



Банк России

ACQUISITION OF DIRECT OR INDIRECT STAKES IN CREDIT INSTITUTIONS BY FOREIGN INVESTORS

Department for Market Access and Activity
Termination of Financial Institutions

2023



Bank of Russia's functions:

- making a decision on approving a transaction (transactions) to acquire (by a person or a group of persons) more than 10 per cent of shares (stakes) of a credit institution and/or a transaction (transactions) to establish control over the shareholders (members) of a credit institution;
- considering notifications on acquiring more than one per cent of shares (stakes) of a credit institution or establishing control over shareholders (members) of a credit institution.

The Bank of Russia's **Department for Market Access and Activity Termination of Financial Institutions** is in charge of these functions



Regulatory and legal framework



Civil Code of the Russian Federation



Tax Code of the Russian Federation



Federal Law No. 395-1, dated 2 December 1990, 'On Banks and Banking Activities'



Federal Law No. 208-FZ, dated 26 December 1995, 'On Joint-stock Companies'



Federal Law No. 14-FZ, dated 8 February 1998, 'On Limited Liability Companies'



Federal Law No. 86-FZ, dated 10 July 2002, 'On the Central Bank of the Russian Federation (Bank of Russia)'



Federal Law No. 129-FZ, dated 8 August 2001, 'On the State Registration of Legal Entities and Individual Entrepreneurs'



Federal Law No. 177-FZ, dated 23 December 2003, 'On the Insurance of Deposits with Russian Banks'



Federal Law No. 39-FZ, dated 22 April 1996, 'On the Securities Market'



Bank of Russia's **Instruction No. 185-I**, Dated 25 December 2017, 'On Obtaining the Bank of Russia's Consent (Approval) to the Acquisition of the Shares (Stakes) of a Financial Institution and (or) to Setting Control over the Shareholders (Members) of a Financial Institution; and on Notifying the Bank of Russia of Instances as a Result of Which a Person Entitled to Directly or Indirectly Dispose of More Than 10 Per Cent of the Shares (Stakes) of a Non-bank Financial Institution Has Completely Lost Such Right or Retained the Right to Directly or Indirectly Dispose of Less Than 10 Per Cent of the Shares (Stakes) of a Non-bank Financial Institution'



Bank of Russia's **Regulation No. 626-P**, dated 28 December 2017, 'On the Assessment of, and Requirements for, Financial Standing, Grounds for Recognising Financial Standing as Unsatisfactory with Regard to the Founders (Members) of a Credit Institution and Other Persons Specified by Federal Law No. 281-FZ, Dated 29 July 2017, 'On Amending Certain Laws of the Russian Federation with Regard to Improving Mandatory Requirements for Financial Institutions' Founders (Members), Management Bodies and Officials'



Regulatory and legal framework

- Bank of Russia's **Regulation No. 625-P**, dated 27 December 2017, 'On the Procedure for Approving by the Bank of Russia of the Appointment (Selection) of Candidates to Positions in a Financial Institution; for Notifying the Bank of Russia about Selecting (Terminating Authorities), Appointing (Releasing from Office of) Top Managers and Other Officials in Financial Institutions; for Assessing Compliance with the Qualification Requirements and (or) Requirements for Business Reputation of Top Managers, Other Officials and Founders (Shareholders, Members) of Financial Institutions; for Forwarding Information to the Bank of Russia by a Member of a Financial Institution's Board of Directors (Supervisory Board) on Voting (Non-voting) against a Decision Made by the Board of Directors (Supervisory Board) of the Financial Institution; for Requesting Information from the Bank of Russia and the Bank of Russia's Replying Regarding the Availability (Non-availability) of Information in Databases Stipulated by Articles 75 and 76.7 of Federal Law No. 86-FZ, Dated 10 July 2002, 'On the Central Bank of the Russian Federation (Bank of Russia)'; and on the Procedure for Maintaining Such Databases'
- Bank of Russia's **Regulation No. 622-P**, dated 26 December 2017, 'On the Procedure for Disclosing Information on Persons Exercising Control or Significant Influence over the Banks Participating in the Compulsory Household Deposit Insurance System of the Russian Federation, and on the Procedure for Disclosing and Submitting to the Bank of Russia Information on the Structure and Composition of Shareholders (Members) of Non-governmental Pension Funds, Insurance Companies, Management Companies, Microfinance Companies, Including Persons Exercising Control or Significant Influence over Them'



Requirements for foreign investors acquiring stakes in a credit institution:

Satisfactory Financial Standing (Regulation No. 626-P)

- **adequacy of adjusted net assets (own funds);**
- **absence of court proceedings on a case of insolvency (bankruptcy);**
- **absence of facts of a failure to fulfil monetary obligations** due to the absence of funds on bank accounts;
- **performance of economic activity in the course of the past three years** for which the annual accounting (financial) statements are provided;
- **satisfactory structure of assets;**
- **maintenance of the adequate level of financial stability, solvency, efficient use of the working capital (business activity), profitability and financial result (cost efficiency);**
- other requirements envisaged by **Regulation No. 626-P.**

Satisfactory Business Reputation (Regulation No. 625-P and Federal Law No. 395-1)

- absence of a **criminal record;**
- absence of grounds for **bankruptcy;**
- other requirements envisaged by **Federal Law No. 395-1** 'On Banks and Banking Activities' and **Regulation No. 625-P.**



Requirements for the minimum amount of adjusted net assets (own funds)

1

The **cost of shares (stakes)** in a credit institution acquired by an investor – when **increasing the authorised capital** of the credit institution

2

Part of the capital of a credit institution whose shares (stakes) are acquired, which is **proportional** to the share in the credit institution's authorised capital, consisting of the shares (stakes) of the credit institution acquired by a foreign investor – for **the secondary market**

3

Part of the capital of a credit institution, which is **proportional** to the share in the credit institution's authorised capital, owned by a shareholder (member) of the credit institution, in respect of who control is established – when **establishing control** over shareholders (members) of the credit institution

Clauses 4.1.2, 4.1.3, and 4.1.4 of Bank of Russia's Regulation No. 626-P, dated 28 December 2017, 'On the Assessment of, and Requirements for, Financial Standing, Grounds for Recognising Financial Standing as Unsatisfactory with Regard to the Founders (Members) of a Credit Institution and Other Persons Specified by Federal Law No. 281-FZ, Dated 29 July 2017, 'On Amending Certain Laws of the Russian Federation with Regard to Improving Mandatory Requirements for Financial Institutions' Founders (Members), Management Bodies and Officials'



List of documents submitted to the Bank of Russia:

- a request (application) for **receiving the Bank of Russia's approval** 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 institutions;
- **the charter documents;**
- the **list of shareholders (members)** owning more than one per cent of shares (stakes) of a foreign investor;
- data **on the structure, shareholders (members)** and persons **controlling or significantly influencing a foreign investor;**
- the **decision** of the authorised body of a foreign investor on its **participation in the authorised capital** of the credit institution in the Russian Federation;
- a copy of the document (an **extract** from it) confirming the **registration of a legal entity;**
- the **accounting (financial) statements for the past three years** confirmed by an **auditor's statement;**
- the written **consent** of an appropriate **control body of the foreign investor's home country** for **participation in the authorised capital of a credit institution** in the Russian Federation or the opinion letter of such body excluding the need to obtain such consent;
- the information and **documents confirming the compliance of business reputation** of the founder, the sole executive body of the founder and the persons exercising control over the founder with the requirements envisaged by the Bank of Russia in pursuance of Federal Law No. 395-1, dated 2 December 1990, 'On Banks and Banking Activities';
- **documents for assessing the financial standing of the foreign investor and persons controlling this investor.**

The documents should be legalised (apostilled) according to the established procedure, translated into Russian and certified by a notary

Bank of Russia's Instruction No. 185-I, Dated 25 December 2017, 'On Obtaining the Bank of Russia's Consent (Approval) to the Acquisition of the Shares (Stakes) of a Financial Institution and (or) to Setting Control over the Shareholders (Members) of a Financial Institution; and on Notifying the Bank of Russia of Instances as a Result of Which a Person Entitled to Directly or Indirectly Dispose of More Than 10 Per Cent of the Shares (Stakes) of a Non-bank Financial Institution Has Completely Lost Such Right or Retained the Right to Directly or Indirectly Dispose of Less Than 10 Per Cent of the Shares (Stakes) of a Non-bank Financial Institution'



Timeframes

1

No later than 30 days from the date of receipt of the request (application) for getting the Bank of Russia's approval 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 (all necessary documents according to Instruction No. 185-I), the **Bank of Russia notifies** the applicant **in writing** of its decision to approve or reject the transaction (transactions);

According to Instruction No. 185-I

2

The prior consent of the Bank of Russia 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 is valid **for one year** from the date of its receipt.

According to Instruction No. 185-I

3

A notification about **acquiring** more than one per cent of shares (stakes) of a credit institution or **establishing control** over shareholders (members) of a credit institution should be submitted to the Bank of Russia **no later than 30 days** from the date of acquisition of shares (stakes) of a credit institution or establishing control over shareholders (members) of a credit institution.

According to Federal Law No. 395-1



Банк России

Mail depositary: Bldg 1, 3 Sandunovsky lane, Moscow

Tel.: +7 495 621-09-61

Postal address: Bldg C, 12 Neglinnaya Street, Bank of Russia,
Moscow, 107016 Russia

Call centre: 8 800 250-40-72, +7 495 771-91-00

Fax: +7 495 621-64-65, +7 495 621-62-88

Website: www.cbr.ru