



# Admission of foreign bank branches

2024

## Admission conditions

**Obtaining a licence from the Bank of Russia:** issued to a foreign bank (FB) to operate through a foreign bank branch (FBB) in Russia

**Accreditation of a foreign bank branch:** involves the payment of a state registration fee of ₴4,000 for FBs from EAEU member states and ₴120,000 for FBs from other states

**Valid agreement in an internationally accepted form:** regarding the exchange of supervisory information between the Bank of Russia and the foreign regulator

**No prohibition on opening branches:** the foreign state must not prohibit the establishment of branches of Russian credit institutions within its territory

**Foreign bank must have an official website of its branch:** in the Russian national domain zone and in the Russian language

## Requirements for foreign banks

**Authorisation and operational experience:** the FB must be authorised to conduct banking operations and has been doing so for at least three years, and particularly it must be authorised to conduct foreign currency transactions

**Consent of home country regulator:** the regulator of the country where the FB is located must agree to the opening of an FBB in Russia, if such consent is required by the laws of the FB's home country

**Credit rating:** the FB must have a credit rating not lower than the level set by the Bank of Russia Board of Directors

**Compliance with requirements for key persons:** key persons, including the FB's sole executive body, shareholders owning more than 10% of shares (stakes) of the FB, those controlling such shareholders (participants), and their respective sole executive bodies, must meet the requirements of both the foreign state (confirmed by the foreign regulator) and Russian legislation (no disqualification, no unresolved or unexpunged criminal records, and absence from the list of persons involved in extremist activities and terrorism)

**Financial stability and solvency:** must be confirmed by the foreign regulator

**Disclosure of information:** the FB must disclose information to the Bank of Russia regarding persons who control or exert significant influence over the FB, in a manner similar to Bank of Russia requirements for disclosure by credit institutions

**Guarantee deposit:**

Minimum guarantee deposit size: ₪1 billion.

The total guarantee deposit is equal to the minimum guarantee deposit plus the settlement guarantee deposit, and must ensure the FBB's compliance with the Bank of Russia's required ratios.

The FBB's guarantee deposit includes funds placed on the ruble correspondent account with the Bank of Russia and investments in federal government bonds or securities issued by the Bank of Russia.

**Qualification and business reputation requirements:**

Apply to the FBB's head, deputy head, chief accountant, chief risk officer, head of internal control, and AML/CFT/CFP compliance officer.

**Preliminary approval by the Bank of Russia:**

The FBB's head, deputy head, and chief accountant require prior approval from the Bank of Russia.

**Single branch policy:**

The FB can have only one branch in Russia and is not permitted to establish internal structural subdivisions. The FBB cannot be located at the addresses of embassies, consulates or representative offices of foreign states.

**Employment of foreign nationals:**

Foreign nationals and stateless persons must not exceed 50% of the FBB's total headcount.

**Information processing:**

Software and hardware for processing FBB information must be located in Russia.

**Accounting standards:**

The FBB must maintain accounting records in accordance with Bank of Russia requirements for credit institutions.

**Documentation and record-keeping:**

Must be conducted in the Russian language.



#### Banking operations with legal entities

- 1) Opening and maintaining bank accounts
- 2) Conducting money transfers as ordered by legal entities, including correspondent banks, via their bank accounts
- 3) Collection of cash, bills of exchange, payment and settlement documents, and cash services
- 4) Buying and selling foreign currency, both in cash and non-cash form

#### Banking operations with individuals

- 1) Conducting money transfers without opening bank accounts, including e-money transfers (except for postal remittances)
- 2) Buying and selling foreign currency, both in cash and non-cash form, but the latter only for the purpose of conducting money transfers without opening bank accounts, including e-money transfers (except for postal remittances)

#### Transactions

- 1) Issuing guarantees for third parties involving the fulfilment of monetary obligations
- 2) Acquiring monetary claims from third parties
- 3) Leasing out special premises or safe deposit boxes to individuals and legal entities to store documents and valuables
- 4) Leasing transactions
- 5) Advisory and information services
- 6) Issuing bank guarantees
- 7) Other transactions (except for trust management of funds and other property, and trading in precious metals, processed natural diamonds, and numismatic and commemorative coins)

- Banking transactions are conducted in rubles or, if the appropriate licence is available, in rubles and foreign currency
- The FB is not allowed to engage in manufacturing, commercial, and insurance activities through its branch (with certain exceptions)
- The FB is entitled to conduct professional securities market activities through its branch (except for activities related to trust management of securities, funds intended for securities transactions, and/or concluding derivatives contracts)



Operational parameters	Foreign bank subsidiary	Foreign bank branch
1. Banking operations and transactions	All banking operations and transactions specified in Article 5 of the Federal Law 'On Banks and Banking Activities'	Certain banking operations and transactions specified in Article 5 of the Federal Law 'On Banks and Banking Activities' (see page 4 for more details)
2. List of persons subject to qualification and/or business reputation requirements under Russian legislation and Bank of Russia regulations	<ol style="list-style-type: none"> <li>1) Members of the Board of Directors (Supervisory Board)</li> <li>2) Sole executive body</li> <li>3) Deputy sole executive body</li> <li>4) Member of the collegial executive body</li> <li>5) Chief accountant</li> <li>6) Deputy chief accountant</li> <li>7) Branch manager</li> <li>8) Chief accountant of the branch</li> <li>9) Head of internal control</li> <li>10) Head of internal audit</li> <li>11) Chief risk officer</li> <li>12) AML/CFT/CFP compliance officer</li> </ol>	<ol style="list-style-type: none"> <li>1) Branch manager</li> <li>2) Deputy branch manager</li> <li>3) Chief accountant of the branch</li> <li>4) Chief risk officer</li> <li>5) Head of internal control</li> <li>6) AML/CFT/CFP compliance officer</li> </ol>
3. Minimum charter capital/guarantee deposit size	<p>₽1 billion for a bank with a universal licence</p> <p>₽300 million for a bank with a basic licence</p> <p>₽3.6 billion for a newly registered bank with a universal licence handling retail deposits</p>	Minimum guarantee deposit size: ₽1 billion
4. Decision on state registration and licence issuance	Up to 6 months	Up to 60 working days from the date of submission of all documents (with an option to suspend this period to address violations, but for no more than 30 days)



Банк России

# THANK YOU FOR YOUR ATTENTION

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