bank of Russia shall send an order to provide such information pursuant to a decision taken by the Financial Supervision Committee. The Bank of Russia order to provide information may not include the purpose of receiving such information.

Pursuant to a decision by the Board of Directors, the Bank of Russia shall be entitled to provide a foreign financial market regulator with confidential information on operations and (or) transactions upon a reasoned inquiry from the foreign financial market regulator in cases stipulated by agreements specified in Part two of this Article, and also on persons who performed the said operations and (or) transactions and (or) beneficiaries under these operations and (or) transactions, except for information constituting state secrecy.

The Bank of Russia shall provide such confidential information to a foreign financial market regulator on condition that the legislation of the corresponding foreign state stipulates the level of security for information provision at least matching the level of information security envisaged by Russian Federation legislation, and also on condition that the foreign financial market regulator may not provide confidential information to third parties, including law-enforcement agencies, without the Bank of Russia's prior consent, except for the cases when such confidential information is provided to a court of law pursuant to a court judgment passed in criminal case proceedings.

*(Article 51<sup>1</sup> was introduced by Federal Law No. 251-FZ, dated 23 July 2013)*

**Article 52.** The Bank of Russia in accordance with the established procedure shall issue permits for the establishment of credit institutions with foreign investments, accredit representative offices of credit institutions of foreign states in the Russian Federation, and also accredit foreign citizens who will be engaged in labour activities in representative offices of foreign credit institutions.

*(Part one as amended by Federal Law No. 106-FZ, dated 5 May 2014)*

An increase in the authorised capital of a credit institution at non-residents' expense shall be regulated by federal laws.

**Article 53.** The Bank of Russia shall set and publish the official rates of foreign currencies against the ruble in accordance with the procedure established by a Bank of Russia normative act.

*(Article 53 as amended by Federal Law No. 53-FZ, dated 7 March 2018)*

**Article 54.** The Bank of Russia shall be the body of foreign exchange regulation and foreign exchange control and it shall fulfil these functions in compliance with Federal Law No. 173-FZ, dated 10 December 2003, ‘On Foreign Exchange Regulation and Foreign Exchange Control’, and other federal laws.

*(Article 54 as amended by Federal Law No.90-FZ, dated 18 July 2005)*

**Article 55.** To fulfil its functions, the Bank of Russia may open representative offices in foreign states.

## **Chapter X. Banking Regulation and Banking Supervision**

**Article 56.** The Bank of Russia shall be the body of banking regulation and banking supervision. The Bank of Russia shall exercise ongoing supervision over the compliance by credit institutions and banking groups of Russian legislation, Bank of Russia regulations, required ratios set by them and (or) individual required ratio limits established by the Bank of Russia. It shall conduct analysis of the activity of bank holding companies and use the information received from this analysis for the purposes of banking supervision over credit institutions and banking groups integrated into bank holding companies.

*(Part one as amended by Federal Law No. 146-FZ, dated 2 July 2013)*

The principal objectives of banking regulation and banking supervision shall be to maintain the stability of the Russian banking system and protect the interests of depositors and creditors. The Bank of Russia shall not interfere in the day-to-day activities of credit institutions, except for those cases stipulated by federal laws.

The regulatory and supervisory functions of the Bank of Russia, established by this Federal Law, shall be implemented through the Banking Supervision Committee, a permanent body uniting the heads of the Bank of Russia units responsible for supervision.

*(Part three as amended by Federal Law No. 251-FZ, dated 23 July 2013)*

The Regulation on the Banking Supervision Committee and its structure shall be approved by the Board of Directors.

*(Part four as amended by Federal Law No. 276-FZ, dated 25 December 2008)*

The head of the Banking Supervision Committee shall be appointed by the Bank of Russia Chairman from among the members of the Board of Directors.

**Article 57.** The Bank of Russia shall set the rules, binding for credit institutions, for conducting banking operations, requirements for accounting and reporting, compiling and presenting accounting (financial) statements and statistical reports, and also other data required by federal laws. The Bank of Russia shall set the rules, binding for banking groups, for compiling reports required for conducting supervision of credit institutions on a consolidated basis, presenting to the Bank of Russia and disclosing the statements of banking groups stipulated by the Federal Law ‘On Banks and Banking Activities’. The

Bank of Russia shall set the rules, binding for bank holding companies, for compiling and presenting data required for assessing the risks of a bank holding company and conducting supervision of credit institutions participating in a bank holding company, presenting to the Bank of Russia and disclosing the statements of bank holding companies stipulated by the Federal Law ‘On Banks and Banking Activities’. The requirements set by the Bank of Russia shall apply to accounting (financial), statistical and other reports compiled for the period starting no sooner than the date on which these requirements are published.

On its official Internet site, the Bank of Russia shall disclose information contained in the reports of credit institutions (banking groups) and presented to the Bank of Russia as required by Article 43 of the Federal Law ‘On Banks and Banking Activities’, excluding data constituting bank secrecy. The composition of, and the procedure for disclosing, such information shall be established by a regulation issued by the Bank of Russia. In cases established by the Government of the Russian Federation, where credit institutions shall be entitled to disclose information that is subject to such disclosure according to the requirements of Russian Federation legislation in a limited composition and (or) volume, the Bank of Russia shall be entitled to place information stipulated by this Part in a limited composition and (or) volume on its official Internet site with due regard to the Russian Government’s list of information forbidden for disclosure by credit institutions.

*(Part two was introduced by Federal Law No. 92-FZ., dated 1 May 2017; as amended by Federal Law No. 514-FZ, dated 27 December 2018)*



To fulfill its functions, the Bank of Russia, acting in compliance with a list drawn up by the Board of Directors, shall have the right to request and receive from credit institutions, the parent credit institutions of banking groups and the parent organisations of bank holding companies information on the activities of credit institutions, banking groups and bank holding companies, respectively, including data on the members of banking groups and bank holding companies other than credit institutions, and demand elucidation of the information received.

The Bank of Russia shall have the right to demand that credit institutions develop and submit financial stability recovery plans providing, inter alia, for measures to ensure compliance with requirements of Bank of Russia regulations, and to amend financial stability recovery plans providing for compliance with requirements to their substance.

Parent credit institutions of banking groups shall have the right to develop financial stability recovery plans of banking groups and amend financial stability recovery plans.

Systematically important credit institutions are determined by the method established by a Bank of Russia regulation.

The Bank of Russia shall have the right to establish the calculation procedure and marginal values of liquidity ratios for systematically important credit institutions.

Systematically important credit institutions shall be obliged to develop and submit to the Bank of Russia financial stability recovery plans and to amend financial stability recovery plans.

The Bank of Russia shall assess financial stability recovery plans and amendments to financial stability recovery plans.

Requirements for the content, procedure and deadlines of financial stability recovery plans submission to the Bank of Russia, and also amendments to such plans and the procedure for their assessment shall be established by a Bank of Russia regulation.

On the basis of financial stability recovery plans submitted by systematically important credit institutions, the Bank of Russia shall develop action plans regarding these credit institutions which contain measures required in case the measures envisaged by financial stability recovery plans fail to restore financial stability.

In order to compile banking and monetary statistics, the balance of payments of the Russian Federation, international investment position of the Russian Federation, statistical data on external trade of the Russian Federation in services, external debt of the Russian Federation, international reserves of the Russian Federation, direct investment in the Russian Federation and direct investment of the Russian Federation abroad, the financial account of the Russian Federation in the system of national accounts, as well as to analyse the economic situation, the Bank of Russia shall have the right to request and receive free of charge the necessary information from the federal bodies of executive power (their regional branches) and legal entities.

*(Part twelve as amended by Federal Law No.38-FZ, dated 28 March 2017)*

The Bank of Russia is entitled to request and receive from credit history bureaus loan reports by credit history makers.

Information on specific operations, received from legal entities, shall not be disclosed without the consent of the corresponding legal entity, except for those cases stipulated by federal laws.

The Bank of Russia shall publish summary statistical and analytical data on the Russian banking system.

The provisions of this Article shall apply to information collected by the Bank of Russia and passed by it to international organisations on the instructions of the Russian Federation Government.

*(Article 57 as amended by Federal Law No. 432-FZ, dated 22 December 2014)*

**Article 57<sup>1</sup>.** The Bank of Russia shall set requirements for risk and capital management and internal controls of credit institutions and banking groups, and also qualification requirements for the head of risk management, the head of internal audit, the head of internal controls of credit institutions, a special officer responsible for the implementation of internal control rules at a credit institution/parent credit institution of a banking group for the purpose of countering the legalisation (laundering) of criminally obtained incomes and the financing of terrorism (as agreed with the federal executive authority in charge of countering the legalisation (laundering) of criminally obtained incomes and the financing of terrorism).

*(Article 57<sup>1</sup> was introduced by Federal Law No. 146-FZ, dated 2 July 2013; as amended by Federal Law No. 281-FZ, dated 29 July 2017)*

**Article 57<sup>2</sup>.** The Bank of Russia shall assess in accordance with the procedure established by the Bank of Russia regulation the quality of the

risk and capital management and internal control systems of a credit institution, banking group, capital adequacy and liquidity of a credit institution (banking group), their conformity to the nature and the scope of operations performed by a credit institution (in a banking group), the level and combination of risks assumed, including determining the volume and structure of operations as the criteria for such an assessment. Should an assessment reveal non-conformity of the risk and capital management and internal control systems, capital adequacy and liquidity of a credit institution (banking group) to the requirements set by the Bank of Russia and (or) the nature and scope of operations performed by a credit institution (in a banking group), the level and combination of risks assumed, the Bank of Russia shall be obliged in compliance with the procedure prescribed by it to send the credit institution (parent credit institution of the banking group) a direction on bringing their risk and capital management and internal control systems into conformity with the Bank of Russia requirements, the nature and scope of operations performed by the credit institution (in the banking group), the level and combination of risks assumed and (or) on establishing individual required ratio limits for the credit institution (banking group).

*(Article 57<sup>2</sup> was introduced by Federal Law No. 146-FZ, dated 2 July 2013)*

**Article 57<sup>3</sup>.** The Bank of Russia shall be entitled in accordance with the procedure established by the Bank of Russia regulation to assess the remuneration system of a credit institution as regards the results of risk management, both as a whole and in relation to the remuneration of persons specified in Article 60 of this Federal Law, the head of the risk

management service, the head of the internal audit service, the head of the internal controls of a credit institution and other chiefs (employees) taking decisions on conducting by a credit institution of operations and other transactions, the results of which may influence its compliance of required ratios or the emergence of other situations threatening the interests of depositors and creditors, including the grounds for implementing measures for preventing the insolvency (bankruptcy) of a credit institution. Should the remuneration system of a credit institution fail to conform to the nature and scope of its operations, the results of its activities, and risk level and profile or should the remuneration policy of a credit institution fail to stipulate terms and conditions for postponing and subsequently correcting the size of compensatory and stimulating payments to the persons specified in this Article, proceeding from the terms of implementing the results of their activity (but no less than three years), including the possibility of reducing or cancelling payments in the event of a negative financial result for a credit institution as a whole or in the corresponding area of its activities, the Bank of Russia shall in accordance with the procedure prescribed by it send a credit institution a direction on eliminating this violation.

*(Article 57<sup>3</sup> was introduced by Federal Law No. 146-FZ, dated 2 July 2013)*

**Article 57<sup>4</sup>.** The Bank of Russia as agreed with the federal executive authority responsible for ensuring security and the federal executive authority responsible for countering technical intelligence and for technical information security shall set mandatory requirements for

credit institutions to ensure information security in banking operations for the purpose of countering funds transfers without the customer's authorisation, except for information security requirements established by federal laws and the related regulations.

*(Article 57<sup>4</sup> was introduced by Federal Law No. 167-FZ, dated 27 June 2018)*

**Article 58.** The Bank of Russia shall not be entitled to require credit institutions to fulfil any functions incompatible with their status or require them to provide information on their clients or third persons that is not envisaged by federal laws and not connected with the provision of banking services to these persons.

The Bank of Russia shall not be entitled to set directly or indirectly any restrictions on operations with clients of credit institutions that are not stipulated by federal laws or require credit institutions to demand from their clients any documents that are not stipulated by federal laws.

**Article 59.** The Bank of Russia shall make decisions on the state registration of credit institutions and, to fulfill its controlling and supervisory functions, it shall keep the State Register of Credit Institutions, issue banking licences to credit institutions and suspend and revoke such licences.

The Bank of Russia shall make decisions on the state registration of non-government pension funds, and keep the State Register of Non-government Pension Funds.

*(Part two was introduced by Federal Law No. 410-FZ, dated 28 December 2013)*

**Article 60.** The Bank of Russia shall follow its established procedure to assess the compliance with:

1) qualification and business reputation requirements for a one-man executive body, his deputy, members of a collegiate executive body, chief accountant and deputy chief accountant of a credit institution, the head and chief accountant of a credit institution's branch (except for a non-bank credit institution entitled to carry out funds transfer without opening bank accounts and other related bank transactions) (including temporary acting positions and the performance of individual responsibilities which provide for the right to manage funds on the credit institution's accounts with the Bank of Russia), a one-man executive body and chief accountant of a non-bank credit institution entitled to carry out funds transfer without opening bank accounts and other related bank transactions, and also candidates for the said positions (including temporary acting positions and the performance of individual responsibilities which provide for the right to manage funds on the credit institution's accounts with the Bank of Russia), as established by Clause 1 of Part one of Article 16 of the Federal Law 'On Banks and Banking Activities';

2) business reputation requirements for persons appointed as the head of risk management, the head of internal audit, the head of internal controls of a credit institution and persons acting as the said officers (including temporary acting positions), as established by Bank of Russia qualification requirements and Clause 1 of Part one of Article 16 of the Federal Law 'On Banks and Banking Activities';

3) qualification requirements established by the Bank of Russia as agreed with the federal executive authority in charge of countering the

legalisation (laundering) of criminally obtained incomes and the financing of terrorism, and business reputation requirements established by Clause 1 of Part one of Article 16 of the Federal Law ‘On Banks and Banking Activities’ for the person appointed as a special officer responsible for the implementation of internal control rules at a credit institution for the purpose of countering the legalisation (laundering) of criminally obtained incomes and the financing of terrorism, and the person acting as the said officer (including temporary acting positions).

The Bank of Russia shall follow its established procedure to assess the compliance with business reputation requirements established by Part one of Article 16 of the Federal Law ‘On Banks and Banking Activities’ of the following persons:

1) members of the board of directors (supervisory board) of a credit institution and candidates for the said positions;

2) deputy one-man executive body, members of a collegiate executive body, deputy chief accountant, head and chief accountant of a branch and candidates for the said positions at a non-bank credit institution entitled to carry out funds transfer without opening bank accounts and other related bank transactions (including temporary acting positions), and also persons appointed (elected) to the said positions;

3) individuals or legal entities, which are founders (members) of a credit institution, acquiring more than 10 per cent of shares (stakes) of the credit institution, and also individuals or legal entities exercising control over the said legal entities;

4) individuals or legal entities, which are founders (members) of a credit institution, acquiring no more than 10 per cent of shares (stakes) of



the credit institution and included in a group of persons acquiring more than 10 per cent of shares (stakes) of the credit institution, and also individuals or legal entities exercising control over the said legal entities. A group of persons shall be defined as such pursuant to Federal Law No. 135-FZ, dated 26 July 2006, ‘On the Protection of Competition’ (hereinafter referred to as the group of persons);

5) individuals or legal entities performing a transaction (transactions) aimed at the acquisition of more than 10 per cent of shares (stakes) of the credit institution, and also individuals or legal entities exercising control over the said legal entities;

6) individuals or legal entities holding more than 10 per cent of shares (stakes) of the credit institution, and also individuals or legal entities exercising control over the said legal entities;

7) individuals or legal entities engaged in trust management of more than 10 per cent of shares (stakes) of the credit institution, and also individuals or legal entities exercising control over the said legal entities;

8) individuals or legal entities performing a transaction (transactions) aimed at the acquisition of no more than 10 per cent of shares (stakes) of the credit institution and included in a group of persons acquiring more than 10 per cent of shares (stakes) of the credit institution, and also individuals or legal entities exercising control over the said legal entities;

9) individuals or legal entities holding no more than 10 per cent of shares (stakes) of the credit institution and included in a group of persons holding more than 10 per cent of shares (stakes) of the credit institution, and also individuals or legal entities exercising control over the said legal entities;

10) individuals or legal entities engaged in trust management of no more than 10 per cent of shares (stakes) of the credit institution and included in a group of persons engaged in trust management of more than 10 per cent of shares (stakes) of the credit institution, and also individuals or legal entities exercising control over the said legal entities;

11) individuals or legal entities performing a transaction (transactions) aimed at establishing control over shareholders (members) of a credit institution holding more than 10 per cent of shares (stakes) of the credit institution;

12) individuals or legal entities performing a transaction (transactions) aimed at establishing control over shareholders (members) of a credit institution holding no more than 10 per cent of shares (stakes) of the credit institution, and these shareholders (members), if such transaction (transactions) result(s) in the inclusion of these shareholders (members) in a group of persons holding more than 10 per cent of shares (stakes) of the credit institution;

13) individuals or legal entities performing a transaction (transactions) aimed at establishing control over shareholders (members) of a credit institution holding no more than 10 per cent of shares (stakes) of the credit institution and included in a group of persons holding more than 10 per cent of shares (stakes) of the credit institution;

14) persons fulfilling the functions of a one-man executive body of legal entities specified in Clauses 3 - 13 hereof, or legal entities, which are shareholders (members) of a credit institution, holding no more than 10 per cent of its shares (stakes) with respect to which control is being established in the case specified in Clause 12 hereof.

The Bank of Russia shall be entitled to request and receive free of charge from federal executive authorities, their regional branches, and legal entities information on persons specified in Parts one and two of this Article, required for the assessment of their compliance with qualification and (or) business reputation requirements.

The Bank of Russia shall require the replacement of:

1) persons specified in Parts seven and eight of Article 11<sup>1</sup> of the Federal Law ‘On Banks and Banking Activities’ if they fail to comply with qualification and (or) business reputation requirements established by Clause 1 of Part one of Article 16 of the Federal Law ‘On Banks and Banking Activities’;

2) persons specified in Part two of Article 11<sup>1-2</sup> of the Federal Law ‘On Banks and Banking Activities’ if they fail to comply with qualification requirements established by the Bank of Russia (for a special officer responsible for the implementation of internal control rules at a credit institution for the purpose of countering the legalisation (laundering) of criminally obtained incomes and the financing of terrorism, established by the Bank of Russia as agreed with the federal executive authority in charge of countering the legalisation (laundering) of criminally obtained incomes and the financing of terrorism), and business reputation requirements established by Clause 1 of Part one of Article 16 of the Federal Law ‘On Banks and Banking Activities’;

3) persons specified in Parts four and nine of Article 11<sup>1</sup> of the Federal Law ‘On Banks and Banking Activities’ if they fail to comply with business reputation requirements established by Clause 1 of Part one of Article 16 of the Federal Law ‘On Banks and Banking Activities’.

The receipt of the Bank of Russia's order to replace an officer shall be the ground for a discharge of an employee if it is deemed impossible to transfer the employee upon his/her written consent to other position available at the same location that fits the employee's qualification and business reputation (including a lower vacant position or lower-paid job). The employer shall offer jobs at other locations if this option is provided for by a collective agreement, contracts, and the labour contract.

The person specified in Parts one and two of this Article shall be entitled to appeal against his/her recognition as non-compliant with qualification and (or) business reputation requirements to the Bank of Russia commission in accordance with Article 60<sup>1</sup> thereof.

*(Article 60 as amended by Federal Law No. 281-FZ, dated 29 July 2017)*

**Article 60<sup>1</sup>.** Complaints against the decisions made by Bank of Russia officers on recognising a person as non-compliant with qualification and (or) business reputation requirements established by federal laws shall be considered by the Bank of Russia complaint commission (hereinafter in this Article referred to as the commission). The commission shall comprise Bank of Russia officers whose responsibilities excluded them from the preparation of documents on the recognition of a person as non-compliant with qualification and (or) business reputation requirements established by federal laws, and may also comprise representatives of associations (unions), including self-regulatory organisations, connecting credit institutions and (or) non-bank

financial institutions or protecting financial consumers. A complaint shall be considered by the commission consisting of at least three members selected to consider a specific complaint in accordance with the regulation on the complaint commission.

The commission shall consider the complaint and the attached documents submitted by a person to certify his/her compliance with qualification requirements and (or) non-involvement in the decision-making or actions (inaction), which resulted in grounds to recognise him/her as non-compliant with business reputation requirements, no later than 30 days after their submission to the Bank of Russia. The commission shall be entitled to extend the complaint consideration period by no more than 15 days, if there is a need for additional request (receipt) of documents and information about the person and circumstances of the decision-making on recognising the person as non-compliant with qualification and (or) business reputation requirements established by federal laws. Based on the results of the consideration, the commission shall decide to satisfy or refuse to satisfy the said complaint, of which it shall inform the person in a written reasoned notice. The procedure for appealing against a person's recognition as non-compliant with qualification and (or) business reputation requirements shall be established by the Bank of Russia.

The regulation on the commission, its members and the procedure for appealing against a person's recognition as non-compliant with qualification and (or) business reputation requirements shall be approved by the Board of Directors.

*(Article 60<sup>1</sup> was introduced by Federal Law No. 281-FZ, dated 29 July 2017)*

**Article 61.** Unless otherwise established by federal laws, the acquisition (except for the acquisition of shares (stakes) of a credit institution when the credit institution is being founded), including the donation, and (or) the receipt to trust management (hereinafter referred to as the acquisition) of more than one per cent of shares (stakes) of the credit institution as a result of one or more transactions by a legal entity or an individual shall require that the Bank of Russia be notified, and more than 10 per cent shall require the latter's prior consent. The requirements established in this Article shall also apply to the acquisition of more than one per cent of shares (stakes) of the credit institution, and more than 10 per cent of shares (stakes) of the credit institution by a group of persons.

The Bank of Russia's prior consent shall also be required under the procedure established by this Article for the acquisition of:

- 1) more than 10 per cent of shares of the credit institution but no more than 25 per cent of shares;
- 2) more than 10 per cent of stakes in the credit institution but no more than one-third of stakes;
- 3) more than 25 per cent of shares of the credit institution but no more than 50 per cent of shares;
- 4) more than one-third of stakes in the credit institution but no more than 50 per cent of stakes;
- 5) more than 50 per cent of shares of the credit institution but no more than 75 per cent of shares;
- 6) more than 50 per cent of stakes in the credit institution but no more than two-thirds of stakes;

- 7) more than 75 per cent of shares of the credit institution;
- 8) more than two-thirds of stakes in the credit institution.

The Bank of Russia's prior consent shall also be required when a legal entity or an individual as a result of one or several transactions establishes direct or indirect (via third parties) control over shareholders (members) of a credit institution holding more than 10 per cent of shares (stakes) of the credit institution (hereinafter referred to as the establishment of control over shareholders (members) of a credit institution).

The requirements set forth in this Article shall also apply to the establishment of control over shareholders (members) of a credit institution by a group of persons.

No later than 30 days after the receipt of an application for the Bank of Russia's consent to conduct a transaction (transactions) to acquire more than 10 per cent of shares (stakes) of the credit institution and (or) a transaction (transactions) to establish control over shareholders (members) of a credit institution, the Bank of Russia shall notify the applicant in writing of its decision to consent to the transaction (transactions) or refuse consent. Should the Bank of Russia fail to communicate its decision within the said period, the respective transaction (transactions) shall be deemed to be approved.

A notification of the acquisition of more than one per cent of shares (stakes) of a credit institution shall be submitted to the Bank of Russia no later than 30 days after the acquisition of shares (stakes) of a credit institution. A notification of the establishment of control over shareholders (members) of a credit institution shall be submitted to the

Bank of Russia no later than 30 days after the transaction (transactions) to establish control over shareholders (members) of a credit institution is (are) conducted.

In cases established by federal laws, the Bank of Russia's consent to conduct a transaction (transactions) to acquire more than 10 per cent of shares (stakes) of a credit institution and (or) a transaction (transactions) to establish control over shareholders (members) of a credit institution may be obtained after the respective transaction is conducted (hereinafter referred to as the subsequent consent).

The procedure for obtaining the Bank of Russia's consent to conduct a transaction (transactions) to acquire more than 10 per cent of shares (stakes) of a credit institution and (or) a transaction (transactions) to establish control over shareholders (members) of a credit institution, and the procedure for notifying the Bank of Russia of the acquisition of more than one per cent of shares (stakes) of a credit institution and (or) the establishment of control over shareholders (members) of a credit institution, shall be established by federal laws and Bank of Russia regulations adopted in pursuance thereof.

As part of its supervisory function the Bank of Russian shall be entitled:

- 1) to request and receive, in accordance with the established procedure, information about the financial position and business reputation, and assess the financial position of:

- a) individuals or legal entities conducting a transaction (transactions) to acquire more than 10 per cent of shares (stakes) of the credit



institution, and also individuals or legal entities exercising control over the said legal entities;

b) individuals or legal entities conducting a transaction (transactions) to acquire no more than 10 per cent of shares (stakes) of the credit institution and included in a group of persons acquiring more than 10 per cent of shares (stakes) of the credit institution, and also individuals or legal entities exercising control over the said legal entities;

c) individuals or legal entities conducting a transaction (transactions) to establish control over shareholders (members) of a credit institution;

d) individuals or legal entities conducting a transaction (transactions) to establish control over shareholders (members) holding no more than 10 per cent of shares (stakes) of the credit institution and these shareholders (members) if such transaction (transactions) result(s) in the inclusion of these shareholders (members) in a group of persons holding more than 10 per cent of shares (stakes) of the credit institution;

e) individuals or legal entities conducting a transaction (transactions) to establish control over shareholders (members) holding no more than 10 per cent of shares (stakes) of the credit institution and included in a group of persons holding more than 10 per cent of shares (stakes) of the credit institution;

f) legal entities holding more than 10 per cent of shares (stakes) of the credit institution;

g) legal entities holding no more than 10 per cent of shares (stakes) of the credit institution and included in a group of persons holding more than 10 per cent of shares (stakes) of the credit institution;

h) legal entities exercising control over shareholders (members) holding more than 10 per cent of shares (stakes) of the credit institution;

i) legal entities exercising control over shareholders (members) holding no more than 10 per cent of shares (stakes) of the credit institution and included in a group of persons holding more than 10 per cent of shares (stakes) of the credit institution;

2) to request and receive, in accordance with the established procedure, information about business reputation of:

a) individuals holding more than 10 per cent of shares (stakes) of the credit institution;

b) individuals holding no more than 10 per cent of shares (stakes) of the credit institution and included in a group of persons holding more than 10 per cent of shares (stakes) of the credit institution;

c) individuals exercising control over shareholders (members) holding more than 10 per cent of shares (stakes) of the credit institution;

d) individuals exercising control over shareholders (members) holding no more than 10 per cent of shares (stakes) of the credit institution and included in a group of persons holding more than 10 per cent of shares (stakes) of the credit institution;

e) persons fulfilling the functions of a one-man executive body of legal entities specified in Clause 1 hereof, or legal entities, which are shareholders (members) of a credit institution, holding no more than 10 per cent of its shares (stakes) with respect to which control is being established in the case specified in Sub-clause 'd' of Clause 1 hereof;

3) to establish the procedure and criteria for assessing the financial position and the requirements for the financial position of the persons

specified in Clause 1 hereof, and the procedure for assessing business reputation of the persons specified in Clauses 1 and 2 hereof.

In case if an unsatisfactory financial position and (or) unsatisfactory business reputation of the persons specified in Sub-clauses 'A' - 'e' of Clause 1 of Part nine of this Article, and (or) an unsatisfactory business reputation of the person fulfilling the functions of a one-man executive body of these legal entities, or corporate shareholders (members) holding no more than 10 per cent of shares (stakes) of the credit institution, with respect to which control is being established, specified in Sub-clause 'D' of Clause 1 of Part nine of this Article are revealed and also in other cases stipulated by federal laws and Bank of Russia regulations adopted in pursuance thereof, the Bank of Russia shall refuse consent to the following transactions:

1) a transaction (transactions) to acquire more than 10 per cent of shares (stakes) of the credit institution;

2) a transaction (transactions) to acquire no more than 10 per cent of shares (stakes) of the credit institution by a person included in a group of persons acquiring more than 10 per cent of shares (stakes) of the credit institution;

3) a transaction (transactions) to establish control over shareholders (members) of the credit institution;

4) a transaction (transactions) to establish control over shareholders (members) holding no more than 10 per cent of shares (stakes) of the credit institution if such transaction (transactions) result(s) in the inclusion of the said shareholders (members) in a group of persons holding more than 10 per cent of shares (stakes) of the credit institution;

5) a transaction (transactions) to establish control over shareholders (members) of the credit institution holding no more than 10 per cent of shares (stakes) of the credit institution and included in a group of persons holding more than 10 per cent of shares (stakes) of the credit institution.

Within 30 days after the revelation of the unsatisfactory financial position and (or) unsatisfactory business reputation of legal entities holding more than 10 per cent of shares (stakes) of the credit institution and (or) exercising control over shareholders (members) holding more than 10 per cent of shares (stakes) of the credit institution as specified in Sub-clauses 'F' and 'h' of Clause 1 of Part nine of this Article, and (or) unsatisfactory business reputation of the persons fulfilling the functions of a one-man executive body of these legal entities, and (or) unsatisfactory business reputation of individuals holding more than 10 per cent of shares (stakes) of the credit institution and (or) exercising control over the shareholders (members) holding more than 10 per cent of shares (stakes) of the credit institution as specified in Sub-clauses 'A' and 'c' of Clause 2 of Part nine of this Article, the Bank of Russia shall send such legal entities or individuals an instruction ordering to eliminate the violations specified in this Part or reduce the participation of the shareholders (members) in the authorised capital of the credit institution to the size of no more than 10 per cent of shares (stakes) of the credit institution, or an instruction ordering to eliminate the violations specified in this Part or conduct a transaction (transactions) to terminate control over shareholders (members) of the credit institution. The Bank of Russia shall also send this instruction to such legal entities or individuals in cases

when they fail to provide or violate the procedure or timeframe for provision to the Bank of Russia of information about the financial position and (or) business reputation of legal entities, and (or) business reputation of the one-man executive body of the said legal entities, and (or) business reputation of individuals.

In case if an unsatisfactory financial position and (or) unsatisfactory business reputation of a legal entity holding no more than 10 per cent of shares (stakes) of the credit institution and included in a group of persons holding more than 10 per cent of shares (stakes) of the credit institution as specified in Sub-clause 'G' of Clause 1 of Part nine of this Article, and (or) unsatisfactory business reputation of a person fulfilling the functions of a one-man executive body of this legal entity, and (or) unsatisfactory business reputation of an individual holding no more than 10 per cent of shares (stakes) of the credit institution and included in a group of persons holding more than 10 per cent of shares (stakes) of the credit institution as specified in Sub-clause 'b' of Clause 2 of Part nine of this Article are revealed, the Bank of Russia within the timeframe specified in Part eleven of this Article shall send such legal entity or individual an instruction ordering to eliminate the violations specified in this Part or ordering such legal entity or individual (other person included in this group of persons) to take measures to abandon the grounds under which such legal entity or individual is included in the said group of persons, or to reduce stakes of persons included in the said group of persons in the authorised capital of the credit institution to the size under which their total stake in the authorised capital of the credit institution shall not exceed 10 per cent of shares (stakes) of the credit institution. In case if an

unsatisfactory financial position and (or) unsatisfactory business reputation of a legal entity exercising control over a shareholder (member) of the credit institution holding no more than 10 per cent or shares (stakes) of the credit institution and included in a group of persons holding more than 10 per cent of shares (stakes) of the credit institution as specified in Sub-clause 'i' of Clause 1 of Part nine of this Article, and (or) unsatisfactory business reputation of a person fulfilling the functions of a one-man executive body of this legal entity, and (or) unsatisfactory business reputation of an individual exercising control over a shareholder (member) holding no more than 10 per cent of shares (stakes) of the credit institution and included in a group of persons holding more than 10 per cent of shares (stakes) of the credit institution as specified in Sub-clause 'd' of Clause 2 of Part nine of this Article are revealed, the Bank of Russia within the timeframe specified in Part eleven of this Article shall send such legal entity or individual an instruction ordering to eliminate the violations specified in this Part or ordering such legal entity or individual to take measures to terminate the control over the said shareholder (member) of the credit institution, or to reduce stakes of persons included in the said group of persons in the authorised capital of the credit institution to the size under which their total stake in the authorised capital of the credit institution shall not exceed 10 per cent of shares (stakes) of the credit institution. The Bank of Russia shall also send the instructions specified in this Part to the legal entities and individuals specified in this Part in cases when they fail to provide or violate the procedure or timeframe for provision to the Bank of Russia of information about the financial position and (or) business reputation of

legal entities, and (or) business reputation of the one-man executive body of the said legal entities, and (or) business reputation of individuals.

In case if an unsatisfactory business reputation of a legal entity or an individual engaged in trust management of shares (stakes) of the credit institution, an individual fulfilling the functions of a one-man executive body of the said legal entity are revealed, the Bank of Russia within the timeframe specified in Part eleven of this Article shall send such legal entity or individual an instruction ordering to eliminate the violations specified in this Part or terminate trust management.

Copies of the instruction specified in Parts eleven - thirteen of this Article shall be submitted to the credit institution and other persons the list of which shall be determined by a Bank of Russia regulation. The Bank of Russia shall follow the established procedure to post on the Bank of Russia website the information about the sent instruction specified in Parts eleven - thirteen of this Article no later than the day of its sending. The credit institution shall no later than the day following the receipt of the instruction copy communicate to its shareholders (members) the information about the receipt of the said instruction copy in accordance with the procedure established by a Bank of Russia regulation.

The persons specified in Parts eleven - thirteen of this Article shall fulfill the instruction within no more than 90 days after its receipt and no later than five days after the fulfilment of the instruction communicate this to the credit institution and the Bank of Russia in accordance with the procedure established by a Bank of Russia regulation.

Starting from the day of publication on the Bank of Russia website of the information about the instruction sent by the Bank of Russia in accordance with Part eleven of this Article and till the day of publication of the information about its cancellation, legal entities holding more than 10 per cent of shares (stakes) of the credit institution, individuals holding more than 10 per cent of shares (stakes) of the credit institution, and shareholders (members) of the credit institution being under control of the legal entities specified in Sub-clause 'h' of Clause 1 of Part nine of this Article, and individuals specified in Sub-clause 'c' of Clause 2 of Part nine of this Article, shall have the right to vote only by shares (stakes) of the credit institution the number of which does not exceed 10 per cent of shares (stakes) of the credit institution.

In case of sending the instruction specified in Part twelve of this Article to a legal entity or an individual holding no more than 10 per cent of shares (stakes) of the credit institution and included in a group of persons holding more than 10 per cent of shares (stakes) of the credit institution, starting from the day of publication on the Bank of Russia website of the information about the instruction sent by the Bank of Russia in accordance with Part twelve of this Article and till the day of publication of the information about its cancellation, the shareholders (members) of the credit institution included in the said group of persons, shall have the right to vote by shares (stakes) the total number of which does not exceed 10 per cent of shares (stakes) of the credit institution. Each of the said shareholders (members) included in this group of persons shall have the right to vote by shares (stakes) of the credit institution in the number proportionate to the number of shares (stakes) of



the credit institution held. The procedure for determining the number of shares (stakes) of the credit institution providing the right to vote to each shareholder (member) included in this group of persons shall be established by a Bank of Russia regulation. In case of sending the instruction specified in Part twelve of this Article to a legal entity or an individual exercising control over a shareholder (member) holding no more than 10 per cent of shares (stakes) of the credit institution and included in a group of persons holding more than 10 per cent of shares (stakes) of the credit institution, starting from the day of publication on the Bank of Russia website of the information about the instruction sent by the Bank of Russia in accordance with Part twelve of this Article and till the day of publication of the information about its cancellation, the person, shareholders (members) of the credit institution included in this group of persons, shall have the right to vote by shares (stakes) of the credit institution the total number of which does not exceed 10 per cent of shares (stakes) of the credit institution. Each of the said shareholders (members) included in this group of persons shall have the right to vote by shares (stakes) of the credit institution in the number proportionate to the number of shares (stakes) of the credit institution held. The procedure for determining the number of shares (stakes) of the credit institution providing the right to vote to each shareholder (member) included in this group of persons shall be established by a Bank of Russia regulation.

In case of sending the instruction specified in Part thirteen of this Article to a legal entity or an individual engaged in trust management of shares (stakes) of the credit institution, starting from the day of publication on the Bank of Russia website of the information about the

instruction sent by the Bank of Russia in accordance with Part thirteen of this Article and till the day of publication of the information about its cancellation, the said legal entity or individual and trustor shall have the right to vote only by shares (stakes) of the credit institution which do not exceed 10 per cent of shares (stakes) of the credit institution. In case of sending the instruction specified in Part thirteen of this Article to a legal entity or an individual engaged in trust management of shares (stakes) of the credit institution and included in a group of persons holding more than 10 per cent of shares (stakes) of the credit institution, starting from the day of publication on the Bank of Russia website of the information about the instruction sent by the Bank of Russia in accordance with Part thirteen of this Article and till the day of publication of the information about its cancellation, the said legal entity or individual and shareholders (members) of the credit institution included in this group of persons (including the trustor) shall have the right to vote by shares (stakes) of the credit institution the total number of which does not exceed 10 per cent of shares (stakes) of the credit institution. Each of the said shareholders (members) included in this group of persons shall have the right to vote by shares (stakes) of the credit institution in the number proportionate to the number of shares (stakes) of the credit institution held. The procedure for determining the number of shares (stakes) of the credit institution providing the right to vote to each shareholder (member) included in the said group of persons shall be established by a Bank of Russia regulation.

Other shares (stakes) held by the persons specified in Parts sixteen - eighteen of this Article shall not be voting stock and shall not be taken into account when determining the quorum of the general meeting of

shareholders (members) of the credit institution. The limitations established by Parts sixteen - eighteen of this Article and this Part shall not apply to the cases when the minutes of the general meeting of shareholders (members) of the credit institution are compiled on the day of publication by the Bank of Russia of the information about the instruction sent or before the said day.

The Bank of Russia shall cancel the instruction if all the requirements are met. A Bank of Russia order to cancel the instruction shall be sent to the persons who have received the instruction. Copies of the order on cancelling the instruction shall be sent to the persons who have received copies of the instruction. The form of and the procedure for sending the instruction and the order cancelling the instruction shall be established by a Bank of Russia regulation. The information about the cancellation of the instruction shall be posted on the Bank of Russia website no later than the day when the order cancelling the instruction is sent in accordance with the procedure established by the Bank of Russia. The credit institution shall no later than the day following the receipt of the copy of the order on cancelling the instruction communicate to its shareholders (members) the information about the receipt of the said copy of the order on cancelling the instruction in accordance with the procedure established by a Bank of Russia regulation.

The Bank of Russia, within one year from the day of sending the instruction specified in Parts eleven - thirteen of this Article, shall be entitled to appeal in court against the decisions of the general meeting of shareholders (members) of the credit institution taken in violation of the requirements established by Parts sixteen - nineteen of this Article and

the transactions conducted in pursuance of these decisions, if the participation in the voting by shares (stakes) specified in Part nineteen of this Article influenced the decisions taken by the general meeting of shareholders (members) of the credit institution.

In the event of a failure to fulfill the Bank of Russia's instruction specified in this Article, the Bank of Russia shall be entitled to demand in court that:

1) the stake in the authorised capital of the credit institution of the legal entity or the individual specified in Part eleven of this Article be reduced to the size not exceeding 10 per cent of shares (stakes) of the credit institution or its control over shareholders (members) of the credit institution be terminated;

2) a legal entity or an individual holding no more than 10 per cent of shares (stakes) of the credit institution and included in a group of persons holding more than 10 per cent of shares (stakes) of the credit institution as specified in Part twelve of this Article perform actions to abandon the grounds under which such person is included in this group of persons or reduce the stakes of persons included in the said group of persons in the authorised capital of the credit institution to the size under which their total stake in the authorised capital of the credit institution shall not exceed 10 per cent of shares (stakes) of the credit institution;

3) the legal entity or the individual specified in Part twelve of this Article exercising control over shareholders (members) of the credit institution holding no more than 10 per cent of shares (stakes) of the credit institution and included in a group of persons holding more than 10 per cent of shares (stakes) of the credit institution perform actions to

terminate control over shareholders (members) of the credit institution or reduce the stakes of persons included in this group of persons in the authorised capital of the credit institution to the size under which their total stake in the authorised capital of the credit institution shall not exceed 10 per cent of shares (stakes) of the credit institution;

4) the legal entity or the individual specified in Part thirteen of this Article terminate trust management of shares (stakes) of the credit institution.

The acquisition of shares (stakes) of a credit institution at the expense of non-residents shall be regulated by federal laws.

*(Article 61 as amended by Federal Law No. 281-FZ, dated 29 July 2017)*

**Article 61<sup>1</sup>.** For the purpose of fulfilling its controlling and supervisory functions, the Bank of Russia shall in accordance with the procedure prescribed by it implement measures stipulated by the Federal Law ‘On Personal Data’ for personal data processing, and shall also verify the personal data of:

1) members of a board of directors (supervisory board), a one-man executive body and his deputies, members of a collegiate executive body, chief accountant and deputy chief accountants of a credit institution, the head and chief accountant of a credit institution's branch;

2) candidates for the positions of members of a board of directors (supervisory board), a one-man executive body and his deputies, members of a collegiate executive body, chief accountant and deputy chief accountants of a credit institution, the head and chief accountant of a credit institution's branch;

3) a person fulfilling the functions of a one-man executive body of a legal entity acquiring more than 10 per cent (owning more than 10 per cent) of shares (stakes) of a credit institution, a person fulfilling the functions of a one-man executive body of a legal entity performing a transaction (transactions) aimed at establishing control (or exercising control) over shareholders (members) of a credit institution;

4) other employees of a credit institution, private individuals being the founders (members) of credit institutions, private individuals being the acquirers of shares (stakes) of credit institutions, private individuals performing a transaction (transactions) aimed at establishing control (or exercising control) over shareholders (members) of a credit institution, private individuals being affiliated persons of credit institutions, other private individuals, in relation to whom the Bank of Russia receives personal data as part of fulfilling its functions.

Personal data shall be processed for the purposes indicated in Part one of this Article, using the data obtained by the Bank of Russia in the course of fulfilling its controlling and supervisory functions (including the data revealed during inspections of credit institutions (their divisions), the data obtained by audit organisations during audits of credit institutions (their divisions), the data of provisional administrations of credit institutions, receivers (liquidators) and their authorised representatives, other documented data.

To process personal data for the purposes indicated in Part one of this Article, the Bank of Russia shall have the right to request and receive free of charge the necessary information from the federal bodies of executive power, their regional branches and legal entities to assess the

business reputation of the persons specified in this Article in accordance with the criteria established by Article 16 of the Federal Law ‘On Banks and Banking Activities’.

The Bank of Russia shall have the right to include in summary statistical and analytical data published on the Russian banking system the last names, first names and patronymics, job titles and birth dates, information on the education and work experience for the past five years of a one-man executive body and his deputies, members of a collegiate executive body, chief accountant and deputy chief accountants of a credit institution, the head and chief accountant of a credit institution's branch.

*(Article 61<sup>1</sup> was introduced by Federal Law No. 146-FZ, dated 2 July 2013)*

**Article 62.** The Bank of Russia shall have the right to set the following required ratios to ensure the stability of credit institutions:

1) *this Clause has been null and void since 1 January 2007 in accordance with Federal Law No. 60-FZ, dated 3 May 2006;*

2) the maximum size of property (non-monetary) contributions to the authorised capital of a credit institution, and also the list of the types of property in non-monetary form that may be contributed as payment for the authorised capital;

*(Clause 2 as amended by Federal Law No. 60-FZ, dated 3 May 2006)*

3) maximum risk per borrower or a group of related borrowers;

4) the maximum amount of high credit risks;

5) the liquidity ratios of a credit institution;

6) the own funds (capital) adequacy ratios;

7) the amount of foreign exchange, interest rate and other financial risks;

8) the minimum amount of provisions created for risks;

9) the ratios for a credit institution to use its own funds (capital) to acquire shares (stakes) of other legal entities;

10) *this Clause has been null and void in accordance with Federal Law No. 53-FZ, dated 7 March 2018;*

11) maximum risk per party related to the credit institution (group of parties related to the credit institution).

*(Clause 11 was introduced by Federal Law No. 146-FZ, dated 2 July 2013)*

The Bank of Russia may set the required ratios, which are indicated in Part one of this Article, for banking groups.

**Article 62<sup>1</sup>.** The Bank of Russia shall set the following required ratios for non-bank credit institutions empowered to make money transfers without opening bank accounts and conduct other related banking operations stipulated in Clause 1 of Part three of Article 1 of the Federal Law ‘On Banks and Banking Activities’:

1) the equity (capital) adequacy ratio defined as the ratio between the amount of equity (capital) and the amount of liabilities to customers as of the latest quarterly reporting date. The equity (capital) adequacy ratio shall be set at the level of 2 per cent;

2) the liquidity ratio defined as the ratio between the amount of liquid assets with maturities in the next 30 calendar days and the amount of liabilities to customers as of the latest quarterly reporting date. The liquidity ratio shall be set at the level of 100 per cent.



Non-bank credit institutions empowered to make money transfers without opening bank accounts and conduct other related banking operations shall be obliged to manage their operational risks and ensure uninterrupted money transfers in compliance with the requirements set by Bank of Russia regulations.

Non-bank credit institutions empowered to make money transfers without opening bank accounts and conduct other related banking operations shall be required to submit reports to the Bank of Russia quarterly, if the average value of their liabilities to customers accumulated over the period of six months to make money transfers without opening bank accounts exceeds 2 billion rubles during a month.

Non-bank credit institutions empowered to make money transfers without opening bank accounts and conduct other related banking operations shall submit reports to the Bank of Russia once every six months, if the average value of their liabilities to customers accumulated over the period of six months to make money transfers without opening bank accounts does not exceed 2 billion rubles during a month.

The procedure for and forms of reporting by non-bank credit institutions empowered to make money transfers without opening bank accounts and conduct other related banking operations shall be set by Bank of Russia regulations. The Government of the Russian Federation shall be entitled to determine the cases under which the non-bank credit institutions specified in this Part shall be entitled not to disclose and (or) only partially disclose to general public information about persons exercising control or a material influence over them which is subject to

disclosure in accordance with the requirements of this Part, and also persons with respect to whom such non-bank credit institutions shall be entitled not to disclose and (or) only partially disclose the said information.

*(Part five as amended by Federal Law No. 482-FZ, dated 31 December 2017)*

Non-bank credit institutions empowered to make money transfers without opening bank accounts and conduct other related banking operations shall be entitled to place funds provided by their customers for money transfers without opening bank accounts exclusively:

- 1) in a correspondent account with the Bank of Russia;
- 2) in deposit accounts with the Bank of Russia;
- 3) in correspondent accounts with credit institutions.

Non-bank credit institutions empowered to make money transfers without opening bank accounts and conduct other related banking operations shall be required to disclose to general public information about persons exercising control or a material influence over them, in accordance with the procedure established by the Bank of Russia for banks registered in the system of mandatory insurance of deposits with Russian banks.

*(Part seven as amended by Federal Laws No. 146-FZ, dated 2 July 2013, and No. 322-FZ, dated 3 August 2018)*

*(Article 62<sup>1</sup> was introduced by Federal Law No. 162-FZ, dated 27 June 2011)*

**Article 62<sup>2</sup>.** The Bank of Russia shall set the following required ratios for non-bank credit institutions – central counterparties:

- 1) the equity (capital) adequacy ratio;
- 2) the total funds adequacy ratio;

- 3) the individual security (margin) requirement;
- 4) the liquidity ratio;
- 5) the maximum amount of concentration risk.

The values and methodology for calculating the required ratios of the non-bank credit institution – central counterparty shall be set by Bank of Russia regulations.

The non-bank credit institution – central counterparty shall not be subject to the required ratios stipulated by Articles 62 and 62<sup>1</sup> hereof.

*(Article 62<sup>2</sup> was introduced by Federal Law No. 403-FZ, dated 29 December 2015)*

**Article 63.** *This Article has been null and void since 1 January 2007, in accordance with Federal Law No. 60-FZ, dated 3 May 2006.*

**Article 64.** Maximum risk per borrower or a group of related borrowers shall be established for a credit institution as percentages of the own funds (capital) of a credit institution and may not exceed 25 per cent of the own funds (capital) of a credit institution (excluding banks with basic licences); for a banking group it shall be established as percentages of the own funds (capital) of a banking group and may not exceed 25 per cent of the own funds (capital) of a banking group.

*(Part one as amended by Federal Law No. 92-FZ, dated 1 May 2017)*

In establishing maximum risk per borrower or a group of related borrowers, the amount of liabilities of a person (persons in a group of related borrowers) to a credit institution (a banking group) and the amount of liabilities to third parties giving rise to the emergence of a

credit institution's claims to that person (the persons in a group of related borrowers) shall be taken into account.

For the purposes of this Federal Law, a group of related borrowers shall mean borrowers (legal entities and (or) private individuals) in the case when one of the borrowers controls or exerts material influence on another borrower (other borrowers) or when borrowers are under the control or material influence of a third party (third parties) other than a borrower (borrowers). Control and material influence shall be defined in accordance with the International Financial Reporting Standards recognised on the territory of the Russian Federation.

For the purposes of this Federal Law, a group of related borrowers of a credit institution (a banking group) shall also include borrowers (legal entities and (or) private individuals) related in such a manner that a deterioration in the economic situation of one person may cause non-fulfilment (improper fulfilment) by another person (other persons) of their obligations to a credit institution (a banking group), in particular, by virtue of the fact that legal entities and (or) private individuals provided directly or through third parties monetary funds, which were received from a credit institution (a banking group) under a loan (credit, deposit) agreement, to another person or a group of persons under a loan (credit, deposit) agreement; the obligations of legal entities and (or) private individuals to a credit institution under a loan (credit, deposit) agreement are fulfilled by one and the same third party other than a person bound to a credit institution (a banking group) under a loan (credit, deposit) agreement.

For banks with basic licences, maximum risk per borrower or a group of related borrowers may not exceed 20 per cent of the own funds (capital) of a bank with a basic licence. Bank of Russia normative acts may define calculation specifics of the maximum risk per borrower or a group of related borrowers for banks with basic licences.

*(Part five was introduced by Federal Law No. 92-FZ, dated 1 May 2017)*

*(Article 64 as amended by Federal Law No. 146-FZ, dated 2 July 2013)*

**Article 64<sup>1</sup>.** Maximum risk per person related to a credit institution (a group of persons related to a credit institution) shall be established as percentages of the own funds (capital) of a credit institution and may not exceed 20 per cent of the own funds (capital) of a credit institution.

For the purposes of this Federal Law, a legal entity related to a credit institution shall mean a legal entity, which controls a credit institution or exerts material influence on it, or a legal entity whose activity is controlled by a credit institution or which is under material influence of a credit institution.

For the purposes of this Federal Law, a private individual related to a credit institution shall mean a private individual (the individual's close relatives: his (her) spouse, parents, children, adoptive parents, adopted persons, whole blood brothers and sisters, a grandfather, a grandmother and grandchildren) who:

- 1) controls a credit institution or exerts material influence on it;
- 2) is a member of a board of directors (supervisory board), a one-man executive body, his deputy, chief accountant of a credit institution, a member of a collegiate executive body or another head (employee) taking

decisions (including on a collegiate basis) on the performance by a credit institution of operations (transactions), the results of which may influence the observance by a credit institution of compulsory standards or the emergence of the grounds for implementing measures for preventing the insolvency (bankruptcy) of a credit institution.

Legal entities and (or) private individuals related to a credit institution shall comprise in accordance with this Federal Law a group of persons related to a credit institution, except for legal entities whose activity is controlled by a credit institution or which are under material influence of a credit institution or close relatives of persons related to a credit institution.

In establishing maximum risk per person related to a credit institution (a group of persons related to a credit institution), the amount of liabilities of a person (persons in a group of persons) to a credit institution and the amount of liabilities to third parties giving rise to the emergence of a credit institution's claims to that person (the persons in a group of persons) shall be taken into account. In establishing maximum risk per person related to a credit institution (a group of persons related to a credit institution), a group of persons shall be defined in accordance with the meaning given in Federal Law No. 135-FZ, dated 26 July 2006, 'On the Protection of Competition'. The Bank of Russia shall determine by a normative act the criteria of a possible relatedness of a person (persons) to a credit institution, and also the procedure for the Bank of Russia to exercise control over the observance by credit institutions of calculated maximum risk per person related to a credit institution (a group of persons related to a credit institution).

For the purposes of establishing maximum risk per person related to a credit institution (a group of persons related to a credit institution), the Banking Supervision Committee shall have the right to take a decision on acknowledging a person as a person related to a credit institution (being part of a group of persons related to a credit institution) pursuant to an informed judgment. A decision by the Banking Supervision Committee shall provide substantiation for acknowledging a person (persons) as a person related to a credit institution (being part of a group of persons related to a credit institution), including information on the criteria that gave the grounds for taking this decision, the time limits for a credit institution to bring the requirements for a person (persons) acknowledged as a person related to a credit institution (being part of a group of persons related to a credit institution) into compliance with the amount established by the Bank of Russia pursuant to this Federal Law. The Chairman of the Banking Supervision Committee shall have the right to send a request binding for a credit institution to provide additional information to the Banking Supervision Committee to consider the issue of acknowledging a person (persons) as a person related to a credit institution (being part of a group of persons related to a credit institution).

Pursuant to a decision by the Banking Supervision Committee, the Bank of Russia shall send a credit institution an order to acknowledge a person (persons) as a person related to a credit institution (being part of a group of persons related to a credit institution).

A credit institution shall have the right within 15 business days after receiving such an order to appeal to the Bank of Russia Chairman against it. In its statement of appeal, a credit institution must substantiate

the absence of relatedness of a person (persons), in relation to whom the order was sent, to the credit institution. The Bank of Russia Chairman shall consider this statement within 15 business days from the day it is received by the Bank of Russia. After considering a statement of appeal, the Bank of Russia Chairman shall deny the appeal by a credit institution or cancel the order.

A credit institution shall bring maximum risk per person acknowledged as a person related to a credit institution (being part of a group of persons related to a credit institution) into compliance with the amount established by the Bank of Russia pursuant to this Federal Law and shall inform the Bank of Russia thereof. In the event of fulfillment (partial fulfillment) of an obligation to a credit institution by a person (a group of persons), in relation to whom the order was sent, a credit institution shall send information on the said circumstances to the Banking Supervision Committee, including a statement confirming that the fulfillment (partial fulfillment) of the obligation was not connected with the assumption by a credit institution directly or indirectly (through third parties) of risks of incurring losses. The Banking Supervision Committee shall consider information provided by a credit institution and take a decision on recognising or refusing to recognise the fact that a credit institution has brought maximum risk per person acknowledged as a person related to a credit institution (being part of a group of persons related to a credit institution) into compliance with the amount established by the Bank of Russia pursuant to this Federal Law. The Banking Supervision Committee Chairman (his deputy) shall have the right to send a request binding for a credit institution to provide



additional information to the Banking Supervision Committee to consider this issue.

Bank of Russia normative acts shall define the procedure for the Banking Supervision Committee for taking a decision on referring a person to persons related to a credit institution (those being part of a group of persons related to a credit institution) pursuant to an informed judgment and the procedure for sending orders to a credit institution and considering appeals from a credit institution in compliance with this Article.

Decisions by the Banking Supervision Committee and orders stipulated in this Article may be appealed against in an arbitration court in accordance with the procedure established by federal laws.

Bank of Russia normative acts may define calculation specifics of the maximum risk per a person related to a credit institution (a group of persons related to a credit institution) for banks with basic licences.

*(Part twelve was introduced by Federal Law No. 92-FZ, dated 1 May 2017)*

*(Article 64<sup>1</sup> was introduced by Federal Law No. 146-FZ, dated 2 July 2013)*

**Article 65.** Maximum high credit risk shall be established as a percentage ratio of the total amount of high credit risks to the amount of the own funds (capital) of a credit institution (banking group).

A high credit risk shall be the sum of loans, guarantees and warranties granted to one client exceeding 5 per cent of the own funds (capital) of a credit institution (banking group).

The maximum amount of high credit risks shall not exceed 800 per cent of the own funds (capital) of a credit institution (banking group).

The Bank of Russia shall be entitled to keep a register of high credit risks of credit institutions (banking groups).

**Article 66.** The liquidity ratios of a credit institution and a banking group shall be determined as follows:

*(as amended by Federal Law No. 146-FZ, dated 2 July 2013)*

the ratio between its assets and liabilities, taking into account the terms, amounts and kinds of assets and liabilities and other factors;

the ratio between its liquid assets (cash, termless banking claims, short-term securities and other saleable assets) and aggregate assets.

**Article 67.** The own funds (capital) adequacy ratios shall be determined as the ratio between the own funds (capital) of a credit institution (banking group) and its risk-weighted aggregate assets.

The Bank of Russia shall have the right to establish increased values of own funds (capital) adequacy ratios of a credit institution, banking group (capital conservation buffer charge, countercyclical capital charge), and systemic capital charge of systematically important credit institutions, banking groups whose parent company or participant is a systematically important credit institution, method for calculating them, procedure for meeting them and recovery of own funds (capital) by credit institutions (parent credit institutions of the banking group, participants of the banking group) in order to comply with the said capital charges.

*(Part two was introduced by Federal Law No. 432-FZ, dated 22 December 2014)*

When determining the procedure for meeting the capital charges envisaged by Part two of this Article and recovery of own funds (capital) by credit institutions (parent credit institutions of the banking group, participants of the banking group) in order to comply with the said capital charges, the Bank of Russia shall determine the amount of profit credit institutions (parent credit institutions of the banking group, participants of the banking group) shall not allocate due to the requirement to restore the amount of own funds (capital), the method for calculating them for the purposes envisaged by this Part, and the procedure for credit institutions (parent credit institutions of the banking group, participants of the banking group) to submit to the Bank of Russia notifications on such calculation, the procedure for compiling own funds (capital) recovery plan and to have them approved by the Bank of Russia.

*(Part three was introduced by Federal Law No. 432-FZ, dated 22 December 2014)*

**Article 68.** The Bank of Russia shall regulate the size of and accounting procedure for the open position of credit institutions (banking groups) on currency, interest and other financial risks.

**Article 69.** The Bank of Russia shall establish the procedure for creating and the size of pre-tax reserves (funds) of credit institutions to cover possible loan losses and currency, interest rate and other financial risks in compliance with federal laws.

*(Article 69 as amended by Federal Law No. 180-FZ, dated 23 December 2003)*

**Article 70.** The ratios for the use of own funds (capital) of a credit institution for the purchase of shares (stakes) of other legal entities shall be determined as a percentage ratio of the sum invested to the sum of own funds (capital) of a credit institution (banking group).

The ratio for the use of own funds (capital) of a credit institution for the purchase of shares (stakes) of other legal entities may not exceed 25 per cent of the own funds (capital) of a credit institution (banking group).

**Article 71.** *The Article has been null and void in accordance with Federal Law No. 53-FZ, dated 7 March 2018.*

**Article 71<sup>1</sup>.** The Bank of Russia shall be entitled to establish differentiated required ratios and methods for calculating them stipulated by Article 62 of this Federal Law, as well as additional required ratios (the correlation of specific assets and liabilities) for credit institutions that issue mortgage-backed bonds or bonds secured by monetary claims or assign monetary claims, which serve as collateral for the obligations of a mortgage agent or a specialised company.

*(Article 71<sup>1</sup> was introduced by Federal Law No. 379-FZ, dated 21 December 2013)*

**Article 72.** The Bank of Russia shall establish the methods for calculating capital and required ratios of a credit institution (banking group), taking into account international standards and consultations with credit institutions and banking associations and unions.

*(Part one as amended by Federal Law No. 146-FZ, dated 2 July 2013).*

The Bank of Russia shall be entitled to establish different ratios and methods for calculating them for various credit institutions, depending, among other things, on the types of licences issued to banks, and in other cases envisaged by this Federal Law.

*(Part two as amended by Federal Laws No. 432-FZ, dated 22 December 2014, No. 92-FZ, dated 1 May 2017)*

The Bank of Russia shall officially announce any forthcoming change in ratios and methods for calculating them no later than one month before introducing them.

To calculate the capital of a credit institution and a banking group, the Bank of Russia shall evaluate their assets and liabilities, including the adequacy of risk provisions, using the evaluation methods established by Bank of Russia regulations. The credit institution and the banking group shall indicate the amount of their own capital, established by the Bank of Russia, in their accounting (financial) and other statements.

*(Part four as amended by Federal Laws No. 146-FZ, dated 2 July 2013, and No. 362-FZ, dated 3 July 2016)*

Should the amount of capital of a credit institution prove smaller than its authorised capital, indicated in its founding documents, the Bank of Russia shall demand that this credit institution match its capital with its authorised capital. The credit institution shall comply with the Bank of Russia prescription in accordance with the procedure, within the terms and on the conditions established by Paragraph 4<sup>1</sup> of Chapter IX of the Federal Law ‘On Insolvency (Bankruptcy)’.

*(Part five as amended by Federal Laws No. 432-FZ, dated 22 December 2014, and No. 87-FZ, dated 23 April 2018)*

The Bank of Russia shall establish the conditions for including subordinated credit (deposits, loans and bond issues) into the sources of

capital of a credit institution and the conditions for excluding subordinated credit (deposits, loans and bond issues) from the sources of capital of a credit institution. The sum of subordinated credit (deposit, loan or bond issue) may be excluded from the calculation of capital of a credit institution after prior agreement with the Bank of Russia reached according to the procedure established by the Bank of Russia regulation, if the subordinated credit (deposit or loan) agreement is terminated before the expiry of its term or if bonds are redeemed ahead of schedule on the initiative of the borrower credit institution.

*(Part six was introduced by Federal Law No. 247-FZ, dated 29 December 2006)*

The Bank of Russia shall be entitled to suspend payment of the principal amount of the debt and (or) interest under a subordinated credit (deposit or loan) agreement or bonds according to the procedure set by the Bank of Russia regulations if the suspension of payments is provided for by the subordinated credit (deposit or loan) agreement or the registered terms of bond issue and the effectuation of scheduled payments to creditors creates the grounds for implementing bankruptcy prevention measures stipulated by Paragraph 4<sup>1</sup> of Chapter IX of the Federal Law ‘On Insolvency (Bankruptcy)’. At the same time, the Bank of Russia shall prohibit credit institutions from taking decisions on the allocation of profit between their founders (members) and the payment (announcement) of dividends to them and from allocating profits between their founders (members), paying them dividends and meeting the demands by the founders (members) of credit institutions for allocating a share (a part of a share) to them or paying its actual value or buying out shares in credit institutions. The suspension of payments under the

subordinated credit (deposit or loan) agreement or on bonds and the prohibition for a credit institution to take decisions on the allocation of profit between its founders (members) and the payment (announcement) of dividends to them and from allocating profits between its founders (members), paying them dividends and meeting the demand by the founders (members) of the credit institution for allocating a share (a part of a share) to them or paying its actual value or buying out shares in the credit institution shall be cancelled at the request of the credit institution, made according to the procedure established by the Bank of Russia, if the real threat of the emergence of the grounds for implementing bankruptcy prevention measures has been removed.

*(Part seven was introduced by Federal Law No. 247-FZ, dated 29 December 2006, as amended by Federal Law No. 432-FZ, dated 22 December 2014)*

The Bank of Russia shall have the right to demand that the credit institution swap (convert) credit institution's creditors' claims on subordinated credits (deposits, loans, bonded loans) on the grounds and according to the procedure established by a Bank of Russia regulation.

*(Part eight was introduced by Federal Law No. 432-FZ, dated 22 December 2014)*

To evaluate the assets and liabilities of a credit institution, including the adequacy of risk provisions, the Bank of Russia shall, according to the duly established procedure, examine the subject of pledge taken by the credit institution as a security on loan, including the ascertainment of the actual availability of the subject of pledge and its examination, the ascertainment of the legal status of the subject of pledge, as well as the judgment on the value of the subject of pledge made on the basis of the federal evaluation standards stipulated by Article 20 of Federal Law No. 135-FZ, dated 29 July 1998, 'On Valuation Activity in the Russian

Federation'. The credit institution shall make the aforementioned provisions proceeding from the results of the examination of the subject of pledge made by the Bank of Russia.

*(Part nine was introduced by Federal Law No. 362-FZ, dated 3 July 2016)*

The Bank of Russia shall assess the economic standing of a credit institution according to the methods for conducting such assessment established by a Bank of Russia normative act. The Bank of Russia shall be entitled to determine the specifics of assessment of credit institutions' economic standing according to the types of credit institutions, depending, among other things, on the types of licences issued to banks.

*(Part ten was introduced by Federal Law No. 92-FZ, dated 1 May 2017)*

**Article 72<sup>1</sup>.** The Bank of Russia shall establish requirements for bank risk management methods and quantitative risk assessment models, including for the quality of data used in these models, applied by credit institutions and banking groups for evaluating assets, calculating capital adequacy ratio and other required ratios.

A credit institution, the parent credit institution of a banking group may assume the duty of applying bank risk management methods and quantitative risk assessment models for calculating required ratios. Bank risk management methods and quantitative risk assessment models shall be applied only on the basis of a permission issued by the Bank of Russia at the request of the credit institution or the parent credit institution of the banking group. The procedure for obtaining the permission for applying bank risk management methods and quantitative risk assessment models shall be established by the Bank of Russia.



The procedure for evaluating the quality of bank risk management methods and quantitative risk assessment models shall be established by Bank of Russia regulations.

The Bank of Russia shall refuse to give the permission, if an evaluation of the quality of bank risk management methods and quantitative risk assessment models held by the Bank of Russia finds them inconsistent with Bank of Russia requirements.

Credit institutions and the parent credit institutions of banking groups must comply with the bank risk management methods and quantitative risk assessment models, the application of which was permitted by the Bank of Russia.

A material change in bank risk management methods and quantitative risk assessment models applied pursuant to the Bank of Russia permission shall be allowed only on the basis of the permission obtained from the Bank of Russia in accordance with the procedure stipulated by this Article. The criteria of material changes shall be established by the Bank of Russia.

In the event of a failure to comply with the bank risk management methods and quantitative risk assessment models, the application of which was permitted by the Bank of Russia, the Bank of Russia shall have the right in accordance with its prescribed procedure to require the compliance of the said bank methods and models and (or) establish increased values for risk parameters used for calculating capital adequacy and (or) apply measures stipulated by Part one of Paragraph three in Clause 2 and Clause 6 of Part two of Article 74 of this Federal Law.

Should bank risk management methods and quantitative risk assessment models cease to comply with the Bank of Russia requirements, the Bank of Russia shall have the right in accordance with its prescribed procedure to require that the said bank methods and models be brought into compliance with the Bank of Russia requirements and (or) establish increased values for risk parameters used for calculating capital adequacy and (or) apply measures stipulated by Part one of Paragraph three in Clause 2 and Clause 6 of Part two of Article 74 of this Federal Law.

Should grounds be eliminated or changed for establishing increased values for risk parameters, the Bank of Russia shall take a decision on their cancellation and inform a credit institution and the parent credit institution of a banking group thereof in accordance with the procedure prescribed by the Bank of Russia.

Should a credit institution or the parent credit institution of a banking group fail to comply with the requirements sent by the Bank of Russia in accordance with this Article, the Bank of Russia shall have the right to revoke according to its prescribed procedure the permission for applying bank risk management methods and quantitative risk assessment models for calculating capital adequacy.

*(Article 72<sup>1</sup> was introduced by Federal Law No. 146-FZ, dated 2 July 2013)*

**Article 73.** To fulfill its functions relating to banking regulation and banking supervision, the Bank of Russia shall conduct inspections of credit institutions (or their branches), give them instructions, which the credit institutions must obey, to eliminate violations discovered in their

work and involving the breach of federal laws and Bank of Russia regulations issued in pursuance of these laws, and use sanctions against violators as stipulated by this Federal Law.

*(Part one as amended by Federal Law No. 162-FZ, dated 27 June 2011).*

Inspections may be conducted by the authorised representatives (employees) of the Bank of Russia in accordance with the procedure established by the Board of Directors or by audit firms on the instructions of the Board of Directors.

The authorised representatives (employees) of the Bank of Russia shall have the right to receive and examine accounting reports and other documents of credit institutions (or their branches) and, if necessary, make copies of the corresponding documents to attach them to inspection materials.

The procedure for conducting inspections of credit institutions (or their branches), including establishing the duties of credit institutions (or their branches) to assist inspections, shall be established by the Board of Directors.

In fulfilling its functions relating to banking regulation and banking supervision, the Bank of Russia shall not be entitled to conduct more than one inspection of a credit institution (or its branch) on the same subjects and the same accounting period of the activities of the credit institution (or its branch), except for those cases stipulated by this Article. An inspection shall cover only the five calendar years of the activities of a credit institution (or its branch) preceding the inspection year.

The Bank of Russia may conduct a repeat inspection of a credit institution (or its branch) on the same subjects and the same accounting period of the activities of the credit institution (or its branch) on the following grounds:

if such an inspection is conducted in connection with the reorganisation or liquidation of the credit institution;

by the reasoned decision of the Board of Directors. The Board of Directors may take such a decision to supervise a Bank of Russia regional branch that has conducted an inspection or at the request of the corresponding Bank of Russia structural unit for the purpose of assessing a credit institution's financial standing and the quality of assets and liabilities. For these purposes, the request by the Bank of Russia structural unit should indicate the signs of financial instability in a credit institution, if these signs have created a tangible threat to the interests of the credit institution's creditors (depositors). These signs should be detected and evaluated according to the methodologies established by Bank of Russia rules and regulations. A repeat inspection conducted by the reasoned decision of the Board of Directors shall be conducted with the participation of representatives of the Bank of Russia head office.

*(as amended by Federal Law No. 5-FZ, dated 10 January 2003)*

*The Paragraph was excluded in accordance with Federal Law No. 5-FZ, dated 10 January 2003.*

The Bank of Russia shall be entitled to inspect the activity of credit institutions being part of banking groups and bank holding companies and located on the territories of foreign states. The central bank and (or) another supervisory authority of a foreign state with the functions of banking supervision may gain access to the premises of credit institutions

located on the territory of the Russian Federation as members of banking groups whose parent organisations are foreign banks, and access to information on their activity if the credit institutions being members of banking groups a have given a written consent. The supervisors shall inform the Bank of Russia about the results of such visits.

*(Part seven was introduced by Federal Law No. 146-FZ, dated 2 July 2013)*

The authorised representatives (employees) of the Bank of Russia shall be entitled to examine the subject of pledge taken by the credit institution as a security on loan, excluding the living quarters, garage, stall of the garage, parking place owned by (granted to) a private individual, cars, motorcycles and scooters owned by the private individual and not used for entrepreneurship purposes, and a plot of land from lands designated for agriculture granted to the private individual for individual housing construction, farming, camping, gardening, stockbreeding or market gardening, as well as buildings, constructions and structures situated on this plot of land, at the place of its storage (location), and to get acquainted with the activity of legal entity or individual entrepreneur – the borrower of the examined credit institution and (or) legal entity or individual entrepreneur – the pledger, not being borrower of this loan, on-site in cases and along with the procedure established by the Bank of Russia.

*(Part eight was introduced by Federal Law No. 362-FZ, dated 3 July 2016)*

The credit institution shall render assistance to the authorised representatives (employees) of the Bank of Russia in making examination of the subject of pledge taken by the credit institution as a security on loan, at the place of its storage (location), and in their getting acquainted with the activity of legal entity or individual entrepreneur – the borrower

of the examined credit institution and (or) legal entity or individual entrepreneur – the pledger, not being borrower of this loan, directly on-site, including at the Bank of Russia request to ensure presence of the credit institutions’ representatives while examining the subject of pledge and getting acquainted with the activity of legal entity or individual entrepreneur – the borrower of the examined credit institution and (or) legal entity or individual entrepreneur – the pledger, not being borrower of this loan.

*(Part nine was introduced by Federal Law No. 362-FZ, dated 3 July 2016)*

Information obtained in the course of examining the subject of pledge and getting acquainted with the activity of legal entity or individual entrepreneur – the borrower of the examined credit institution and (or) legal entity or individual entrepreneur – the pledger, not being borrower of this loan, shall not be disclosed without the consent of the person, who has provided it, except for the cases stipulated by federal laws, and the provision of the aforementioned information to the credit institution. The Bank of Russia shall be liable for the disclosure of the said information, including compensation for losses incurred, according to the procedure established by federal law.

*(Part ten was introduced by Federal Law No. 362-FZ, dated 3 July 2016)*

**Article 73<sup>1</sup>.** The Bank of Russia shall be entitled to co-operate with credit institutions through information resources posted on the Bank of Russia official website by providing credit institutions with access to personal accounts which are maintained by the Bank of Russia according to established procedure.

Credit institutions shall use personal accounts to receive documents from the Bank of Russia, including its requests, orders (instructions), and to submit to the Bank of Russia reports, documents (information), data as well as to exercise their other rights and obligations established by federal laws and Bank of Russia regulations.

Reports, documents (information), submitted to the Bank of Russia by credit institutions and signed by enhanced encrypted and certified digital signature through their personal accounts shall be recognised as equivalent to hard copy documents.

The procedure for interaction between the Bank of Russia and credit institutions when using their personal accounts shall be stipulated by the Bank of Russia normative act.

*(Article 73<sup>1</sup> was introduced by Federal Law No. 153-FZ, dated 1 July 2017)*

**Article 73<sup>1-1</sup>.** Should grounds exist for presuming that the credit institution's activity may inflict damage to its creditors and depositors or threaten their legitimate interests or should there be evidence that the credit institution violates the requirements of Russian Federation legislation and Bank of Russia regulations and (or) the rights of its customers, the Bank of Russia while exercising its supervisory functions shall be entitled to conduct control exercise (including off-site exercise using information and communications technology), in the course of which Bank of Russia authorised representatives (employees) compel the credit institution to make a transaction or create the conditions for the credit institution to make a transaction to verify the credit institution's

compliance with the requirements for its activity. The control exercise shall be conducted without a prior notice to the credit institution.

The control exercise (excluding off-site exercise using information and communications technology) shall be conducted in the presence of two witnesses or using video and audio recording equipment.

A decision to conduct control exercise shall be made by the Governor of the Bank of Russia or Deputy Governor of the Bank of Russia.

A statement of control exercise shall be compiled and signed by Bank of Russia authorised representatives (employees), who have conducted the exercise, and witnesses (should they be present). A copy of the statement shall be sent to the credit institution, in respect of which the control exercise was conducted, no later than 10 business days after its conduct in accordance with the procedure established by the Bank of Russia.

Should the credit institution's violations of the requirements of the Russian Federation legislation and Bank of Russia regulations be revealed in the course of control exercise, the statement shall be compiled by Bank of Russia authorised representatives (employees), who have conducted the exercise, immediately upon its completion and information on the control exercise shall be immediately provided by them to the credit institution's representative. The said Bank of Russia authorised representatives (employees) shall produce their official IDs and the decision on control exercise to the credit institution's representative.

A copy of the statement of control exercise, in the course of which the credit institution's violations of the requirements of the Russian



Federation legislation and Bank of Russia regulations were revealed, shall be sent to the credit institution, in respect of which the control exercise was conducted, or handed over to its representative right after the statement is compiled.

Should the control exercise be conducted in the course of the Bank of Russia's inspection of the credit institution (its branch), a copy of the statement shall be included in the report on the inspection of the credit institution (its branch).

The procedure for the Bank of Russia to organise and conduct control exercise in credit institutions shall be established by Bank of Russia regulation approved by the Board of Directors.

*(Article 73<sup>1-1</sup> was introduced by Federal Law No. 263-FZ, dated 29 July 2017 - effective from 1 January 2019)*

**Article 74.** Should a credit institution violate federal laws or Bank of Russia normative acts or orders issued in pursuance of these laws or fail to provide information or provide incomplete or false information, or fail to conduct a mandatory audit or disclose information on its activity and an auditor's opinion on it, the Bank of Russia shall have the right to require the credit institution to eliminate the violations discovered, charge a penalty of up to 0.1 per cent of the minimum amount of authorised capital or prohibit the credit institution from conducting some banking operations for up to six months, including operations with the parent credit institution of the banking group, the parent organisation of the bank holding company, participants of the banking group, participants of the

bank holding company or a person related to the credit institution (persons related to the credit institution).

Should a credit institution fail to fulfill the Bank of Russia order to eliminate the violations discovered in its work or should these violations or banking operations or transactions conducted by a credit institution pose a serious threat to the interests of its creditors (depositors), the Bank of Russia shall be entitled to:

1) charge the credit institution a fine of up to 1 per cent of its paid-up authorised capital but no more than 1 per cent of the minimum amount of authorised capital;

2) demand that the credit institution:

implement financial rehabilitation measures, including changing the structure of its assets;

replace the persons included in the list of positions given in Article 60 of this Federal Law or limit the size of compensatory and (or) stimulating payments to the said persons for up to three years;

conduct reorganisation;

3) impose a ban on the implementation of some banking operations by the credit institution under its banking licence for a period of up to one year, including operations with the parent credit institution of the banking group, the parent organisation of the bank holding company, participants of the banking group, participants of the bank holding company or a person related to the credit institution (persons related to the credit institution), and also prohibit it from opening branches for a period of up to one year;

4) appoint a provisional administration to manage the credit

institution for a period of up to six months. The procedure for appointing a provisional administration and for its activities shall be established by federal laws and Bank of Russia normative acts issued pursuant to them;

5) ban the reorganisation of the credit institution if it may create grounds for taking anti-bankruptcy measures stipulated by Paragraph 4<sup>1</sup> of Chapter IX of the Federal Law ‘On Insolvency (Bankruptcy)’;

*(Clause 5 as amended by Federal Law No. 432-FZ, dated 22 December 2014)*

6) demand that the founders (members) of the credit institution who have the opportunity on their own or owing to an agreement between them or participation in the capital of one another or some other means of direct or indirect collaboration to influence decisions made by management of the credit institution to take actions aimed at increasing the own funds (capital) of the credit institution to a level that would ensure its compliance with required ratios, including limiting the allocation of profit of the credit institution with regard to payments, which lead to a decrease of the own funds (capital) of the credit institution;

*(Clause 6 as amended by Federal Law No. 432-FZ, dated 22 December 2014)*

7) impose an upper bound to the interest rate, which the credit institution offers in bank deposit agreements concluded (extended) during the restriction period, but no less than two-thirds of the Bank of Russia refinancing rate on bank deposits in rubles and no less than the LIBOR rate on bank deposits in foreign currency as of the date of imposing the restriction for a term of up to one year. For the purposes of this provision, along with interest payments, the interest rate calculation shall include any non-interest payments, which the credit institution makes in favour of depositors who are private individuals, and also incomes in kind, which

the credit institution transfers to depositors who are private individuals.

Should a parent credit institution of a banking group violate the requirements of federal laws in connection with its participation in the banking group or fail to provide information or provide incomplete or false information, or fail to conduct a mandatory audit or disclose consolidated statements and an auditor's opinion on them, the Bank of Russia shall have the right to take measures against the parent credit institution of the banking group, stipulated by Part one of this Article. Should the required ratios established by the Bank of Russia for banking groups in pursuance of this Federal Law be violated, the Bank of Russia shall have the right to take measures against the parent credit institution of the banking group, stipulated by Part one of this Article.

Should a parent credit institution of a banking group fail to fulfill the Bank of Russia order to eliminate the violations connected with its participation in the banking group or should these violations pose a threat to the legitimate interests of creditors (depositors) of the said credit institution or credit institutions that are members of the banking group, the Bank of Russia shall be entitled to:

1) charge the parent credit institution of the banking group a fine of up to 1 per cent of its paid-up authorised capital but no more than 1 per cent of the minimum amount of authorised capital;

2) impose a ban stipulated by Clause 3 of Part two of this Article.

To fulfill the Bank of Russia requirements for the observance of required ratios for banking groups, a parent credit institution of a banking group shall independently take decisions relating to the banking group's activities and assets.

Should a shareholder (member) of a credit institution violate the procedure for disclosing information on the persons controlling or materially influencing the credit institution, in compliance with Federal Law No. 177-FZ, dated 23 December 2003, ‘On the Insurance of Deposits with Russian Banks’, and (or) fail to fulfill upon the emergence of the grounds for implementing measures for preventing the bankruptcy of the credit institution the duties assigned to the shareholder (member) by normative legal acts, and (or) perform a transaction (transactions) with the credit institution, which caused the credit institution to violate the required ratios, and (or) the actions of the shareholder (member) of the credit institution resulted in violation by the credit institution (parent credit institutions of the banking group, participant of the banking group) of the requirements of the Federal Law ‘On Banks and Banking Activities’ on the compliance with the capital charges on the own funds (capital) adequacy ratios established by the Bank of Russia and (or) the method for calculating them and the procedure for compliance with them and the recovery of the amount of own funds (capital), the Bank of Russia shall no later than 30 calendar days from the day of discovering the violation send such a shareholder (member) an order to eliminate the violation discovered and (or) an order to implement measures eliminating the violation of the required ratios committed by the credit institution (hereinafter an order to implement measures), if no more than one year has passed since the violation was committed. The copies of such orders shall be sent to the credit institution.

*(Part six as amended by Federal Laws No. 432-FZ, dated 22 December 2014, and No. 322-FZ, dated 3 August 2018)*

An order of the Bank of Russia to eliminate the violation and (or) an order to implement measures shall be subject to the fulfillment by a shareholder (member) of a credit institution within a period of no more than 45 calendar days from the day of receiving such an act. Should a shareholder (member) of a credit institution fail to fulfill an order of the Bank of Russia to eliminate the violation and (or) an order to implement measures, the voting right of the shareholder (member) of the credit institution at a general meeting of shareholders (members) of the credit institution shall be suspended from the day following the aforementioned 45-day period to the day on which the corresponding order is fulfilled or cancelled. The suspension of the voting right of a shareholder (member) of a credit institution at a general meeting of shareholders (members) of the credit institution shall mean that the shares (stakes) of such a shareholder (member) of the credit institution shall not be voting stock and shall not be taken into account when the quorum of a general meeting of shareholders (members) of the credit institution is determined.

The Bank of Russia shall be entitled to appeal in court the decisions of a general meeting of shareholders (members) of a credit institution and the transactions performed in fulfillment of these decisions, if a shareholder (member) of the credit institution participated in voting when the order indicated in Part seven of this Article was in effect and such participation influenced the decisions of the general meeting of shareholders (members) of the credit institution.

An order of the Bank of Russia to eliminate the violation and (or) an order to implement measures shall be cancelled by the Bank of Russia, if a shareholder (member) of a credit institution eliminates the violation

discovered by the Bank of Russia. A Bank of Russia act on cancelling the Bank of Russia order to eliminate the violation and (or) the order to implement measures shall be sent to the shareholder (member) of the credit institution and the credit institution in accordance with the procedure established by a Bank of Russia normative act.

The procedure for applying measures stipulated by this Article shall be established by Bank of Russia normative acts.

The Bank of Russia shall be entitled to revoke the banking licence of a credit institution on the grounds established by the Federal Law ‘On Banks and Banking Activities’. The procedure for revoking a banking licence shall be established by Bank of Russia normative acts.

The Bank of Russia may not take measures stipulated in Parts one - four of this Article against a credit institution, if five years have passed since these violations were committed. The Bank of Russia may not use measures stipulated in this Article for failure by a credit institution (its branch) to comply with Bank of Russia documents (acts) other than Bank of Russia normative acts or orders.

The Bank of Russia may appeal to court to recover a fine from a credit institution or apply some other sanctions against it, stipulated by federal laws, no later than six months after any of the violations listed in Parts one - four of this Article was recorded.

*(Article 74 as amended by Federal Law No. 146-FZ, dated 2 July 2013)*

**Article 75.** The Bank of Russia shall analyse the activities of credit institutions (banking groups and bank holding companies) to detect

situations endangering the legitimate interests of their depositors and creditors and stability of the Russian banking system.

*(Part one as amended by Federal Law No. 146-FZ, dated 2 July 2013)*

Should such a situation arise, the Bank of Russia shall be entitled to take measures stipulated by Article 74 thereof and implement in compliance with federal laws measures to financially rehabilitate credit institutions.

*(Part two as amended by Federal Law No. 84-FZ, dated 1 May 2017)*

To prevent situations indicated in this Article, the Bank of Russia shall keep a database on persons holding positions listed in Article 60 thereof (candidates for these positions), other employees of credit institutions and other persons whose activity contributed to damaging the financial position of a credit institution or violations of Russian Federation legislation and Bank of Russia regulations. The procedure for keeping the database shall be established by the Bank of Russia. The Bank of Russia shall be entitled to request information from the federal executive bodies and their regional branches and legal entities to keep the database.

*(Part three was introduced by Federal Law No. 146-FZ, dated 2 July 2013)*

A person shall be entitled to file a request to the Bank of Russia for information about his/her personal data (if any) available in the said database. The request form, the list of documents and data to be attached and the filing procedure shall be established by the Bank of Russia. The Bank of Russia shall consider the request within seven days after its receipt and send a reply containing the requested information in accordance with the established procedure.

*(Part four was introduced by Federal Law No. 281-FZ, dated 29 July 2017)*



When implementing measures in compliance with the Federal Law “On Insolvency (Bankruptcy)” to prevent the bankruptcy of credit institutions and guided by the decision of the Board of Directors, the Bank of Russia shall be entitled to do the following using the monetary assets of the Banking Sector Consolidation Fund set up in line with Article 76<sup>12</sup> thereof:

1) to acquire shares (stakes in the authorised capital) of credit institutions subjected to bankruptcy prevention measures, including at prices exceeding their nominal value;

2) to extend to credit institutions subjected to bankruptcy prevention measures and also investors specified in Sub-clause 1 of Clause 8 of Article 189<sup>49</sup> of the Federal Law ‘On Insolvency (Bankruptcy)’, which are banks, subordinated loans (deposits, loans, and bonded loans) complying with the requirements established by Article 25<sup>1</sup> of the Federal Law ‘On Banks and Banking Activities’. The Bank of Russia may transfer claims on subordinated loans (deposits, loans, and bonded loans) to the Management Company for trust management;

*(Clause 2 as amended by Federal Law No. 53-FZ, dated 7 March 2018)*

3) to extend loans, place deposits and issue bank guarantees to credit institutions subjected to bankruptcy prevention measures. The Bank of Russia may transfer claims on loans (deposits, bank guarantees) to the Management Company for trust management;

4) to sell the acquired shares (stakes in the authorised capital) of credit institutions subjected to bankruptcy prevention measures, including at prices below the acquisition price paid by the Bank of Russia;

5) to acquire and alienate the purchased property (property rights) of credit institutions subjected to bankruptcy prevention measures, and also claims to credit institutions subjected to bankruptcy prevention measures;

6) to extend a loan to the Management Company to finance the settlement of a bank's liabilities if the Bank of Russia invites the Management Company to participate in the implementation of measures stipulated by the Bank of Russia's action plan to settle the bank's liabilities;

7) to transfer to the Management Company for trust management, and to set up a unit investment fund, among other things, acquired by the Bank of Russia shares (stakes in the authorised capital), property (property rights) of credit institutions subjected to bankruptcy prevention measures, claims to credit institutions subjected to bankruptcy prevention measures, and (or) claims to credit institutions investing in the latter, and also monetary funds. Property-related trust management agreements concluded by the Bank of Russia in compliance with this Clause, and also trust management agreement with regard to the unit investment fund, shall not be covered by the requirements on the maximum validity terms of property-related trust management agreements.

*(Part four was introduced by Federal Law No. 84-FZ, dated 1 May 2017)*

The Bank of Russia shall be entitled to execute other rights stipulated by the Federal Law "On Insolvency (Bankruptcy)".

*(Part five was introduced by Federal Law No. 84-FZ, dated 1 May 2017)*

**Article 75<sup>1</sup>.** Should grounds exist for presuming the existence of offences in the activity of the credit institution's executives stipulated by Article 172<sup>1</sup> of the Criminal Code of the Russian Federation, the Bank of Russia shall send the relevant statements and materials within 10 business days after these circumstances are revealed to the investigative bodies authorised to carry out a preliminary investigation in criminal proceedings on crimes envisaged by Article 172<sup>1</sup> of the Criminal Code of the Russian Federation to decide on the issue of instituting criminal case proceedings.

*(Article 75<sup>1</sup> as amended by Federal Law No. 263-FZ, dated 29 July 2018)*

**Article 76.** The Bank of Russia shall be entitled to appoint its authorised representatives to a credit institution in the cases when:

1) a credit institution has obtained a foreign currency credit (loan) from the State Development Corporation VEB.RF (hereinafter, VEB.RF) in accordance with Article 1 of Federal Law No. 173-FZ, dated 13 October 2008, ‘On Additional Measures to Support the Financial System of the Russian Federation’ (hereinafter referred to as the Federal Law ‘On Additional Measures to Support the Financial System of the Russian Federation’);

*(Clause 1 as amended by Federal Law No. 452-FZ, dated 28 November 2018)*

2) a credit institution has obtained a subordinated credit (loan) from the Bank of Russia in accordance with Article 5 of the Federal Law ‘On Additional Measures to Support the Financial System of the Russian Federation’;

3) a credit institution has obtained a subordinated credit (loan) from VEB.RF in accordance with Article 6 of the Federal Law ‘On Additional Measures to Support the Financial System of the Russian Federation’;

*(Clause 3 as amended by Federal Law No. 452-FZ, dated 28 November 2018)*

4) federal budget funds have been deposited with a credit institution in accordance with Article 236 of the Budget Code of the Russian Federation;

5) a credit institution has obtained a loan from the Bank of Russia in accordance with Clause 1<sup>1</sup>, Article 46 of this Federal Law for a term longer than one month;

6) the Bank of Russia and the state corporation Deposit Insurance Agency have taken measures in relation to a credit institution to prevent the bankruptcy of banks that are members of the system of mandatory insurance of deposits with Russian banks, in accordance with Paragraph 41 of Chapter IX of the Federal Law ‘On Insolvency (Bankruptcy)’;

*(Clause 6 as amended by Federal Laws No. 432-FZ, dated 22 December 2014, and No. 322-FZ, dated 3 August 2018)*

7) the assets of a credit institution total 50 and more billion rubles and (or) the funds attracted from private individuals under bank deposit and bank account agreements total 10 and more billion rubles.

Authorised representatives of the Bank of Russia may be appointed to a credit institution in the cases stipulated by Clauses 1-6 of Part one hereof from the day the credit institution receives funds (part of funds) of a corresponding credit (loan) or deposit, or from the day measures have been taken in relation to a credit institution to prevent the bankruptcy of banks that are members of the system of mandatory insurance of deposits with Russian banks, in accordance with Paragraph 4<sup>1</sup> of Chapter IX of the

Federal Law ‘On Insolvency (Bankruptcy)’, and may carry out their activities until the day the credit institution fully honours its obligations arising out of the receipt of the corresponding credit (loan) or deposit, or until the day the said bankruptcy prevention measures are completed in relation to the credit institution.

*(Part two as amended by Federal Laws No. 432-FZ, dated 22 December 2014, and No. 322-FZ, dated 3 August 2018)*

An authorised representative of the Bank of Russia may receive information from a credit institution on the size of remuneration paid by the credit institution to the one-man and collegiate executive bodies.

To fulfill his/her functions, an authorised representative of the Bank of Russia shall be entitled to:

1) participate, without voting rights, in sessions of a credit institution's management bodies, and also in sessions of the credit institution's bodies responsible for making decisions on the issues of crediting and the management of the credit institution's assets and liabilities;

2) receive from a credit institution information and documents relating to the credit institution's lending operations and operations to provide guarantees, manage assets and liabilities (claims and obligations).

A credit institution shall be obliged to submit to an authorised representative of the Bank of Russia, on his/her request, information and documents relating to the credit institution's lending operations, including information and documents on the realised and planned volumes of loans and their terms, and also on the operations to provide guarantees, manage

assets and liabilities (claims and obligations), and shall not obstruct the activities of the Bank of Russia authorised representative.

The procedure for a credit institution to submit such information and documents to an authorised representative of the Bank of Russia shall be established by the Bank of Russia.

Should a credit institution fail to fulfill the requirements of this Article, the credit institution may be subject to measures stipulated in Article 74 of this Federal Law and the credit institution's counterparties under agreements concluded with the credit institution and stipulated in Part one of this Article may demand the early fulfillment of obligations by the credit institution under such agreements.

The authorised representatives of the Bank of Russia shall be employees of the Bank of Russia. The procedure for the appointment of Bank of Russia authorised representatives in the cases stipulated by Clauses 1-6 of Part one of this Article, the performance of their functions and the termination of their activities shall be established by the Bank of Russia upon approval from the Government of the Russian Federation. The procedure for the appointment of Bank of Russia authorised representatives in the case stipulated by Clause 7 of Part one of this Article, the performance of their functions and the termination of their activities shall be established by the Bank of Russia

*(Article 76 as amended by Federal Law No. 184-FZ, dated 2 July 2013)*

## Chapter X<sup>1</sup>. Financial Market Regulation, Control and Supervision

*(the Chapter was introduced by Federal Law No. 251-FZ, dated 23 July 2013)*

**Article 76<sup>1</sup>.** Non-credit financial institutions in accordance with this Federal Law shall mean entities conducting the following types of activities of:

- 1) professional securities market participants;
- 2) the management companies of investment funds, unit investment funds and non-governmental pension funds;
- 3) the specialised depositaries of investment funds, unit investment funds and non-governmental pension funds;
- 4) equity investment funds;
- 5) clearing activities;
- 6) related to the performance of the functions of central counterparties;
- 7) trade organisers;
- 8) central depositaries;
- 8<sup>1</sup>) repository activities;

*(Clause 8<sup>1</sup> was introduced by Federal Law No. 430-FZ, dated 30 December 2015 – effective from 28 June 2016)*

- 9) insurance providers;
- 10) non-government pension funds;
- 11) micro-finance organisations;
- 12) consumer credit co-operatives;
- 13) the activities of housing savings co-operatives;

14) the activities of credit history bureaus;

15) actuarial activities;

16) credit rating agencies

*(Clause 16 as amended by Federal Law No. 222-FZ, dated 13 July 2015)*

17) agricultural consumer credit co-operatives.

18) pawn shops.

*(Clause 18 was introduced by Federal Law No. 375-FZ of 21 December 2013)*

The Bank of Russia shall be the body of regulation, control and supervision on financial markets over non-credit financial institutions and (or) the area of their activities in compliance with federal laws.

The objectives of regulation, control and supervision over non-credit financial institutions shall be to maintain stable development of the financial market of the Russian Federation and effectively manage risks emerging on financial markets, including prompt measures to detect and counter crisis situations, protect the rights and legitimate interests of investors on financial markets, insurance policyholders, insured persons and beneficiaries acknowledged as such in accordance with insurance legislation, and also insured persons under compulsory pension insurance, non-governmental pension fund depositors and participants under non-governmental pension provision schemes and other consumers of financial services (except for the consumers of bank services). The Bank of Russia shall not interfere in the day-to-day activities of non-credit financial institutions, except for those cases stipulated by federal laws.

**Article 76<sup>2</sup>.** The Bank of Russia shall be the body exercising regulation, control and supervision over the observance by issuers of the



requirements of Russian Federation legislation on joint-stock companies and securities, and also regulation, control and supervision in the area of corporate relations in joint-stock companies for the purpose of protecting the rights and legitimate interests of shareholders and investors. The Bank of Russia shall not exercise control and supervision over the observance by international companies of the provisions of foreign law and rules of foreign exchanges.

*(Part one as amended by Federal Law No 485-FZ, dated 25 December 2018)*

The Bank of Russia shall be entitled to conduct inspections of issuers and participants in corporate relations, send instructions binding for them for eliminating the violations of Russian Federation legislation on joint-stock companies and securities discovered in their work, and shall also apply other measures stipulated by federal laws.

The procedure for conducting inspections and the procedure for applying other measures shall be established by Bank of Russia normative acts.

**Article 76<sup>3</sup>.** The regulatory, controlling and supervisory functions of the Bank of Russia pertaining to financial markets, established by this Federal Law and other federal laws, shall be implemented through the Financial Supervision Committee, a permanent body uniting the heads of the Bank of Russia units responsible for supervision. The Financial Supervision Committee shall decide on the main issues of financial market regulation, control and supervision.

The Regulation on the Financial Supervision Committee and its structure shall be approved by the Board of Directors. The head of the

Financial Supervision Committee shall be appointed by the Bank of Russia Chairman from among the members of the Board of Directors.

**Article 76<sup>4</sup>.** The Bank of Russia shall establish requirements for the own funds (capital) or net assets of non-credit financial institutions, compulsory (financial and economic) standards, and also other requirements in compliance with federal laws regulating the activities of the respective organisations.

**Article 76<sup>4-1</sup>.** The Bank of Russia as agreed with the federal executive authority responsible for ensuring security and the federal executive authority responsible for countering technical intelligence and for technical information security shall set mandatory requirements for non-bank financial institutions to ensure information security in operations in the financial markets stipulated by Part 1 of Article 761 thereof for the purpose of countering illegal financial transactions, except for information security requirements established by federal laws and the related regulations.

*(Article 76<sup>4-1</sup> was introduced by Federal Law No. 167-FZ, dated 27 June 2018)*

**Article 76<sup>5</sup>.** The Bank of Russia shall conduct inspections of non-credit financial institutions, send instructions binding for them and apply with regard to non-credit financial institutions other measures stipulated by federal laws.

The procedure for conducting inspections, including specifying the duties of inspected persons for assistance in conducting inspections, and

the procedure for applying other measures shall be established by Bank of Russia normative acts.

Inspections may be carried out by the authorised representatives (employees) of the Bank of Russia, audit companies and actuaries authorised by the Bank of Russia or self-regulatory organisations by order of the Financial Supervision Committee.

*(Part three as amended by Federal Law No. 410-FZ, dated 28 December 2013)*

Should grounds exist for presuming that the activity of the non-bank financial institution may inflict damage to its creditors and customers or threaten their legitimate interests or should there be evidence that the non-bank financial institution violates the requirements of Russian Federation legislation and Bank of Russia regulations and (or) the rights of its customers, the Bank of Russia while exercising supervision and control over the financial markets shall be entitled to conduct control exercise (including off-site exercise using information and communications technology), in the course of which Bank of Russia authorised representatives (employees) compel the non-bank financial institution to make a transaction or create the conditions for the non-bank financial institution to make a transaction to verify the non-bank financial institution's compliance with the requirements for its activity. The control exercise shall be conducted without a prior notice to the non-bank financial institution.

*(Part four as introduced by Federal Law No. 263-FZ, dated 29 July 2018 – effective from 1 January 2019)*

The control exercise (excluding off-site exercise using information and communications technology) shall be conducted in the presence of two witnesses or using video and audio recording equipment.

*(Part five as introduced by Federal Law No. 263-FZ, dated 29 July 2018 – effective from 1 January 2019)*

A decision to conduct control exercise shall be made by the Governor of the Bank of Russia or Deputy Governor of the Bank of Russia.

*(Part 6 was introduced by Federal Law No. 263-FZ, dated 29 July 2018 – effective from 1 January 2019)*

A statement of control exercise shall be compiled and signed by Bank of Russia authorised representatives (employees), who have conducted the exercise, and witnesses (should they be present). A copy of the statement shall be sent to the non-bank financial institution, in respect of which the control exercise was conducted, no later than 10 business days after its conduct in accordance with the procedure established by the Bank of Russia.

*(Part 7 was introduced by Federal Law No. 263-FZ, dated 29 July 2018 – effective from 1 January 2019)*

Should the non-bank financial institution's violations of the requirements of the Russian Federation legislation and Bank of Russia regulations be revealed in the course of control exercise, the statement shall be compiled by Bank of Russia authorised representatives (employees), who have conducted the exercise, immediately upon its completion and information on the control exercise shall be immediately provided by them to the non-bank financial institution's representative. The said Bank of Russia authorised representatives (employees) shall produce their official IDs and the decision on control exercise to the non-bank financial institution's representative. A copy of the statement of control exercise, in the course of which the non-bank financial institution's violations of the requirements of the Russian Federation legislation and Bank of Russia regulations were revealed, shall be sent to the non-bank financial institution, in respect of which the control exercise

was conducted, or handed over to its representative right after the statement is compiled.

*(Part 8 was introduced by Federal Law No. 263-FZ, dated 29 July 2018 – effective from 1 January 2019)*

Should the control exercise be conducted in the course of the Bank of Russia's inspection of the non-bank financial institution, a copy of the statement of control exercise shall be included in the report on the inspection of the non-bank financial institution.

*(Part 9 was introduced by Federal Law No. 263-FZ, dated 29 July 2018 – effective from 1 January 2019)*

The procedure for the Bank of Russia to organise and conduct control exercise of non-bank financial institutions shall be established by Bank of Russia regulation approved by the Board of Directors.

*(Part 10 was introduced by Federal Law No. 263-FZ, dated 29 July 2018 – effective from 1 January 2019)*

**Article 76<sup>5-1</sup>.** When implementing measures in compliance with the Federal Law 'On Insolvency (Bankruptcy)' to prevent the bankruptcy of insurance companies and guided by the decision of the Board of Directors, the Bank of Russia shall be entitled to do the following using the monetary assets of the Insurance Sector Consolidation Fund set up in line with Article 76<sup>12</sup> thereof:

1) to acquire shares (stakes in the authorised capital) of insurance companies subjected to bankruptcy prevention measures, including at prices exceeding their nominal value;

2) to issue subordinated loans to insurance companies subjected to bankruptcy prevention measures in compliance with Clause 4<sup>3</sup> of Article 25 of Law of the Russian Federation No. 4015-1, dated 27 November 1992, 'On the Organisation of the Insurance Business in the Russian

Federation’. The Bank of Russia may transfer claims on subordinated loans to the Management Company for trust management;

3) to sell the acquired shares (stakes in the authorised capital) of insurance companies subjected to bankruptcy prevention measures, including at prices below their purchase price paid by the Bank of Russia;

4) to acquire and alienate the purchased property (property rights) of insurance companies subjected to bankruptcy prevention measures, and also claims to insurance companies subjected to bankruptcy prevention measures;

5) to transfer to the Management Company for trust management, and in order to set up a unit investment fund in compliance with Federal Law No. 156-FZ, dated 29 November 2001, ‘On Investment Funds’, among other things, acquired by the Bank of Russia shares (stakes in the authorised capital), property (property rights) of insurance companies subjected to bankruptcy prevention measures, claims to insurance companies subjected to bankruptcy prevention measures, and also monetary funds. Property-related trust management agreements concluded by the Bank of Russia in compliance with this clause, and also trust management agreement with regard to the unit investment fund, shall not be covered by the requirements on the maximum validity terms of property-related trust management agreements;

6) to issue an unsecured loan to the Management Company to acquire assets of an insurance company subjected to bankruptcy prevention measures, if this is provided for by the plan of the Bank of Russia’s participation in bankruptcy prevention of an insurance company.

*(Article 76<sup>5-1</sup> was introduced by Federal Law No. 87-FZ, dated 23 April 2018)*

**Article 76<sup>6</sup>.** The Bank of Russia shall set the deadlines and the procedure, binding for non-credit financial institutions, for compiling and presenting reports, and also other information stipulated by federal laws.

**Article 76<sup>7</sup>.** The Bank of Russia shall keep in accordance with the established procedure the databases on non-bank financial institutions, their executives and other persons in relation to whom it receives personal data, as part of fulfilling its functions.

The Bank of Russia shall be entitled in accordance with the established procedure to request and receive free of charge the necessary information, which is subject to confidentiality requirements, from the federal executive bodies and their regional branches and other persons, including information containing personal data and relating to the activities of non-bank financial institutions (their heads, founders (members)), and take measures stipulated by Federal Law No. 152-FZ, dated 27 July 2006, ‘On Personal Data’ for personal data processing, according to the established procedure and verify the said data.

A person shall be entitled to file a request to the Bank of Russia for information about his/her personal data (if any) available in the said database. The request form, the list of documents and data to be attached and the filing procedure shall be established by the Bank of Russia. The Bank of Russia shall consider the request within seven days after its receipt and send a reply containing the requested information in accordance with the established procedure.

*(Part three was introduced by Federal Law No. 281-FZ, dated 29 July 2017)*

**Article 76<sup>8</sup>.** Should grounds exist for presuming the existence of offences in the activity of the non-bank financial institution's executives stipulated by Article 1721 of the Criminal Code of the Russian Federation, the Bank of Russia shall send the relevant statements and materials within 10 business days after these circumstances are revealed to the investigative bodies authorised to carry out a preliminary investigation in criminal proceedings on crimes envisaged by Article 1721 of the Criminal Code of the Russian Federation to decide on the issue of instituting criminal case proceedings.

*(Article 76<sup>8</sup> as amended by Federal Law No. 263-FZ, dated 29 July 2018)*

**Article 76<sup>9</sup>.** The Bank of Russia shall co-operate with non-credit financial institutions through information resources placed on the Bank of Russia official Internet site, including by granting to such organisations access to personal cabinets which are maintained by the Bank of Russia according to established procedure, and also by using electronic documents.

Non-credit financial institutions use personal cabinets to obtain Bank of Russia documents, including its requests, requirements (instructions), and to submit to the Bank of Russia reporting forms, documents (data), information, and also to exercise their other rights and obligations stipulated by federal laws and Bank of Russia regulations.

The Bank of Russia shall be entitled to co-operate with securities issuers, applicants for licences and certificates issued by the Bank of Russia, and also with other legal entities according to Russian legislation on non-bank financial institutions, and with self-regulatory organisations



in the sphere of financial markets, by using information resources placed on the Bank of Russia official Internet site, including by granting to such organisations access to personal website accounts.

*(Part three as amended by Federal Law No. 292-FZ of 3 July 2016)*

To obtain Bank of Russia documents, including its requests and requirements (instructions) in electronic form through personal cabinets, the entities listed in Part three of this Article shall notify the Bank of Russia on using their personal cabinets.

Information exchange with entities indicated in Part three of this Article executed through employing information resources placed on the Bank of Russia official Internet site shall terminate after these entities notify the Bank of Russia on their refusal to use personal cabinets.

The procedure and deadlines for submitting notices on the use or on the refusal to use personal cabinets by the entities listed in Part three of this Article, shall be set by Bank of Russia regulations.

Reporting forms, documents (data), information submitted by entities listed in this Article to the Bank of Russia through personal cabinets and signed by enhanced qualified electronic signature shall be recognised valid as documents in hard copy.

The procedure of the Bank of Russia's interaction with entities listed in this Article while using Bank of Russia information resources and personal cabinets shall be established by a Bank of Russia regulatory act.

The Bank of Russia's interaction with entities listed in this Article shall be also executed in other forms stipulated by the Russian legislation.

*(Article 76<sup>9</sup> was introduced by Federal Law No. 218-FZ, dated 13 July 2015)*

**Article 76<sup>9-1</sup>.** The Bank of Russia shall assess the compliance of officers and other persons with qualification and (or) business reputation requirements established by federal laws regulating the operations of non-bank financial institutions, and also request and receive free of charge information about the said persons needed for the assessment of their compliance with qualification and (or) business reputation requirements from federal executive bodies, their regional branches, and legal entities.

The person specified in part one of this Article shall be entitled to appeal against his/her recognition as non-compliant with qualification and (or) business reputation requirements established by federal laws regulating the operations of non-bank financial institutions, to the Bank of Russia complaint commission in accordance with Article 60<sup>1</sup> thereof.

The Bank of Russia shall require the replacement of officers if they fail to comply with qualification and (or) business reputation requirements established by federal laws regulating the operations of non-bank financial institutions.

*(Article 76<sup>9-1</sup> was introduced by Federal Law No. 281-FZ, dated 29 July 2017)*

**Article 76<sup>9-2</sup>.** In cases established by federal laws an acquisition and (or) receipt to trust management (hereinafter in this Article referred to as the acquisition) by an individual or a legal entity of shares (stakes) of a non-bank financial institution in the quantity that exceeds the value established by federal laws regulating the operations of non-bank financial institutions, and (or) the establishment of a direct or indirect (through third parties) control over shareholders (members) of a non-bank

financial institution holding more than 10 per cent of shares (stakes) of the non-bank financial institution as a result of one or more transactions (hereinafter in this Article referred to as the establishment of control over a shareholder (member) of a non-bank financial institution) shall require a prior consent of the Bank of Russia. The requirements set forth in this Article shall also apply to the acquisition of shares (stakes) of a non-bank financial institution in the quantity that exceeds the value established by federal laws regulating the operations of non-bank financial institutions, and (or) the establishment of control over shareholders (members) of a non-bank financial institution by a group of persons.

No later than 30 days after the receipt of an application for the Bank of Russia's prior consent for a transaction (transactions) to acquire shares (stakes) of a non-bank financial institution by a legal entity or an individual in the quantity that exceeds the value established by federal laws regulating the operations of non-bank financial institutions and (or) a transaction (transactions) to establish control over shareholders (members) of a non-bank financial institution, and all the necessary documents, the Bank of Russia shall notify the applicant in writing of its decision to consent to the transaction (transactions) or refuse consent. Should the Bank of Russia fail to communicate its decision within the said period, the respective transaction (transactions) shall be deemed to be approved.

In cases established by federal laws regulating the operations of non-bank financial institutions, a transaction (transactions) to acquire shares (stakes) of a non-bank financial institution by a legal entity or an

individual in the quantity that exceeds the value established by federal laws regulating the operations of non-bank financial institutions and (or) a transaction (transactions) to establish control over shareholders (members) of a non-bank financial institution shall be subject to subsequent approval by the Bank of Russia.

The procedure for obtaining the Bank of Russia's prior consent and subsequent approval for a transaction (transactions) to acquire shares (stakes) of a non-bank financial institution by a legal entity or an individual in the quantity that exceeds the value established by federal laws regulating the operations of non-bank financial institutions, and (or) a transaction (transactions) to establish control over shareholders (members) of a non-bank financial institution, shall be established by federal laws regulating the operations of non-bank financial institutions.

The Bank of Russia shall refuse its prior consent or subsequent approval for a transaction (transactions) stipulated in this Article in the following cases:

- 1) the revelation of an unsatisfactory financial position of the person acquiring shares (stakes) of a non-bank financial institution in the quantity that exceeds the value established by federal laws regulating the operations of non-bank financial institutions, and (or) establishing control over a shareholder (member) of a non-bank financial institution (if federal laws regulating the operations of non-bank financial institutions establish requirements for the financial position of such person);

2) the recognition of the person acquiring shares (stakes) of a non-bank financial institution in the quantity that exceeds the value established by federal laws regulating the operations of non-bank financial institutions, and (or) establishing control over a shareholder (member) of a non-bank financial institution as non-compliant with business reputation requirements (if federal laws regulating the operations of non-bank financial institutions establish requirements for business reputation of such person);

3) other grounds provided for by federal laws and Bank of Russia regulations adopted in pursuance thereof.

Non-compliance of a person acquiring shares (stakes) of a non-bank financial institution in the quantity that exceeds the value established by federal laws regulating the operations of non-bank financial institutions, or a person establishing control over a shareholder of a non-bank financial institution with business reputation requirements shall be determined in accordance with federal laws regulating the operations of non-bank financial institutions.

The requirements for the financial position and the procedure for assessing the financial position of a person conducting a transaction (transactions) to acquire shares (stakes) of a non-bank financial institution in the quantity that exceeds the value established by federal laws regulating the operations of non-bank financial institutions, and (or) a transaction (transactions) to establish control over a shareholder of a non-bank financial institution, the list of documents required for such assessment, and the grounds for recognising the financial position of the

said persons as unsatisfactory shall be established by a Bank of Russia regulation.

As part of its supervisory functions the Bank of Russian shall be entitled to request and receive information in accordance with the established procedure about the financial position and business reputation of persons specified in federal laws regulating the operations of non-bank financial institutions.

The Bank of Russia's decision to refuse its prior consent or subsequent approval for the said transaction (transactions) may be appealed in accordance with the procedure established by legislation of the Russian Federation.

Should the Bank of Russia reveal violations of the requirements of federal laws regulating the operations of non-bank financial institutions and Bank of Russia regulations adopted in pursuance thereof for obtaining Bank of Russia prior consent and subsequent approval for a transaction (transactions) to acquire shares (stakes) of a non-bank financial institution by a legal entity or an individual in the quantity that exceeds the value established by federal laws regulating the operations of non-bank financial institutions, and (or) a transaction (transactions) to establish control over shareholders (members) of a non-bank financial institution, the Bank of Russia shall, in accordance with the established procedure, compile an instruction ordering the said persons to eliminate such violation, send it to the said persons and post an information notice on issuing the instruction on the Bank of Russia website no later than the day of its sending. A copy of the said instruction shall be sent to the persons the list of which is determined by a Bank of Russia regulation. A

non-bank financial institution shall no later than the day following the receipt of the instruction copy communicate to its shareholders (members) the information about the receipt of the said instruction copy in accordance with the procedure established by a Bank of Russia regulation.

A notice of fulfilment of the Bank of Russia's instruction to eliminate the violation shall be submitted by the person indicated therein to the non-bank financial institution and the Bank of Russia no later than five days after its fulfilment. Documents confirming the elimination of the violation shall be attached to the notice of fulfilment of such instruction.

The Bank of Russia shall cancel the instruction if all the requirements are met. A Bank of Russia order to cancel the instruction shall be sent to the persons who have received the instruction. Copies of the order on cancelling the instruction shall be sent to the persons who have received copies of the instruction. The form of and the procedure for sending the instruction and the order cancelling the instruction shall be established by a Bank of Russia regulation. The information about the cancellation of the instruction shall be posted on the Bank of Russia website no later than the day when the order cancelling the instruction is sent in accordance with the procedure established by the Bank of Russia. The non-bank financial institution shall no later than the day following the receipt of the copy of the order on cancelling the instruction communicate to its shareholders (members) the information about the receipt of the said copy of the order on cancelling the instruction in

accordance with the procedure established by a Bank of Russia regulation.

Starting from the day of publication on the Bank of Russia website of the information about the instruction sent by the Bank of Russia in accordance with Part ten of this Article and till the day of publication of the information about its cancellation, the person specified in Part ten shall be entitled to vote only by shares (stakes) of a non-bank financial institution which do not exceed the values established by federal laws regulating the operations of non-bank financial institutions. Shares (stakes) in the quantity that exceeds the said value shall not be voting stock and shall not be taken into account when determining the quorum of the general meeting of shareholders (members) of a non-bank financial institution. The limitation established by this Part shall not apply to the cases when the minutes of the general meeting of shareholders (members) of a non-bank financial institution are compiled on the day of publication by the Bank of Russia of the information about the instruction sent or before the said day.

The Bank of Russia, within one year from the day of sending the instruction specified in Part ten of this Article, shall be entitled to appeal in court against the decision of the general meeting of shareholders (members) of a non-bank financial institution and the transactions conducted in pursuance of these decisions, if the participation of a shareholder (member) in the voting on the respective issue of the agenda of the general meeting of shareholders (members) of a non-bank financial institution by shares (stakes) acquired in violation of the requirements of this Article, or the participation in the voting of a shareholder (member),



the control over whom is established in violation of such requirements, influenced the decision of the general meeting of shareholders (members) of a non-bank financial institution.

In the event of a failure to fulfill the Bank of Russia's instruction specified in this Article, the Bank of Russia shall be entitled to demand in court the invalidation of the transaction (transactions) to acquire shares (stakes) of a non-bank financial institution in the quantity that exceeds the value established by federal laws regulating the operations of non-bank financial institutions and (or) a transaction (transactions) to establish control over shareholders (members) of a non-bank financial institution, and also subsequent transactions of the said persons to acquire shares (stakes) of a non-bank financial institution in the quantity that exceeds the value established by federal laws regulating the operations of non-bank financial institutions and (or) transactions to establish control over shareholders (members) of a non-bank financial institution.

*(Article 76<sup>9-2</sup> was introduced by Federal Law No. 281-FZ, dated 29 July 2017)*

**Article 76<sup>9-3</sup>.** In the event of a failure to timely fulfill the Bank of Russia's instruction to eliminate violations revealed in the operations of a non-bank financial institution, the Bank of Russia shall be entitled to require the replacement of persons holding the positions the appointment (election) to which shall be subject to approval by or notification of the Bank of Russia in accordance with federal laws regulating the operations of non-bank financial institutions.

*(Article 76<sup>9-3</sup> was introduced by Federal Law No. 281-FZ, dated 29 July 2017)*

## **Chapter X<sup>2</sup>. Management Company of the Banking Sector Consolidation Fund**

*(introduced by Federal Law No. 84-FZ, dated 1 May 2017)*

**Article 76<sup>10</sup>.** To perform measures aimed at the financial rehabilitation of credit institutions or bankruptcy prevention of insurance companies, the Bank of Russia shall be entitled, as a sole member, to establish a limited liability company Management Company of the Banking Sector Consolidation Fund acting in compliance with Federal Law No. 156-FZ, dated 29 November 2001, ‘On Investment Funds’, Federal Law No. 39-FZ, dated 22 April 1996, ‘On the Securities Market’, with the specificity determined by this Federal Law and the Federal Law ‘On Insolvency (Bankruptcy)’.

*(Part one as amended by Federal Law No. 87-FZ, dated 23 April 2018)*

As prescribed by the Federal Law ‘On Insolvency (Bankruptcy)’, the Management Company shall participate, on behalf of the Bank of Russia, in bankruptcy prevention measures in credit institutions or insurance companies and shall use monetary assets of the Banking Sector Consolidation Fund or the Insurance Sector Consolidation Fund.

*(Part two as amended by Federal Law No. 87-FZ, dated 23 April 2018)*

The Management Company, upon the consent of the Board of Directors at the expense of the Banking Sector Consolidation Fund being set up in accordance with Article 76<sup>12</sup> thereof, shall be entitled to extend to credit institutions subjected to bankruptcy prevention measures and also investors specified in Sub-clause 1 of Clause 8 of Article 189<sup>49</sup> of the Federal Law ‘On Insolvency (Bankruptcy)’, which are banks,

subordinated loans (bonded loans and deposits) complying with the requirements established by Article 25<sup>1</sup> of the Federal Law ‘On Banks and Banking Activities’.

*(Part three was introduced by Federal Law No. 53-FZ, dated 7 March 2018)*

In compliance with the requirements of Federal Law No. 156-FZ, dated 29 November 2001, ‘On Investment Funds’, and the licence of the management company, the Management Company shall be entitled to manage through trust unit investment funds established by the decision of the Board of Directors for the purpose of implementing bankruptcy prevention measures in credit institutions or insurance companies.

*(Part four as amended by Federal Law No. 87-FZ, dated 23 April 2018)*

Monetary funds and property envisaged by Article 13 of Federal Law No. 156-FZ, dated 29 November 2001, ‘On Investment Funds’, for the unit investment funds of a respective type, and also property envisaged by Article 76<sup>11</sup> thereof may be transferred for the trust management by unit investment funds established by the decision of the Board of Directors for the purpose of implementing bankruptcy prevention measures in credit institutions or insurance companies.

*(Part five as amended by Federal Law No. 87-FZ, dated 23 April 2018)*

The Management Company shall be entitled to engage in dealer activities and securities management in line with the requirements of the securities market legislation of the Russian Federation.

The Management Company shall perform independently the accounting and safe keeping of the property of unit investment funds excluding the accounting of titles to securities. Titles to the securities of unit investment funds shall be accounted for in depo account(s) at depository(ies) under the agreement concluded with the Management

Company. The establishment of unit investment funds shall be governed by the rules set out in Article 13<sup>2</sup> of Federal Law No. 156-FZ, dated 29 November 2001.

The Management Company shall not be entitled to provide investment consulting services.

The activities of the Management Company to manage the unit investment fund established in compliance with the provisions of this Article, shall not be covered by the following provisions of Federal Law No. 156-FZ, dated 29 November 2001, ‘On Investment Funds’:

1) on the control by the special-purpose depository over the disposal of property of the unit investment fund, control over the activities of the Management Company, and the involvement of the special-purpose depository in the trust management of the unit investment fund;

2) on the engagement by the Management Company of agents for the issuance, redemption and exchange of investment units;

3) on requirements for the composition and structure of the unit investment fund’s assets;

4) on the restrictions on the Management Company’s activities envisaged by Clause 4 of Article 38, Sub-clauses 4-9, 11 of Clause 1, and Sub-clauses 1-3 of Clause 3 of Article 40 of Federal Law No. 156-FZ, dated 29 November 2001, ‘On Investment Funds’;

5) on the right of the general meeting of the unit investment fund’s unit owners to take a decision on the transfer of rights and obligations under the trust management agreement of the unit investment

fund to another management company, or a decision on the early termination of the said trust management agreement;

6) on the conformity of the trust management rules of the unit investment fund with standard rules – with regard to the trust management rules of the unit investment fund established by the Board of Director’s decision for the purpose of implementing bankruptcy prevention measures in credit institutions or insurance companies.

*(Clause 6 as amended by Federal Law No. 87-FZ, dated 23 April 2018)*

The Management Company shall not be subject to the provisions of Federal Law No. 223-FZ, dated 13 July 2015, ‘On Self-regulatory Organisations in the Financial Market’, Federal Law No. 156-FZ, dated 29 November 2001, ‘On Investment Funds’, and Federal Law No. 39-FZ, dated 22 April 1996, ‘On the Securities Market’ with regard to mandatory participation in self-regulatory organisations.

Following the redemption of investment units of the unit investment fund established by the decision of the Board of Directors to implement bankruptcy prevention measures in credit institutions or insurance companies and termination of this fund, its property may be used to make an allotment in kind, which may be transferred to an authorised person determined by Article 11 of Federal Law No. 156-FZ, dated 29 November 2001, ‘On Investment Funds’, subject to the procedure envisaged by the trust management rules of this fund, but not subject to the rules on property realisation and allocation set out in Clause 1 of Article 32 of Federal Law No. 156-FZ, dated 29 November 2001, ‘On Investment Funds’.

*(Part eleven as amended by Federal Law No. 87-FZ, dated 23 April 2018)*

**Article 76<sup>11</sup>.** The Management Company shall be entitled to perform trust management of the following:

1) shares (stakes) of credit institutions or insurance companies transferred to it for management by the Bank of Russia;

*(Clause 1 as amended by Federal Law No. 87-FZ, dated 23 April 2018)*

2) unit investment funds whose trust management, once they are established, may only be arranged by the Bank of Russia;

3) rights (claims) under subordinated credits (deposits, loans, bonded loans), other credits, deposits, bank guarantees, monetary funds and other property (property rights) transferred to it for management by the Bank of Russia, and also property received in the course of management activities.

*(Article 76<sup>11</sup> was introduced by Federal Law No. 84-FZ, dated 1 May 2017)*

**Article 76<sup>12</sup>.** The Banking Sector Consolidation Fund may be established by the Bank of Russia in order to participate in bankruptcy prevention measures in credit institutions.

*(Part one as amended by Federal Law No. 87-FZ, dated 23 April 2018)*

The Insurance Sector Consolidation Fund may be established by the Bank of Russia in order to participate in bankruptcy prevention measures in insurance companies.

*(Part two was introduced by Federal Law No. 87-FZ, dated 23 April 2018)*

The Banking Sector Consolidation Fund and the Insurance Sector Consolidation Fund (hereinafter jointly referred to as the Funds) shall include monetary assets of the Bank of Russia separated between the Funds and from other assets of the Bank of Russia. The Funds shall not be legal entities.

*(Part three was introduced by Federal Law No. 87-FZ, dated 23 April 2018)*

The Funds shall be formed from the allocations made by the decision of the Board of Directors.

*(Part four as amended by Federal Law No. 87-FZ, dated 23 April 2018)*

The Bank of Russia chief auditor shall assess the utilisation efficiency of the Funds' monetary assets on an annual basis.

*(Part five as amended by Federal Law No. 87-FZ, dated 23 April 2018)*

*(Article 76<sup>12</sup> was introduced by Federal Law No. 84-FZ, dated 1 May 2017)*

## **Chapter XI. Bank of Russia Relations with Credit Institutions, Non-Credit Financial Institutions, their Associations and Unions, and with Self-Regulatory Organisations of Non-Credit Financial Institutions**

*(the name of the Chapter as amended by Federal Law No. 231-FZ, dated 23 July 2013)*

**Article 77.** The Bank of Russia shall co-operate with credit institutions, non-credit financial institutions, their associations and unions and self-regulatory organisations, hold consultations with them before taking the most important decisions relating to legislation, give the necessary explanations and consider proposals on issues relating to banking and financial market regulation.

The Bank of Russia must respond in writing to a credit institution, a non-credit financial institution, and also a self-regulatory organisation of non-credit financial institutions on issues within its competence no later than a month from the day on which it received a written request from the credit institution or the non-credit financial institution. The Bank of

Russia may extend the term of considering a request, if necessary, but for no more than one month.

*(Article 77 as amended by Federal Law No. 251-FZ, dated 23 July 2013)*

**Article 78.** For the purpose of maintaining co-operation with credit institutions and non-credit financial institutions, the Bank of Russia shall be entitled to form with the participation of representatives of credit institutions, non-credit financial institutions and their self-regulatory organisations volunteer committees and working groups to study specific issues relating to financial markets.

*(Article 78 as amended by Federal law No. 251-FZ, dated 23 July 2013)*

**Article 79.** The Bank of Russia shall not be liable for the obligations of credit institutions and non-credit financial institutions, except for the cases when the Bank of Russia assumes such obligations, while credit institutions and non-credit financial institutions shall not be liable for the obligations of the Bank of Russia, except for the cases when credit institutions and non-credit financial institutions assume such obligations.

*(Article 79 as amended by Federal Law No. 251-FZ, dated 23 July 2013)*

## **Chapter XI<sup>1</sup>. Bank of Russia Relations with Financial Ombudsman Administration**

*( introduced by Federal Law No. 133-FZ, dated 4 June 2018)*

**Article 79<sup>1</sup>.** The Bank of Russia shall maintain the register of financial institutions bound to organise cooperation with the financial



ombudsman, and also cooperate, including in the field of information, with the financial ombudsman, the financial ombudsman administration, and financial institutions cooperating with the financial ombudsman in accordance with the procedure established by the Federal Law ‘On Financial Consumer Ombudsman’.

**Article 79<sup>2</sup>.** The Bank of Russia shall found the financial ombudsman administration to protect the rights and legitimate interests of financial consumers stipulated by the Federal Law ‘On Financial Consumer Ombudsman’.

The Bank of Russia shall make property contributions as a founder of the financial ombudsman administration through transferring funds and other Bank of Russia property, including real estate, in the amount determined by the Board of Directors.

The Bank of Russia shall provide property to the financial ombudsman administration in accordance with the procedure established by the Federal Law ‘On Financial Consumer Ombudsman’.

The Bank of Russia shall open and maintain an account of the financial ombudsman administration in accordance with the procedure established by the Federal Law ‘On Financial Consumer Ombudsman’.

## **Chapter XII. The Management of Cashless Settlements**

*The Chapter is null and void in accordance with Federal Law No. 162-FZ, dated 27 June 2011.*

## **Chapter XII<sup>1</sup> Ensuring Stability and the Development of the National Payment System**

*(The Chapter was introduced by Federal Law No. 162-FZ, dated 27 June 2011)*

**Article 82<sup>1</sup>.** The Bank of Russia shall ensure stability of and develop the national payment system in compliance with the Federal Law ‘On the National Payment System’.

The areas for the development of the national payment system shall be defined by the Bank of Russia's strategy for the national payment system development.

**Article 82<sup>2</sup>.** The Bank of Russia shall organise and ensure the effective and uninterrupted functioning of the Bank of Russia payment system and shall exercise oversight function over it.

**Article 82<sup>3</sup>.** The Bank of Russia shall set the rules of cash settlements, including limits on cash settlements between legal entities, and also settlements with the participation of citizens related to their entrepreneurial activities.

The Bank of Russia shall set the rules, forms and standards of cashless settlements.

**Article 82<sup>4</sup>.** In the event of unilateral suspension (termination) of services of payment infrastructure provided to a participant (participants)

in the payment system and his (their) customers the Bank of Russia shall impose a penalty:

1) on the operator of the payment system that is not nationally important in the amount of up to 10 per cent of the security deposit subject to payment in compliance with Article 82<sup>5</sup> of this Federal Law for each day of the suspension (termination) of services of payment infrastructure;

2) on the operator of the nationally important payment system in the amount of up to 10 billion rubles for each day of the suspension (termination) of services of payment infrastructure.

The requirement to pay the penalty envisaged by this Article shall be made up by the Bank of Russia order.

The procedure for penalty application envisaged by this Article shall be established by the Bank of Russia regulation.

*(Article 82<sup>4</sup> was introduced by Federal Law No. 112-FZ, dated 5 May 2014)*

**Article 82<sup>5</sup>.** The operator of the payment system that is not nationally important shall make a security deposit to a special account with the Bank of Russia in the amount of money transfers executed on the territory of the Russian Federation within the payment system during two calendar days.

The security deposit specified in Part one of this Article shall be made up with quarterly payments in the amount of one-fourth of the mean value of the amount of money transfers executed during one calendar day

on the territory of the Russian Federation within the payment system for the previous quarter.

A special account designated for the security deposit shall not be a banking account. The funds in this account shall not be subject to debt collection from the operator of the payment system that is not nationally important.

The funds accounted for in a special account as security deposit shall not carry interest.

The funds accounted for in a special account as security deposit shall be used by the Bank of Russia to pay the penalty imposed in compliance with Article 82<sup>4</sup> of this Federal Law.

A failure to make payment or a partial payment of the security deposit shall lead to imposing a penalty in the amount of non-executed (partially executed) security deposit payment. The requirement to pay this penalty shall be made up by the Bank of Russia order. In the event of a failure to comply with the order, the Bank of Russia may appeal to a court of law to levy the said penalty on the operator of the payment system.

The Bank of Russia shall establish by its regulation the procedure for the calculation, payment and return of the security deposit as well as the procedure for penalty application envisaged by this Article.

The Russian Government is entitled by agreement with the Bank of Russia to establish a specific procedure for a security deposit payment, as well as a specific procedure for recovering penalty stipulated by Part six of this Article.

*(Part eight was introduced by Federal Law No. 202-FZ, dated 1 July 2014)*

*(Article 82<sup>5</sup> was introduced by Federal Law No. 112-FZ, dated May 5, 2014)*

## **Chapter XIII. Bank of Russia Organisational Principles**

**Article 83.** The Bank of Russia shall be an integral centralised system with a vertical structure of management.

The Bank of Russia system shall comprise the central office, regional branches, cash settlement centres, computer centres, field institutions, educational and other organisations, including security divisions and the Russian collection service, which are necessary for the Bank of Russia to conduct its activities.

*(Part two as amended by Federal Law No. 185-FZ, dated 2 July 2013)*

The national banks of the constituent republics of the Russian Federation shall be the regional branches of the Bank of Russia.

**Article 83<sup>1</sup>.** For the purposes of preventing, detecting and managing conflicts of interests in the course of the fulfillment of its functions stipulated by federal laws, the Bank of Russia shall ensure the division of powers between Bank of Russia Deputy Chairmen and the heads of stand-alone structural units, including in the course of conducting monetary policy, managing gold and foreign exchange reserves, exercising banking regulation and banking supervision and financial market regulation, control and supervision.

*(Article 83<sup>1</sup> was introduced by Federal Law No. 251-FZ, dated 23 July 2013)*

**Article 84.** The regional branches of the Bank of Russia shall not be legal entities and they shall have no right to issue normative acts or grant

bank guarantees, warranties, bills and other obligations without the permission of the Board of Directors.

The tasks and functions of the Bank of Russia regional branches shall be established by the Provision on the Bank of Russia Regional Branches, approved by the Board of Directors.

**Article 85.** By the decision of the Board of Directors, regional branches of the Bank of Russia may be established in regions comprising several constituent entities of the Russian Federation.

**Article 86.** Field institutions of the Bank of Russia shall conduct banking operations in compliance with this Federal Law, other federal laws and Bank of Russia normative acts.

Field institutions of the Bank of Russia shall be military institutions, guided in their activities by army manuals and the Provision on the Bank of Russia Field Institutions, approved jointly by the Bank of Russia and the Ministry of Defence of the Russian Federation.

Bank of Russia field institutions are designed to provide banking services to military units, institutions and organisations of the Ministry of Defence of the Russian Federation and other government bodies and legal entities responsible for national security and also private individuals living in the territories serviced by Bank of Russia field institutions in the cases when it is impossible to establish and put into operation Bank of Russia regional branches.

**Article 86<sup>1</sup>.** The Russian Collection Association shall perform the functions of transporting money and valuables (including cash collection), ensuring security of Bank of Russia premises, guarding the facilities for storing money, valuables and precious metals.

Employees of the Russian Collection Association performing the functions indicated in Part one of this Article shall be subject to rights and obligations of employees of the departmental guard stipulated by Articles 6, 7, 11 to 18 and 20 of Federal Law No. 77-FZ, dated 14 April 1999, ‘On Departmental Guard’. The Russian Collection Association shall have the right to obtain small arms for temporary use from the territorial bodies of the federal executive authority in charge of developing and implementing government policy and legal regulation of the activities of forces of the National Guard of the Russian Federation, arms turnover, private security guards, and extra-departmental guard in accordance with the procedure stipulated by Federal Law No. 150-FZ, dated 13 December 1996, ‘On Arms’.

*(Part two as amended by Federal Law No. 391-FZ, dated 5 December 2017)*

*(Article 86<sup>1</sup> was introduced by Federal Law No. 426-FZ, dated 30 December 2015)*

**Article 87.** The Bank of Russia may only be liquidated by the adoption of a corresponding federal law amending the Constitution of the Russian Federation.

## **Chapter XIV. Bank of Russia Employees**

**Article 88.** The conditions of the employment, dismissal and remuneration, official duties and rights and the system of disciplinary actions with regard to Bank of Russia employees shall be established by the Board of Directors in compliance with federal laws.

**Article 89.** The Board of Directors shall establish a pension fund for the provision of additional pension services to Bank of Russia employees and organise life and medical insurance for Bank of Russia employees.

**Article 90.** Bank of Russia employees holding positions included in a list approved by the Board of Directors shall not be allowed:

1) to hold more than one job or work under a contract agreement (except for teaching, research and creative work);

2) to hold jobs in credit and other institutions;

3) to acquire securities, shares (stakes in the authorised capital of organisations), which may yield income, in the cases when this may result in a conflict of interests, except for cases established by federal law;

4) be an attorney or a representative of third parties in the Bank of Russia, unless otherwise stipulated in this Federal Law and other federal laws;



5) receive, in connection with the performance of their functions, remunerations (loans, cash or other remuneration, services, payments for entertainment, leisure, transport expenses) not stipulated by the legislation of the Russian Federation, except for the cases stipulated by the legislation of the Russian Federation. Gifts received by Bank of Russia employees in connection with protocol events, business trips and other official events shall be recognised as federal property and transferred by Bank of Russia employees under a handover certificate to the Bank of Russia, except for the cases stipulated by the legislation of the Russian Federation. A Bank of Russia employee who has handed over a gift received in connection with a protocol event, a business trip or other official event, may buy it out in accordance with the procedure established by legal acts of the Russian Federation;

6) travel abroad, in connection with the performance of their functions, using the funds of private individuals and legal entities, except for business trips made in accordance with the legislation of the Russian Federation, international treaties of the Russian Federation, accords reached by the federal government bodies on a reciprocal basis with foreign government bodies and international and foreign organisations, and interbank agreements.

In the cases when the possession of income-yielding securities, shares (stakes in the authorised capital of organisations) may result in a conflict of interests, an employee of the Bank of Russia must transfer the said securities, shares (stakes in the authorised capital of organisations) held by him/her, for trust management in accordance with the legislation of the Russian Federation.

Citizens who had held positions included in a list approved by the Board of Directors shall not be allowed, after their dismissal from the Bank of Russia:

1) to hold, during two years in credit institutions or institutions conducting activities relating to financial markets, the positions of executives whose list is given in Article 60 of this Federal Law, if certain functions of supervision or control over such institutions were included in their direct official duties, without the consent of the Board of Directors, which shall be given in accordance with the procedure established by the Board of Directors;

2) to hold, during two years in non-credit financial institutions, the positions of executives whose list is specified by the Board of Directors, if certain functions of supervision or control over such institutions were included in their direct official duties, without the consent of the Board of Directors, which shall be given in accordance with the procedure established by the Board of Directors;

3) to disclose or use in the interests of organisations or private individuals information referred in accordance with federal law to confidential information, or insider information that has become known to them in connection with the performance of their functions.

*(Part three as amended by Federal Law No. 251-FZ, dated 23 July 2013)*

Members of the Board of Directors, and also citizens during two years from the date of the termination of their powers as members of the Board of Directors shall receive the consent indicated in Clauses 1 and 2 of Part three of this Article in the National Financial Board.

*(Part four was introduced by Federal Law No. 251-FZ, dated 23 July 2013)*

Responsibility for failure to comply with the bans stipulated by this Article shall be established by this Federal Law and other federal laws.

*(Article 90 as amended by Federal Law No. 274-FZ, dated 25 December 2008)*

**Article 90<sup>1</sup>.** Persons applying for Bank of Russia positions, the list of which is approved by the Board of Directors, and Bank of Russia employees holding such positions must provide information on their income, expenses, property or property-related obligations, as well as on income, expenses, property or property-related obligations of their spouses and underage children, according to the procedure set by Federal Law No. 273-FZ of 25 December 2008, ‘On Countering Corruption’, the Federal Law ‘On Control over Conformity between Expenses of Government Officials and Other Persons, and their Income’, regulations of the President of the Russian Federation and the Bank of Russia, to a Bank of Russia unit (officer) defined by Bank of Russia regulations.

Non-provision or provision of incomplete or unreliable information on income, expenses, property or property-related obligations; non-provision or provision of knowingly incomplete or unreliable information on income, expenses, property or property-related obligations of his/her spouse and underage children by a person applying for a Bank of Russia position included in the list approved by the Board of Directors, shall be a ground for the Bank of Russia to refuse employing such a person.

Non-performance of the obligation stipulated in Part one of this Article and failure to take measures for prevention or settlement of conflict of interest, to which he/she is a party, by a Bank of Russia employee holding a position included in the list approved by the Board of

Directors is a violation of law that entails dismissal of such an employee from the Bank of Russia.

*(Article 90<sup>1</sup> was introduced by Federal Law No. 231-FZ of 3 December 2012)*

**Article 91.** Bank of Russia employees holding positions included in a list approved by the Board of Directors may take out loans for personal needs in the Bank of Russia only.

**Article 92.** Bank of Russia employees shall have no right to disclose internal information about the activities of the Bank of Russia without the permission of the Board of Directors.

## **Chapter XV. Audit of the Reporting of Bank of Russia**

*(as amended by Federal Law No. 344-FZ, dated 4 November 2014)*

**Article 93.** The National Financial Board shall make a decision before the end of the reporting year on a mandatory audit of the annual financial statements of the Bank of Russia and select an audit firm to conduct a mandatory audit.

The National Financial Board shall be entitled to determine additional issues subject to review by the audit firm along with conducting the mandatory audit of Bank of Russia annual financial statements. A report on the results of the review by the audit firm of the said additional issues shall be submitted to the National Financial Board.

*(Article 93 as amended by Federal Law No. 344-FZ, dated 4 November 2014)*

**Article 94.** The Bank of Russia shall be obliged in compliance with an agreement on the conduct of a mandatory audit, concluded with the audit firm, to present to it the statements and information necessary for conducting the mandatory audit of Bank of Russia annual financial statements.

The agreement on the conduct of the mandatory audit shall contain a list of data that must be passed to the audit firm and provide for the responsibility of the audit firm for passing the information it has received to a third party.

The Bank of Russia shall pay the audit firm for the mandatory audit conducted under the agreement thereof out of its own funds.

*(Article 94 as amended by Federal Law No. 344-FZ, dated 4 November 2014)*

**Article 95.** The internal audit of the Bank of Russia shall be conducted by the Bank of Russia chief auditor's service, which shall be directly accountable to the Bank of Russia Chairman.

## **Chapter XVI. Final Provisions**

**Article 96.** The Russian Federation President, the Russian Federation Government and the Bank of Russia shall bring their normative legislation into conformity with this Federal Law.

**Article 97.** This Federal Law shall come into force as of the day of its official publication, except Article 10, Paragraph 2 of Article 58 and other provisions of this Article.

Article 10 of this Federal Law shall come into force as of January 1, 2003. Before that Article comes into force, the authorised capital of the Bank of Russia shall be 3 million rubles.

Part two of Article 58 of this Federal Law shall come into force as of 1 January 2004.

*Part four has been invalidated since 1 January 2013. Federal Law No. 327-FZ, dated 21 November 2011.*

**Article 98.** *This Article has been invalidated.* Federal Law No. 41-FZ, dated 5 April 2013.

**Article 99.** The following shall become invalid from the day of the coming into force of this Federal Law:

RSFSR Law No. 394-I, dated 2 December 1990, ‘On the Central Bank of the RSFSR (Bank of Russia)’ (The Bulletin of the Congress of People's Deputies of the RSFSR, 1990, No. 27, Article 356);

Article 10 of Russian Federation Law No. 3119-I, dated 24 June 1992, ‘On Amending the RSFSR Civil Code, the RSFSR Code of Civil Procedure, the Rules of the RSFSR Supreme Soviet and RSFSR Laws ‘On the Jewish Autonomous Region’, ‘On the Election of People's Deputies of the RSFSR’, ‘On Additional Powers of the Local Soviets of People's Deputies during the Transition to Market Relations’, ‘On

Farming’, ‘On Land Reform’, ‘On Banks and Banking Activities in the RSFSR’, ‘On the Central Bank of the RSFSR (Bank of Russia)’, ‘On Ownership in the RSFSR’, ‘On Enterprises and Entrepreneurial Activities’, ‘On the State Tax Service of the RSFSR’, ‘On Competition and the Restriction of Monopolist Activities on Commodity Markets’, ‘On the Priority Supply of the Agribusiness Sector with Material and Technical Resources’, ‘On Local Self-Government in the RSFSR’, ‘On the Privatisation of State and Municipal Enterprises in the RSFSR’, ‘On the Fundamentals of the Budget System and Budget Process in the RSFSR’, and ‘On Stamp Duty’; Russian Federation Laws ‘On the Territorial and Regional Soviet of People's Deputies and Territorial and Regional Government’ and ‘On Commodity Exchanges and Exchange Trade’ (The Bulletin of the Congress of People's Deputies of the Russian Federation and Supreme Soviet of the Russian Federation, 1992, No. 34, Article 1966);

Federal Law No. 65-FZ, dated 26 April 1995, ‘On Amending the RSFSR Law ‘On the Central Bank of the RSFSR (Bank of Russia)’ (Collected Laws of the Russian Federation, 1995, No. 18, Article 1593);

Federal Law No. 120-FZ, dated 31 July 1995, ‘On Amending Article 5 of the Federal Law ‘On Amending the RSFSR Law ‘On the Central Bank of the RSFSR (Bank of Russia)’ (Collected Laws of the Russian Federation, 1995, No. 31, Article 2991);

Federal Law No. 210-FZ, dated 27 December 1995, ‘On Amending the Federal Law ‘On the Central Bank of the Russian Federation (Bank of Russia)’ (Collected Laws of the Russian Federation, 1996, No. 1, Article 3);

Federal Law No. 214-FZ, dated 27 December 1995, ‘On Amending Article 83 of the Federal Law ‘On the Central Bank of the Russian Federation (Bank of Russia)’ (Collected Laws of the Russian Federation, 1996, No. 1, Article 7);

Federal Law No. 1-FZ, dated 4 January 1996, ‘On Amending Article 5 of the Federal Law ‘On Amending the RSFSR Law ‘On the Central Bank of the RSFSR (Bank of Russia)’ (Collected Laws of the Russian Federation, 1996, No. 2, Article 55);

Federal Law No. 80-FZ, dated 20 June 1996, ‘On Amending the Federal Law ‘On the Central Bank of the Russian Federation (Bank of Russia)’ (Collected Laws of the Russian Federation, 1996, No. 26, Article 3032);

Federal Law No. 45-FZ, dated 27 February 1997, ‘On Amending the Federal Law ‘On the Central Bank of the Russian Federation (Bank of Russia)’ (Collected Laws of the Russian Federation, 1997, No. 9, Article 1028);

Federal Law No. 70-FZ, dated 28 April 1997, ‘On Amending Article 34 of the Federal Law ‘On the Central Bank of the Russian Federation (Bank of Russia)’ (Collected Laws of the Russian Federation, 1997, No. 18, Article 2099);



Federal Law No. 34-FZ, dated 4 March 1998, ‘On Amending the Federal Law ‘On the Central Bank of the Russian Federation (Bank of Russia)’ and Federal Law ‘On Amending the RSFSR Law ‘On the Central Bank of the RSFSR (Bank of Russia)’ (Collected Laws of the Russian Federation, 1998, No. 10, Article 1147);

Article 1 of Federal Law No. 151-FZ, dated 31 July 1998, ‘On Amending the Federal Law ‘On the Central Bank of the Russian Federation (Bank of Russia)’ and Federal Law ‘On Banks and Banking Activities’ (Collected Laws of the Russian Federation, 1998, No. 31, Article 3829);

Article 1 of Federal Law No. 139-FZ, dated 8 July 1999, ‘On Amending the Federal Law ‘On the Central Bank of the Russian Federation (Bank of Russia)’ and Federal Law ‘On the Securities Market’ (Collected Laws of the Russian Federation, 1999, No. 28, Article 3472);

Federal Law No. 81-FZ, dated 19 June 2001, ‘On Amending Article 73 of the Federal Law ‘On the Central Bank of the Russian Federation (Bank of Russia)’ (Collected Laws of the Russian Federation, 2001, No. 26, Article 2585);

Article 4 of Federal Law No. 110-FZ, dated 6 August 2001, ‘On Amending Section Two of the Tax Code of the Russian Federation and Some Other Russian Federation Laws on Taxes and Duties and on Invalidating Some Russian Federation Laws (or Provisions Thereof) on Taxes and Duties’ (Collected Laws of the Russian Federation, 2001, No. 33, Article 3413);

Paragraph 10 of Article 2 of Federal Law No. 31-FZ, dated 21 March 2002, ‘On Bringing Legislation into Compliance with the Federal Law ‘On the State Registration of Legal Entities’ (Collected Laws of the Russian Federation, 2002, No. 12, Article 1093).

President  
of the Russian Federation  
Vladimir Putin

Moscow, the Kremlin

10 July 2002

No. 86-FZ