

**FEDERAL LAW No. 394-1  
OF THE RUSSIAN FEDERATION  
of December 02, 1990**

**Concerning the Central Bank of the Russian Federation (Bank of  
Russia)**

**As amended by:**

- 1. Federal Law No. 65-FZ of April 26, 1995;**
- 2. Federal Law No. 210-FZ of December 27, 1995;**
- 3. Federal Law No. 214-FZ of December 27, 1995;**
- 4. Federal Law No. 80-FZ of June 20, 1996;**
- 5. Federal Law No. 45-FZ of February 27, 1997;**
- 6. Federal Law No. 70-FZ of April 28, 1997.**

**CHAPTER I GENERAL PROVISIONS**

**Article 1**

The status, tasks, functions, powers and principles of the organization and activities of the Central Bank of the Russian Federation (Bank of Russia) shall be defined by the Constitution of the Russian Federation, this Federal Law and other federal laws.

The location of the central bodies of the Bank of Russia shall be the City of Moscow.

**Article 2**

The charter capital and other assets of the Bank of Russia shall be deemed to be federal property. In accordance with the objectives and according to the procedure which are established by this Federal Law, the Bank of Russia shall exercise powers relating to the ownership, use and disposal of the assets of the Bank of Russia. It shall not be permissible for the assets of the Bank of Russia to be appropriated or burdened with obligations without the consent of the Bank of Russia.

The Bank of Russia shall incur its expenses from its own income.

The Bank of Russia shall not be registered with the tax authorities.

The Bank of Russia shall be a legal entity. The Bank of Russia shall have a stamp with the State emblem of the Russian Federation and its name.

The State shall not be liable for the obligations of the Bank of Russia, nor shall the Bank of Russia be liable for the obligations of the State, unless they have assumed such obligations or unless otherwise stipulated by federal laws.

### **Article 3**

The main objectives of the activity of the Bank of Russia shall be:

- the protection and maintenance of the stability of the rouble, including its purchasing power and its exchange rate in relation to foreign currencies;
- the development and strengthening of the banking system of the Russian Federation;
- providing for the efficient and uninterrupted functioning of the settlements system. The derivation of a profit shall not be an objective of the activity of the Bank of Russia.

### **Article 4**

The Bank of Russia shall perform the following functions:

- 1) in conjunction with the Government of the Russian Federation, shall develop and conduct a unified State monetary and credit policy aimed at protecting and maintaining the stability of the rouble;
- 2) shall exercise a monopoly on the issue of cash money and the organization of the circulation thereof;
- 3) shall be the creditor in of last resort for credit organizations, and organize the refinancing system;
- 4) shall establish rules for carrying out settlements in the Russian Federation;
- 5) shall establish rules for the conduct of banking operations, accounting and reporting for the banking system;
- 6) shall carry out the State registration of credit organizations; shall issue and revoke the licences of credit organizations and organizations which audit them;
- 7) shall supervise the activities of credit institutions;
- 8) shall register the issue of securities by credit organizations in accordance with federal laws;
- 9) shall, independently or on the instructions of the Government of the Russian Federation, carry out all types of banking operations which are necessary to fulfil the main tasks of the Bank of Russia;
- 10) shall carry out currency regulation, including operations involving the purchase and sale of foreign currency; shall determine the procedure for carrying out settlements with foreign states;
- 11) shall organize and carry out currency control both directly and via authorized banks in accordance with the legislation of the Russian Federation;
- 12) shall participate in developing forecasts of the balance of payments of the Russian Federation and organize the compilation of the balance of payments of the Russian Federation;
- 13) shall, for the purposes of carrying out these functions, make analyses and forecasts of the state of the economy of the Russian Federation as a whole and by region, primarily with respect to monetary and credit, currency and financial and price relations; shall publish relevant materials and statistical data;

14) shall carry out other functions in accordance with federal laws.

## Article 5

The Bank of Russia shall be accountable to the State Duma of the Federal Assembly of the Russian Federation. The subordination of the Bank of Russia to the State Duma shall imply that:

- the State Duma shall appoint and dismiss the Chairman of the Bank of Russia on a submission from the President of the Russian Federation;
- the State Duma shall appoint and dismiss members of the Board of Directors of the Bank of Russia (hereinafter referred to as the Board of Directors);
- the Bank of Russia shall submit an annual report and an audit report to the State Duma for consideration;
- the State Duma shall determine which auditing firm will conduct the audit of the Bank of Russia;
- parliamentary hearings concerning the activity of the Bank of Russia shall be held with the participation of representatives thereof;
- reports of the Chairman of the Bank of Russia to the State Duma concerning the activity of the Bank of Russia (twice a year - upon submission of the annual report and main objectives of the unified State monetary and credit policy).

The Bank of Russia shall, within the limits of the powers which are conferred on it by the Constitution of the Russian Federation and federal laws, be independent in its activities. Federal State government bodies, State government bodies of constituent entities of the Russian Federation and local government bodies shall not have the right to interfere in the activity of the Bank of Russia with respect to the exercise of the functions and powers which are assigned to it by legislation, or to adopt decisions which contravene this Federal Law.

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

In the event of interference in its activity, the Bank of Russia shall inform the State Duma and the President of the Russian Federation.

The Bank of Russia shall have the right to bring claims to courts for the invalidation of legal acts of federal State government bodies, State government bodies of constituent entities of the Russian Federation and local government bodies.

## Article 6

With respect to those matters which are classified by this Federal Law and other federal laws as being within its competence, the Bank of Russia shall publish normative acts which are binding for federal State government bodies, State government bodies of constituent entities of the Russian Federation and local government bodies, and for all legal entities and physical persons.

Normative acts of the Bank of Russia must not contravene federal laws.

Normative acts of the Bank of Russia shall enter into force from the day of their official publication in the official publication of the Bank of Russia (the *Vestnik* of the Bank of Russia), except in the cases established by the Board of Directors. Normative acts of the Bank of Russia shall not have retroactive force.

Normative acts of the Bank of Russia which directly affect civil rights, freedoms or obligations must be registered with the Ministry of Justice of the Russian Federation in accordance with the procedure which is established for the registration of the acts of federal ministries and departments.

Where necessary normative acts of the Bank of Russia shall be sent in their entirety to all registered credit organizations by post or other means of communication.

Appeals may be brought against normative acts of the Bank of Russia in accordance with the procedure which is established by law.

Drafts of federal laws and of normative acts of federal executive government bodies which concern the fulfilment by the Bank of Russia of its functions shall be sent to the Bank of Russia for its opinion.

## **Article 7**

The Bank of Russia may not participate in the capital of credit organizations unless otherwise established by federal law.

The Bank of Russia may not participate in the capital of other organizations unless they support the activities of the Bank of Russia and its institutions, organizations and employees, except in the instances which are established by federal laws.

## **Article 8**

The Bank of Russia may participate in the capital and activity of international organizations which are engaged in the development of co-operation in the monetary and credit, currency and banking spheres, including among the central banks of foreign states.

The mutual relations of the Bank of Russia with credit organizations of foreign states shall be conducted in accordance with international agreements entered into by the Russian Federation, federal laws and interbank agreements.

# **CHAPTER II CAPITAL OF THE BANK OF RUSSIA**

## **Article 9**

The Bank of Russia shall have a charter capital in the amount of 3 billion roubles.

## **Article 10**

The balance profit of the Bank of Russia shall be defined as the difference between income from the operations envisaged by Article 45 of this Federal Law and expenses which are connected with the performance by the Bank of Russia of its functions as established by Article 4 of this Federal Law.

# **CHAPTER III MANAGEMENT BODIES OF THE BANK OF RUSSIA**

## **Article 11**

The highest body of the Bank of Russia shall be the Board of Directors - a collegiate body which shall determine the main objectives of the activities of the Bank of Russia and carry out supervision and management of the Bank of Russia.

The Board of Directors shall consist of the Chairman of the Bank of Russia and 12 members of the Board of Directors.

## **Article 12**

The Chairman of the Bank of Russia shall be appointed by the State Duma for a period of four years by a majority of votes of the total number of deputies.

Nominations for the office of Chairman of the Bank of Russia shall be presented by the President of the Russian Federation not later than three months before the expiration of the powers of the Chairman of the Bank of Russia.

In the event of the early dismissal of the Chairman of the Bank of Russia, the President of the Russian Federation shall nominate a candidate for this office within two weeks of the occurrence of the dismissal.

In the event that the proposed nomination for the office of Chairman of the Bank of Russia is rejected, the President of the Russian Federation shall within two weeks submit a new nomination. No nomination may be submitted more than twice.

The position of Chairman of the Bank of Russia may not be held by one and the same individual for more than three successive periods.

The State Duma shall have the right to dismiss the Chairman of the Bank of Russia on a submission from the President of the Russian Federation.

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

- 1) expiry of the period of his powers;
- 2) inability to perform his professional duties, confirmed by a report of a State medical commission;
- 3) personal statement of resignation;
- 4) perpetration of a criminally punishable act, established by a court verdict which has entered into legal force;
- 5) the violation of federal laws which regulate issues associated with the activity of the Bank of Russia.

## **Article 13**

Members of the Board of Directors shall be appointed for a period of four years by the State Duma on a recommendation from the Chairman of the Bank of Russia, agreed with the President of the Russian Federation.

Members of the Board of Directors shall be dismissed:

- upon the expiry of the period of their powers which is stated in this Article - by the Chairman of the Bank of Russia;

- before the expiry of the period of their powers which is stated in this Article - by the State Duma on a recommendation from the Chairman of the Bank of Russia.

## **Article 14**

Meetings of the Board of Directors shall be chaired by the Chairman of the Bank of Russia or, in his absence, by a person acting as his deputy from among the members of the Board of Directors.

Decisions of the Board of Directors shall be adopted by a majority of votes of the members of the Board of Directors who are present where there is a quorum of seven persons and with the compulsory presence of the Chairman of the Bank of Russia or of a person acting as his deputy. The minutes of meetings of the Board of

Directors shall be signed by the person who chaired the meeting and one member of the Board of Directors. In the event that the Board of Directors adopts decisions on issues relating to monetary and credit policy, the opinion of the members of the Board of Directors who were in the minority shall be entered in the minutes at their request.

Directors of territorial institutions of the Bank of Russia may be invited to participate in meetings of the Board of Directors.

## **Article 15**

The Board of Directors shall meet not less frequently than once a month.

Meetings of the Board of Directors shall be convened by the Chairman of the Bank of Russia or by a person acting as his deputy, or at the request of not less than three members of the Board of Directors.

Members of the Board of Directors shall be promptly informed of meetings of the Board of Directors.

## **Article 16**

The Board of Directors shall perform the following functions:

- 1) in co-operation with the Government of the Russian Federation, shall develop and ensure the fulfilment of the main objectives of the unified State monetary and credit policy;
- 2) shall approve the annual report of the Bank of Russia and present it to the State Duma;
- 3) shall consider and approve the expense budget of the Bank of Russia for each successive year not later than December 31 of the preceding year, and expenses which have been incurred and are not envisaged in the budget;
- 4) shall determine the structure of the Bank of Russia;
- 5) shall establish the forms and amounts of labour payment for the Chairman of the Bank of Russia, members of the Board of Directors, Deputy Chairmen of the Bank of Russia and other employees of the Bank of Russia;
- 6) shall adopt decisions concerning:
  - the establishment and liquidation of institutions and organizations of the Bank of Russia;
  - the establishment of compulsory norms for credit organizations in accordance with Article 61 of this Federal Law;
  - the size of reserve requirements;
  - changes in the interest rates of the Bank of Russia;
  - determination of the limits on operations on the open market;
  - participation in international organizations;
  - participation in the capital of organizations which support the activities of the Bank of Russia and its institutions, organizations and employees;
  - the purchase and sale of immovable property in order to provide for the activity of the Bank of Russia and its institutions, organizations and employees;
  - the application of direct quantitative restrictions;
  - the issue and withdrawal from circulation of banknotes and coinage, and the total volume of the issue of cash

money;

- the procedure for the formation of reserves by credit organizations;

- 7) shall submit proposals to the State Duma for changing the charter capital of the Bank of Russia;
- 8) shall approve the procedures for the activity of the Board of Directors;
- 9) shall appoint the chief auditor of the Bank of Russia;
- 10) shall approve the internal structure of the Bank of Russia, statutes of subdivisions of the Bank of Russia and institutions of the Bank of Russia, charters of organizations of the Bank of Russia, and the procedure for the appointment of directors of subdivisions, institutions and organizations of the Bank of Russia;
- 11) shall determine the conditions for admitting foreign capital into the banking system of the Russian Federation in accordance with federal laws;
- 12) shall perform other functions which are classified by this Federal law as being under the jurisdiction of the Board of Directors of the Bank of Russia.

## **Article 17**

Members of the Board of Directors may not be deputies of the State Duma or members (deputies) of the Federation Council, deputies of legislative (representative) bodies of constituent entities of the Russian Federation or of local government bodies or members of the Government of the Russian Federation.

Deputies must relinquish their powers as deputies and members of the Government of the Russian Federation must resign from their posts within one month of their appointment as members of the Board of Directors, after which the newly-appointed member of the Board of Directors shall begin to carry out his official duties.

Members of the Board of Directors may not be members of political parties or hold posts in socio-political and religious organizations.

The restrictions which are established by Article 90 of this Federal Law shall apply to members of the Board of Directors.

## **Article 18**

The Chairman of the Bank of Russia:

- 1) shall act on the behalf of the Bank of Russia and represent its interests without a power of attorney in relations with State government bodies, credit organizations, organizations of foreign states and international organizations, and other institutions and organizations;
- 2) shall chair meetings of the Board of Directors. In the event of an equal vote the vote of the Chairman of the Bank of Russia shall be decisive;
- 3) shall sign normative acts of the Bank of Russia, decisions of the Board of Directors, the minutes of meetings of the Board of Directors, and agreements concluded by the Bank of Russia;
- 4) shall appoint and dismiss deputy chairmen of the Bank of Russia, and allocate duties among them;
- 5) shall sign orders and issue instructive regulations which are binding for all employees of the Bank of Russia and its enterprises, institutions and organizations;
- 6) shall bear full responsibility for the activities of the Bank of Russia;

7) shall ensure that the functions of the Bank of Russia are carried out in accordance with this Federal Law.

## **CHAPTER IV RELATIONS BETWEEN THE BANK OF RUSSIA AND STATE GOVERNMENT BODIES AND LOCAL GOVERNMENT BODIES**

### **Article 19**

In order to carry out the functions with which it has been charged, the Bank of Russia shall participate in developing the economic policy of the Government of the Russian Federation. The Chairman of the Bank of Russia or one of his deputies on his instructions shall participate in meetings of the Government of the Russian Federation.

The Minister of Finance of the Russian Federation and the Minister of Economics of the Russian Federation or one each of their deputies on their instructions shall participate in meetings of the Board of Directors with the right to a consultative vote.

The Bank of Russia and the Government of the Russian Federation shall inform one another of proposed activities which are of State-wide significance, co-ordinate their policies and hold regular consultations.

The Bank of Russia shall consult the Ministry of Finance of the Russian Federation on issues relating to the schedule for the issue of State securities and the settlement of the State debt, taking account of their effect on the state of the banking system and the priorities of the unified State monetary and credit policy.

### **Article 20**

For the purposes of improving the monetary and credit system of the Russian Federation, there shall be created a National Banking Council attached to the Bank of Russia, consisting of representatives of the chambers of the Federal Assembly of the Russian Federation, the President of the Russian Federation, the Government of the Russian Federation, the Bank of Russia, credit organizations and experts.

The Chairman of the National Banking Council shall be the Chairman of the Bank of Russia. The National Banking Council shall consist of two representatives from each of the chambers of the Federal Assembly of the Russian Federation, one representative each of the President of the Russian Federation and the Government of the Russian Federation, and the Minister of Finance of the Russian Federation and the Ministry of Economics of the Russian Federation. The remaining members of the National Banking Council shall be appointed by the State Duma on a submission from the Chairman of the Bank of Russia. The number of members of the National Banking Council shall not exceed 15.

Meetings of the National Banking Council shall be held not less frequently than once every three months.

### **Article 21**

The National Banking Council shall perform the following functions:

- shall consider strategies for improving the banking system of the Russian Federation;
- shall consider plans relating to the main objectives of the unified State monetary and credit policies and currency regulation and currency control policies, give opinions on them and analyse the results of their implementation;
- examine drafts of legislative and other normative acts relating to banking activity;
- consider highly important issues relating to the regulation of the activities of credit organizations;
- participate in developing the main principles of the organization of the system of settlements in the Russian



Federation.

## **Article 22**

The Bank of Russia shall not have the right to grant credits to the Government of the Russian Federation for the purpose of financing the budget deficit or purchasing State securities upon the initial distribution thereof, except where this is provided for by the federal law concerning the federal budget.

The Bank of Russia shall not have the right to grant credits to finance the deficits of the budgets of constituent entities of the Russian Federation, local budgets and the budgets of State non-budgetary funds.

## **Article 23**

Resources of the federal budget and State non-budgetary funds shall be kept at the Bank of Russia, unless otherwise established by federal law.

The Bank of Russia shall not charge a commission when carrying out operations with the federal budget and State non-budgetary funds, with the budgets of constituent entities of the Russian Federation and local budgets, operations connected with the servicing of the State debt and operations involving the gold and currency reserves of the Russian Federation.

The powers of the Bank of Russia with respect to the servicing of the State debt shall be defined by federal laws.

The Bank of Russia and the Ministry of Finance of the Russian Federation shall, where necessary, conclude agreements for the performance of these operations on the instructions of the Government of the Russian Federation.

## **CHAPTER V THE REPORTING OF THE BANK OF RUSSIA**

### **Article 24**

The reporting period of the Bank of Russia shall be established as being from January 1 to December 31 inclusively.

The structure of the balance sheet of the Bank of Russia shall be established by the Board of Directors.

### **Article 25**

The Bank of Russia shall, not later than May 15 each year, present to the State Duma an annual report approved by the Board of Directors.

The annual report of the Bank of Russia shall include:

- 1) a statement of the activity of the Bank of Russia, an analysis of the state of the economy of the Russian Federation, including an analysis of money circulation and credit, the banking system and the balance of payments of the Russian Federation, and a list of measures relating to the unified State monetary and credit policy which have been implemented by the Bank of Russia;
- 2) the annual balance sheet, profit and loss account, and profit distribution;
- 3) the procedure for the formation of the reserves and funds of the Bank of Russia and the purposes for which they have been used;
- 4) an audit report on the annual report of the Bank of Russia.

The State Duma shall send the annual report of the Bank of Russia to the President of the Russian Federation and to the Government of the Russian Federation for its opinion.

The State Duma shall review the annual report of the Bank of Russia before July 1 of the year following the reporting year.

The State Duma shall adopt a decision on the basis of the results of the review of the annual report of the Bank of Russia.

The annual report shall be published not later than July 15 of the year following the reporting year.

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

## **Article 26**

The Bank of Russia shall transfer to the federal budget 50 per cent of balance profit actually earned on the basis of the year's results following the approval of the annual report of the Bank of Russia by the Board of Directors. The remaining profit of the Bank of Russia shall be allocated by the Board of Directors to various reserves and funds.

It shall not be permitted for profit for the reporting year to be transferred to the federal budget before the annual report of the Bank of Russia has been approved by the Board of Directors.

The Bank of Russia and its institutions shall be exempt from the payment of all taxes, levies, duties and other payments in the territory of the Russian Federation in accordance with legislative acts of the Russian Federation concerning taxes.

## **CHAPTER VI THE ORGANIZATION OF CASH MONEY CIRCULATION**

### **Article 27**

The official monetary unit (currency) of the Russian Federation shall be the rouble. One rouble shall consist of 100 kopecks.

The introduction in the territory of the Russian Federation of other monetary units and the issue of monetary surrogates shall be prohibited.

### **Article 28**

No official correlation shall be established between the rouble and gold or other precious metals.

### **Article 29**

The issue of cash money and the organization of its circulation and withdrawal from circulation in the territory of the Russian Federation shall be carried out exclusively by the Bank of Russia.

Banknotes (bank bills) and coinage of the Bank of Russia shall be the sole legal medium of payment in the territory of the Russian Federation. The counterfeiting and illegal manufacture of banknotes and coinage shall be a punishable offence.

### **Article 30**

Banknotes and coinage shall constitute unconditional obligations of the Bank of Russia and shall be guaranteed by all of its assets.

Banknotes and coinage of the Bank of Russia must be accepted at their nominal value for all types of payments, for entry into accounts and deposits and for transfer throughout the entire territory of the Russian Federation.

### **Article 31**

Banknotes and coinage of the Bank of Russia may not be declared invalid (as having lost the force of a legal medium of payment) unless a sufficient period has been established to replace them with banknotes and coinage of the new standard. No restrictions may be imposed as to the amounts to be exchanged or the persons who may exchange banknotes and coinage.

When banknotes and coinage of the Bank of Russia are exchanged for monetary objects of the new standard, the period for the withdrawal of banknotes and coinage from circulation may not be less than one year, but may not exceed five years.

### **Article 32**

The Bank of Russia shall without restriction exchange old and damaged banknotes in accordance with the rules which it has established.

### **Article 33**

The Board of Directors shall adopt decisions concerning the issue of new banknotes and coinage and concerning the withdrawal of old banknotes and coinage from circulation, and shall approve the nominal values and specimens of the new monetary objects. A description of new monetary objects shall be published in the mass media.

Decisions on these matters shall be sent to the Government of the Russian Federation for information.

### **Article 34**

For the purposes of organizing cash money circulation in the territory of the Russian Federation, the Bank of Russia shall be charged with the following functions:

- forecasting and organizing the production of, and the transportation and storage of banknotes and coinage, and the creation of reserve funds thereof;
- establishing rules for the storage, transportation and collection of cash money for credit organizations;
- establishing the characteristics which determine the validity of banknotes as legal media of payment and the procedure for the replacement and the destruction of damaged banknotes and coinage;
- determining the procedure for conducting cash operations.

## **CHAPTER VII MONETARY AND CREDIT POLICY**

### **Article 35**

The main instruments and methods of the monetary and credit policy of the Bank of Russia shall be:

- 1) interest rates for operations carried out by the Bank of Russia;
- 2) norms of compulsory reserves to be deposited with the Bank of Russia (reserve requirements);
- 3) operations on the open market;
- 4) refinancing of banks;
- 5) currency regulation;
- 6) establishment of reference points for the growth of the money supply;
- 7) direct quantitative restrictions.

### **Article 36**

The Bank of Russia shall regulate the overall volume of credits to be issued by it in accordance with the adopted reference points of the unified State monetary and credit policy.

### **Article 37**

The Bank of Russia may establish one or more interest rates for different types of operations or conduct an interest policy without a fixed interest rate.

Interest rates of the Bank of Russia shall be the minimum rates on the basis of which the Bank of Russia shall carry out its operations.

The Bank of Russia shall use its interest policy to influence market interest rates for the purposes of strengthening the rouble.

### **Article 38**

The size of compulsory reserves as a percentage of the obligations of a credit organization and the procedure for depositing them with the Bank of Russia shall be established by the Board of Directors.

The norms of compulsory reserves may not exceed 20 per cent of the obligations of credit organizations and may be differentiated for different credit organizations.

The norms of compulsory reserves may not be altered by more than five points at any one time.

In the event that the norms of compulsory reserves are violated, the Bank of Russia shall have the right to exact from the credit organization without right of appeal the amount of unpaid resources and a fine in the amount established by the Bank of Russia, but not more than double the refinancing rate.

In the event that a licence to conduct banking operations is revoked, resources deposited with the Bank of Russia shall be used to settle the credit organization's obligations to depositors and creditors.

### **Article 39**

Operations on the open market shall be understood to mean the purchase and sale by the Bank of Russia of treasury bills, State bonds and other State securities, and short-term securities transactions with a subsequent reverse transaction.

The limit on operations on the open market shall be approved by the Board of Directors.

**Article 40**

Refinancing shall be understood to mean the provision of credit to banks by the Bank of Russia, including the discounting and re-discounting of bills of exchange.

The forms, procedure and conditions for refinancing shall be established by the Bank of Russia.

**Article 41**

Currency intervention of the Bank of Russia shall be understood to mean the purchase and sale of foreign currency by the Bank of Russia on the currency market in order to influence the exchange rate of the rouble and the overall supply and demand of money.

**Article 42**

Direct quantitative restrictions of the Bank of Russia shall be understood to mean the establishment of limits on the refinancing of banks and the conduct by credit organizations of certain banking operations.

The Bank of Russia shall have the right to apply direct quantitative restrictions in exceptional circumstances for the purposes of conducting the unified State monetary and credit policy only after consulting the Government of the Russian Federation.

**Article 43**

The Bank of Russia may establish reference points for the growth of one or more indicators of money supply on the basis of the main objectives of the unified State monetary and credit policy.

**Article 44**

The Bank of Russia shall present to the State Duma, not later than October 1 of each year, a draft of the main objectives of the unified State monetary and credit policy for the following year, and not later than December 1 of each year, the main objectives of the unified State monetary and credit policy for the following year.

The draft of the main objectives of the unified State monetary and credit policy shall initially be presented to the President of the Russian Federation and the Government of the Russian Federation.

The main objectives of the unified State monetary and credit policy for the following year shall include the following provisions:

- an analysis of the current state and a forecast of the development of the economy of the Russian Federation; -
- the main reference points, parameters and instruments of the unified State monetary and credit policy.

The State Duma shall consider the main objectives of the unified State monetary and credit policy for the following year and adopt a decision.

**CHAPTER VIII OPERATIONS OF THE BANK OF RUSSIA****Article 45**

The Bank of Russia shall have the right to carry out the following operations with Russian and foreign credit organizations and the Government of the Russian Federation for the purpose of achieving the purposes which are

established by this Federal Law:

- 1) grant credits for a period of not more than one year against guarantees of securities and other assets, unless otherwise established by the federal law concerning the federal budget;
- 2) purchase and sell cheques, promissory notes and bills of exchange which have, as a rule, a goods origin, with redemption periods of not more than six months;
- 3) purchase and sell State securities on the open market;
- 4) purchase and sell debentures, deposit certificates and other securities with a redemption period of not more than one year;
- 5) purchase and sell foreign currency and payment documents and debentures in foreign currency issued by Russian and foreign credit organizations;
- 6) purchase, store and sell precious metals and other types of currency assets;
- 7) conduct settlement, cash and deposit operations, accept securities and other valuables for custody and management;
- 8) issue guarantees and securities;
- 9) carry out operations involving financial instruments which are used to manage financial risks;
- 10) open accounts with Russian and foreign credit organizations in the territory of the Russian Federation and foreign states;
- 11) issue cheques and bills of exchange in any currency;
- 12) carry out other banking operations in its own name where this is not prohibited by law.

The Bank of Russia shall have the right to carry out transactions on a commission basis except in the instances which are envisaged by federal laws.

#### **Article 46**

Security for credits issued by the Bank of Russia may be in the form of:

- gold and other precious metals in various forms;
- foreign currency;
- bills of exchange in the Russian and foreign currencies with redemption periods of up to six months;
- State securities.

Lists of bills of exchange and State securities which may be used as security for credits issued by the Bank of Russia shall be determined by the Board of Directors.

In the instances which are established by the Board of Directors, other assets and guarantees and securities may be used to secure credits.

#### **Article 47**

The Bank of Russia may carry out banking operations to service representative and executive government bodies,

local government bodies and their institutions and organizations, State non-budgetary funds, military units, servicemen, employees of the Bank of Russia and other persons in the instances envisaged by federal laws.

The Bank of Russia shall also have the right to render services to clients which are not credit organizations in regions where there are no credit organizations.

#### **Article 48**

The Bank of Russia shall not have the right:

- 1) to carry out banking transactions with legal entities which do not hold a licence to carry out banking transactions, or with physical persons, except in the instances envisaged in Article 47 of this Federal Law;
- 2) to acquire interests (shares) in credit and other organizations, except in the instances envisaged by Articles 7 and 8 of this Federal Law;
- 3) to carry out operations involving immovable property except for the purpose of providing for the activities of the Bank of Russia and its enterprises, institutions and organizations;
- 4) to engage in trade and production activity except in the instances envisaged by this Federal Law;
- 5) to extend credits which have been granted. Exceptions may be made at the decision of the Board of Directors.

#### **Article 49**

The Bank of Russia shall bear liability in accordance with the procedure which is established by federal laws.

The interests of the Bank of Russia may be represented in courts of law and arbitration courts by the directors of its territorial institutions and other officials of the Bank of Russia who obtain an appropriate power of attorney in accordance with the established procedure.

### **CHAPTER IX INTERNATIONAL AND FOREIGN ECONOMIC ACTIVITY**

#### **Article 50**

The Bank of Russia shall represent the interests of the Russian Federation in relations with the central banks of foreign states and at international banks and other international currency and financial organizations.

#### **Article 51**

The Bank of Russia shall issue permits to establish banks with the participation of foreign capital and branches of foreign banks and carry out the accreditation of representations of credit organizations of foreign states in the territory of the Russian Federation in accordance with the procedure which is established by federal laws.

Increases in the charter capital of credit organizations at the expense of the resources of non-residents shall be regulated by federal laws.

#### **Article 52**

The Bank of Russia shall establish and publish official quotations of foreign currencies against the rouble.

**Article 53**

The Bank of Russia shall be a State currency regulation and currency control body and shall exercise this function in accordance with the Law of the Russian Federation "Concerning Currency Regulation and Currency Control" and federal laws.

**Article 54**

For the purpose of carrying out its functions the Bank of Russia may open representations in foreign states.

**CHAPTER 10 BANKING REGULATION AND SUPERVISION****Article 55**

The Bank of Russia shall be a body charged with banking regulation and supervision of the activities of credit organizations.

The Bank of Russia shall constantly supervise the observance by credit organizations of banking legislation and normative acts of the Bank of Russia, and in particular the mandatory norms which are established thereby.

The main purpose of banking regulation and supervision shall be to maintain the stability of the banking system and to protect the interests of investors and creditors. The Bank of Russia shall not interfere in the operational activity of credit organizations, except where this is provided for by federal laws.

The supervisory and regulatory functions of the Bank of Russia which are established by this Federal Law may be exercised by it directly or through a banking supervision body created under it. The decision to create such a body shall be adopted by the Board of Directors.

**Article 56**

The Bank of Russia shall establish rules which are binding for credit organizations for conducting banking operations, maintaining accounting records, and compiling and presenting accounting and statistical reports.

For the purpose of carrying out its functions the Bank of Russia shall have the right, in accordance with the list established by the Board of Directors, to request and receive from credit organizations information concerning their activity, and request explanations in respect to the information received.

For the purpose of preparing banking and financial statistics and analysing the economic situation, the Bank of Russia shall have the right to request and receive necessary information from federal executive government bodies.

Data received from credit organizations with respect to specific operations must not be disclosed without the consent of the credit organization concerned, except in the instances envisaged by federal laws.

The Bank of Russia shall publish consolidated statistical and analytical information concerning the banking system of the Russian Federation.

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

**Article 57**

The Bank of Russia shall not have the right to require credit organizations to carry out functions which are



unusual for such organizations, including control over the expenditure of the consumption (salary) fund of clients which are legal entities.

## **Article 58**

The Bank of Russia shall register credit organizations in the State Register of Credit Organizations, and shall issue licences to carry out banking operations to credit institutions and revoke such licences.

## **Article 59**

The Bank of Russia shall have the right, in accordance with federal laws, to establish qualification requirements for the directors of the executive bodies and the chief accountant of a credit organization.

## **Article 60**

The acquisition, as a result of one or more transactions, of more than 5 per cent of the share interest (shares) in a credit organization by one legal entity or physical person or a group of legal entities and (or) physical persons who are bound together by an agreement or a group of legal entities which are subsidiary or dependent in relation to each other, shall require the Bank of Russia to be notified, and the acquisition of more than 20 per cent shall require the preliminary consent of the Bank of Russia.

The Bank of Russia shall, not later than 30 days after receiving a petition, inform the applicant in writing of its decision - consent or refusal. A refusal must be substantiated. In the event that the Bank of Russia fails to advise of its decision within that period, the transaction for the purchase and sale of the share interest (shares) in the credit organization shall be deemed to have been authorized.

The Bank of Russia shall, in carrying out its supervisory functions, have the right to request and receive information concerning the financial position and business reputation of the participants (shareholders) in a credit organization in the event that they acquire more than 20 per cent of the share interest (shares) in the credit organization.

The Bank of Russia shall have the right to refuse to give consent to a transaction for the purchase and sale of a share interest (shares) of more than 20 per cent in a credit organization in the event that it is established that the financial position of the persons wishing to acquire the share interest (shares) is unsatisfactory.

The acquisition of a share interest (shares) in a credit organization at the expense of the resources of non-residents shall be regulated by federal laws.

## **Article 61**

For the purposes of ensuring the stability of credit organizations, the Bank of Russia may establish mandatory norms for them:

- 1) the minimum size of the charter capital for newly-established credit organizations, and the minimum amount of internal resources (capital) for existing credit organizations;
- 2) the limit on the non-monetary part of the charter capital;
- 3) the maximum risk for one borrower or group of related borrowers;
- 4) the maximum amount of large credit risks;
- 5) the maximum amount of risk for one creditor (depositor);

- 6) liquidity norms for a credit organization;
- 7) norms of sufficiency of capital;
- 8) the maximum amount of monetary deposits attracted from members of the public;
- 9) the amounts of currency, interest and other risks;
- 10) the minimum amount of reserves created for high-risk assets;
- 11) norms for the use of the internal resources of banks to acquire a share interest (shares) in other legal entities;
- 12) the maximum amount of credits, guarantees and securities granted by a bank to its participants (shareholders).

## **Article 62**

The minimum size of the internal resources (capital) shall be established as the sum of the charter capital and funds of a credit organization and undistributed profit.

The Bank of Russia shall make official announcements of changes in the minimum size of internal resources (capital) not later than three years before they are introduced.

## **Article 63**

The maximum risk for one borrower or group of related borrowers which are dependent or main and subsidiary in relation to one another shall be established as a percentage of the internal resources of a credit organization.

In determining the size of a risk, account shall be taken of the total amount of credits granted by the credit organization to the borrower or group of related borrowers in question, and of guarantees and securities granted by the credit organization to the borrower or group of related borrowers.

## **Article 64**

The maximum size of large credit risks shall be established as a percentage correlation between the total amount of large risks and the internal resources of the credit organization.

A large credit risk shall be an amount of credits, guarantees and securities in the favour of one client in excess of 5 per cent of the internal resources of the credit organization.

The maximum size of large credit risks may not exceed 25 per cent of the internal resources of the credit organization.

The Bank of Russia shall have the right to maintain a register of large credit risks of credit organizations.

## **Article 65**

The maximum risk for one creditor (depositor) of a credit organization shall be established as a percentage correlation between the size of the deposit or credit received, guarantees and securities received and the balances of the accounts of one or several related creditors (depositors), and the internal resources of the credit organization.

## **Article 66**

The liquidity norms for a credit organization shall be defined as:

- the correlation between its assets and liabilities taking into account the time periods, amounts and types of the assets and liabilities and other factors;
- the correlation between its liquid assets (cash, demand claims, short-term securities, other liquid assets) and total assets.

#### **Article 67**

Norms for the sufficiency of capital shall be defined as the maximum correlation between the total amount of internal resources of a credit organization and the amount of its assets as weighted according to the level of risk.

#### **Article 68**

The maximum amount of monetary deposits attracted from individuals shall be defined as a maximum correlation between the total amount of the monetary deposits of individuals and the amount of the bank's internal resources (capital).

#### **Article 69**

The norms for the use of the internal resources of credit organizations to acquire a share interest (shares) in other legal entities shall be established in the form of a percentage correlation between the amount of invested and internal resources of the credit organization.

The size of the norm for the use of internal resources to acquire a share interest (shares) may not exceed 25 per cent of the internal resources of the credit organization.

#### **Article 70**

The Bank of Russia shall regulate the size of and procedure for accounting for the open position of credit organizations in respect of currency, interest and other financial risks.

#### **Article 71**

The Bank of Russia shall determine the procedure for the formation and the size of reserves (funds) of credit organizations which are formed before taxation against possible losses on loans, to cover currency, interest and other financial risks and to insure the deposits of individuals in accordance with federal laws.

#### **Article 72**

The maximum amount of credits, guarantees and securities provided by a bank to its participants (shareholders) shall be defined as a percentage of the bank's internal resources.

This norm may not exceed 20 per cent.

#### **Article 73**

The Bank of Russia shall establish methods for determining internal resources, assets, liabilities and the amount of risk relating to assets for each norm, taking into account international standards and consultations with banks

The Bank of Russia shall have the right to establish differentiated norms and methods for calculating them for different types of banks and other credit organizations.

The Bank of Russia shall make official announcements of changes in norms and the methods for calculating them not later than one month before they are brought into effect.

## **Article 74**

For the purpose of carrying out its functions with respect to banking supervision and regulation, the Bank of Russia shall conduct inspections of credit organizations and their branches, send them binding instructions to rectify violations discovered in their activity and apply the sanctions stipulated by federal law against violators.

Audits may be carried out by representatives of the Bank of Russia authorized by the Board of Directors or, on its instructions, by auditing firms.

Representatives of the Bank of Russia authorized by the Board of Directors shall have the right to receive and inspect reports and other documents of credit organizations and, where necessary, make copies of relevant documents.

The procedure for conducting audits of credit organizations, including the definition of the obligations of credit organizations with respect to assistance in the conduct of audits, shall be determined by the Board of Directors.

## **Article 75**

In the event that credit organizations violate federal laws, normative acts and instructions of the Bank of Russia, fail to provide information or provide incomplete or inaccurate information, the Bank of Russia shall have the right to require the credit organization to rectify the revealed violations and to exact a fine in the amount of up to one tenth of a per cent of the size of the minimum charter capital or restrict the conduct of certain operations for a period of up to six months.

In the event of a failure to fulfil instructions to rectify violations within the time limit which has been established by the Bank of Russia, and in the event that these violations or operations carried out by credit organizations have created a real threat to the interests of creditors (depositors), the Bank of Russia shall have the right:

- 1) to exact a fine on the credit organization of up to 1 per cent of the size of the paid-in charter capital, but not more than 1 per cent of the minimum size of the charter capital;
- 2) to require the credit organization:
  - a) to take measures to improve the financial position of the credit organization, including alteration of the structure of assets;
  - b) to replace the managers of the credit organization;
  - c) to re-organize the credit organization;
- 3) to alter the mandatory norms for the credit organization for a period of up to six months;
- 4) to prohibit the credit organization from carrying out certain banking operations envisaged by its licence for a period of up to one year, and from opening branches for a period of up to one year;
- 5) to appoint a temporary administration to manage the credit organization for a period of up to 18 months;
- 6) to revoke the licence to carry out banking transactions in accordance with the procedure which is stipulated

by federal laws.

## **Article 76**

The Bank of Russia shall analyse the activities of credit organizations with the object of revealing situations which threaten the lawful interests of creditors (depositors) and the stability of the banking system as a whole.

Should such situations arise, the Bank of Russia shall have the right to take the measures stipulated in Article 75 of this Federal Law and, by decision of the Board of Directors, to take measures to improve the financial position of credit organizations.

## **CHAPTER XI RELATIONS WITH CREDIT ORGANIZATIONS**

### **Article 77**

The Bank of Russia shall interact with credit organizations and associations and unions thereof, hold consultations with them before taking highly important decisions of a normative nature, provide necessary explanations, and consider proposals on issues relating to the regulation of banking activity.

### **Article 78**

For the purposes of interacting with credit organizations, the Bank of Russia shall have the right to create, and invite representatives of credit organizations to take part in, committees and working groups functioning on a voluntary basis to study particular banking issues.

### **Article 79**

The Bank of Russia shall not bear liability for the obligations of credit organizations except where the Bank of Russia assumes such obligations, and credit organizations shall not bear liability for the obligations of the Bank of Russia except where credit organizations assume such obligations.

## **CHAPTER XII THE ORGANIZATION OF NON-CASH SETTLEMENTS**

### **Article 80**

The Bank of Russia shall be a body which co-ordinates, regulates and licenses the organization of settlement, including clearing, systems in the Russian Federation.

The Bank of Russia shall establish the rules, forms, time periods and standards for carrying out non-cash settlements.

The total time for non-cash settlements should not exceed two operating days within the boundaries of a constituent entity of the Russian Federation, or five operating days within the Russian Federation as a whole.

### **Article 81**

The Bank of Russia shall carry out interbank settlements via its institutions.

### **Article 82**

Foreign currency may be used as a medium of payment when effecting non-cash settlements for goods and services only in the instances which are established by federal laws.

## **CHAPTER XIII THE ORGANIZATIONAL PRINCIPLES OF THE BANK OF RUSSIA**

### **Article 83**

The Bank of Russia shall form a unified centralized system with a vertical management structure.

The system of the Bank of Russia shall include the central apparatus, territorial institutions, settlement and cash centres, computer centres, field institutions, educational institutions and other enterprises, institutions and organizations, including security subdivisions and the Russian Collection Association which are necessary for carrying out the activities of the Bank of Russia.

The National Banks of republics shall be territorial institutions of the Bank of Russia.

### **Article 84**

Territorial institutions of the Bank of Russia shall not have the status of a legal entity and shall not have the right to adopt decisions of a normative nature or issue guarantees and securities, bills of exchange or other debt obligations without the permission of the Board of Directors.

The tasks and functions of territorial institutions of the Bank of Russia shall be determined by the Statute Concerning Territorial Institutions of the Bank of Russia, as approved by the Board of Directors.

### **Article 85**

By decision of the Board of Directors, territorial institutions of the Bank of Russia may be established for economic regions which combine the territories of several constituent entities of the Russian Federation.

### **Article 86**

Field institutions of the Bank of Russia shall carry out banking operations in accordance with this Federal Law, other federal laws and normative acts of the Bank of Russia.

Field institutions of the Bank of Russia shall be deemed to be military institutions and shall be guided in their activities by military charters and the Statute Concerning Field Institutions of the Bank of Russia, as approved by a joint decision of the Bank of Russia and the Ministry of Defence of the Russian Federation.

The purpose of field institutions is to provide banking services to military units, institutions and organizations of the Ministry of Defence of the Russian Federation and other State bodies and legal entities which guarantee the security of the Russian Federation, and to physical persons who reside in the territories of entities which are served by field institutions in those instances where the establishment and functioning of territorial institutions of the Bank of Russia is not possible.

### **Article 87**

The Bank of Russia may be liquidated only following the adoption of an appropriate federal law.

The law concerning the liquidation of the Bank of Russia shall also define the procedure for the use of its assets.

## CHAPTER XIV EMPLOYEES OF THE BANK OF RUSSIA

### Article 88

The conditions of recruitment, dismissal and labour payment, the employment duties and rights and the system of disciplinary penalties for employees of the Bank of Russia shall be determined by the Board of Directors in accordance with federal laws.

### Article 89

The Board of Directors shall create a pension fund for supplementary pension provision for employees of the Bank of Russia, and organize life and medical insurance for employees.

### Article 90

Employees of the Bank of Russia, according to the list of duties approved by the Board of Directors:

- shall not have the right to hold more than one office or work on the basis of a contractual agreement (with the exception of teaching and scientific research activity);
- shall not have the right to hold positions in credit and other organizations;
- shall be obliged to inform the Board of Directors in writing within ten days of acquiring a share interest (shares) in credit organizations.

### Article 91

Employees of the Bank of Russia which hold offices, the list of which has been approved by the Board of Directors, may obtain credits for personal needs only from the Bank of Russia.

### Article 92

Employees of the Bank of Russia shall not have the right to divulge information concerning the activity of the Bank of Russia without the permission of the Board of Directors.

## CHAPTER XV AUDIT OF THE BANK OF RUSSIA

### Article 93

The State Duma shall, before the end of the accounting year, adopt a decision concerning the audit of the Bank of Russia and designate an auditing firm which has a licence to engage in bank audits in the territory of the Russian Federation.

### Article 94

The Bank of Russia shall be obliged, in accordance with the agreement concluded with the auditing firm, to provide such reports and information as are necessary for the audit to be carried out.

The audit agreement must stipulate the volume of information to be supplied to the auditing firm and its liability for transferring the information received to third parties.

The fees of the auditing firm for the audit of the Bank of Russia shall be paid from the internal resources of the Bank of Russia.

## **Article 95**

The internal audit of the Bank of Russia shall be conducted by the chief auditor's department which is directly subordinate to the Chairman of the Bank of Russia.

**Chairman of the Supreme Soviet of the RSFSR B.N. Yeltsin**

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