

RUSSIAN FEDERATION

FEDERAL LAW

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

(as amended by Federal Laws No. 5-FZ of January 10, 2003; No. 180-FZ of December 23, 2003; No. 58-FZ of June 29, 2004; No. 97-FZ of July 29, 2004; No. 61-FZ of June 18, 2005; No. 90-FZ of July 18, 2005; No. 60-FZ of May 3, 2006; No. 85-FZ of June 12, 2006; No. 246-FZ of December 29, 2006; No. 247-FZ of December 29, 2006; No. 24-FZ of March 2, 2007; No. 63-FZ of April 26, 2007; No. 171-FZ of October 13, 2008; No. 174-FZ of October 13, 2008; No. 176-FZ of October 27, 2008; No. 274-FZ of December 25, 2008; No. 276-FZ of December 25, 2008; No. 317-FZ of December 30, 2008; No. 192-FZ of July 19, 2009; No. 281-FZ of November 25, 2009; No. 291-FZ of November 3, 2010; No. 10-FZ of February 7, 2011; No. 162-FZ of June 27, 2011; No. 285-FZ of October 19, 2011; No. 327-FZ of November 21, 2011; No. 231-FZ of December 3, 2012; No. 266-FZ of December 25, 2012; No. 282-FZ of December 29, 2012; No. 29-FZ of March 14, 2013; No. 41-FZ of April 5, 2013; No. 102-FZ of May 7, 2013; No. 146-FZ of July 2, 2013; No. 184-FZ of July 2, 2013; No. 185-FZ of July 2, 2013; No. 251-FZ of July 23, 2013; No. 335-FZ of December 2, 2013; No. 375-FZ of December 21, 2013; No. 379-FZ of December 21, 2013 (01.07.2014); No. 410-FZ of December 28, 2013)

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 fulfil 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 rouble 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;
(in the wording of Federal Law No. 162-FZ, dated June 27, 2011)
to develop the financial market of the Russian Federation;
(this paragraph was introduced by Federal Law No. 251-FZ, dated July 23, 2013)
to ensure stability of the financial market of the Russian Federation.
(this paragraph was introduced by Federal Law No. 251-FZ, dated July 23, 2013)

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

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

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

1¹) 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;
(point 1¹ was introduced by Federal Law No. 251-FZ, dated July 23, 2013)

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

2¹) it shall approve the graphic representation of the rouble as a sign; *(point 2¹ was introduced by Federal Law No. 85-FZ, dated June 12, 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;

4¹) it shall exercise supervision and oversight function over the national payment system;

(point 4¹ was introduced by Federal Law No. 162-FZ, dated June 27, 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 organising 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;

8¹) it shall adopt decisions on the state registration of non-government pension funds;

(point 8¹ was introduced by Federal Law No. 410-FZ, dated December 28, 2013)

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

9¹) it shall exercise regulation, control and supervision over the activities of non-credit financial institutions in compliance with federal laws;

(point 9¹ was introduced by Federal Law No. 251-FZ, dated July 23, 2013)

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

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

10¹) it shall exercise control and supervision over the observance by issuers of the requirements of Russian Federation legislation on joint-stock companies and securities;

(point 10¹ was introduced by Federal Law No. 251-FZ, dated July 23, 2013)

10²) it shall exercise regulation, control and supervision in the area of corporate relations in joint-stock companies;

(point 10² was introduced by Federal Law No. 251-FZ, dated July 23, 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 fulfilment 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;

In accordance with Federal Law No. 251-FZ, dated July 23, 2013, the provisions of point 14 of Article 4 as regards the approval by the Bank of Russia of sectoral accounting standards for non-credit financial institutions shall apply from January 1, 2015.

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;
(point 14 in the wording of Federal Law No. 251-FZ, dated July 23, 2013)

In accordance with Federal Law No. 251-FZ, dated July 23, 2013, Article 4 will be supplemented from January 1, 2016, with point 14¹ to read as follows:

14¹) it shall approve a chart of accounts for the accounting of non-credit financial institutions and the procedure for its application;

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

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

161) 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;
(point 16¹ was introduced by Federal Law No. 285-FZ, dated October 19, 2011)

162) it shall compile official statistical data on direct investment in the Russian Federation and direct investment of the Russian Federation abroad in compliance with Russian Federation legislation;
(point 16² was introduced by Federal Law No. 251-FZ, dated July 23, 2013)

163) it shall develop on its own a statistical methodology of direct investment in the Russian Federation and direct investment of the Russian Federation abroad and a list of respondents, approve the procedure for them to provide primary statistical data on direct investment, including the forms of federal statistical observation;
(point 16³ was introduced by Federal Law No. 251-FZ, dated July 23, 2013)

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

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

(point 18 in the wording of Federal Law No. 251-FZ, dated July 23, 2013)

181) 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;

(point 18¹ was introduced by Federal Law No. 97-FZ, dated July 29, 2004)

182) it shall be the depository of the IMF rouble-denominated funds and it shall conduct operations and transactions stipulated by the IMF Articles of Agreement and the agreements concluded with the IMF;

(point 18² was introduced by Federal Law No. 291-FZ, dated November 3, 2010)

183) 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;

(point 18³ was introduced by Federal Law No. 251-FZ, dated July 23, 2013)

184) 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;

(point 18⁴ was introduced by Federal Law No. 251-FZ, dated July 23, 2013)

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

Article 4¹. 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 4¹ was introduced by Federal Law No. 251-FZ, dated July 23, 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;

(in the wording of Federal Law No. 251-FZ, dated July 23, 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;

(in the wording of Federal Law No. 251-FZ, dated July 23, 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 release in the official publication of the Bank of Russia, The Bank of Russia Bulletin, except for the cases stipulated by the Board of Directors. Bank of Russia normative acts shall not be retroactive.

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 in the wording of Federal Law No. 58-FZ, dated June 29, 2004)

State registration shall not be required for Bank of Russia normative acts establishing:

the exchange rates of foreign currencies against the rouble;

changes in interest rates;

reserve requirements;

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;

(in the wording of Federal Law No. 251-FZ, dated July 23, 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;

(in the wording of Federal Law No. 251-FZ, dated July 23, 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 6 in the wording of Federal Law No. 58-FZ, dated June 29, 2004)

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

In accordance with Article 49 of Federal Law No. 251-FZ, dated July 23, 2013, the Bank of Russia shall not be entitled to participate in the capital of the open joint-stock company “Moscow Exchange MICEX-RTS” and the closed-end joint-stock company “St Petersburg Currency Exchange” from January 1, 2016, except for the cases stipulated by Article 39 of this document.

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.

(Article 8 in the wording of Federal Law No. 176-FZ, dated October 27, 2008)

Article 9. The Bank of Russia may participate in the capital of international organisations that promote monetary, foreign exchange and banking co-operation and co-operation 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 co-operation and co-operation in other areas of the financial market, including co-operation 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 in the wording of Federal Law No. 251-FZ, dated July 23, 2013)

Chapter II. Bank of Russia Capital

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

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 Article 46 of this Federal Law and income from the participation in the capital of credit institutions and the expenses relating to the fulfilment by the Bank of Russia of its functions stipulated in Article 4 of this Federal Law.

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

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

(part one in the wording of Federal Law No. 251-FZ, dated July 23, 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 in the wording of Federal Law No. 251-FZ, dated July 23, 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 in the wording of Federal Law No. 251-FZ, dated July 23, 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 in the wording of Federal Law No. 251-FZ, dated July 23, 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 in the wording of Federal Law No. 251-FZ, dated July 23, 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 in the wording of Federal Law No. 251-FZ, dated July 23, 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 in the wording of Federal Law No. 251-FZ, dated July 23, 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 in the wording of Federal Law No. 251-FZ, dated July 23, 2013)

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

(part nine in the wording of Federal Law No. 251-FZ, dated July 23, 2013)

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

(part ten in the wording of Federal Law No. 251-FZ, dated July 23, 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 in the wording of Federal Law No. 251-FZ, dated July 23, 2013)

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

(part twelve in the wording of Federal Law No. 251-FZ, dated July 23, 2013)

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

(part one in the wording of Federal Law No. 251-FZ, dated July 23, 2013)

- 1) considering Bank of Russia annual reports;
- 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;

(point four in the wording of Federal Law No. 251-FZ, dated July 23, 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;

(in the wording of Federal Law No. 184-FZ, dated July 2, 2013, and Federal Law No. 251-FZ, dated July 23, 2013)

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

ensuring stability and development of the national payment system;
(in the wording of Federal Law No. 162-FZ, dated June 27, 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;

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

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

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;

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

10¹) considering the policy submitted by the Board of Directors for preventing, detecting and managing conflicts of interests in the process of the fulfilment by the Bank of Russia of its functions stipulated by federal laws and giving recommendations on this policy;

(point 10¹ was introduced by Federal Law No. 251-FZ, dated July 23, 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 Russia¹²

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.

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

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 in the wording of Federal Law No. 251-FZ, dated July 23, 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 fulfil 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 of December 25, 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.

(this paragraph was introduced by Federal Law No. 231-FZ, dated December 3, 2012, in the wording of Federal Law No. 102-FZ, dated May 7, 2013)

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

(part one in the wording of Federal Law No. 251-FZ, dated July 23, 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 in the wording of Federal Law No. 251-FZ, dated July 23, 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 of December 25, 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.

(this paragraph was introduced by Federal Law No. 231-FZ, dated December 3, 2012, in the wording of Federal Law No. 102-FZ, dated May 7, 2013)

Article 15¹. 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 of December 25, 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 15¹ was introduced by Federal Law No. 231-FZ of December 3, 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 deputising 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 in the wording of Federal Law No. 251-FZ, dated July 23, 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 in the wording of Federal Law No. 251-FZ, dated July 23, 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 45³ 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;

(point 1 in the wording of Federal Law No. 251-FZ, dated July 23, 2013)

1¹) it shall consider the issues of developing the financial market of the Russian Federation;

(point 1¹ was introduced by Federal Law No. 251-FZ, dated July 23, 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;

(point 2 in the wording of Federal Law No. 251-FZ, dated July 23, 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;

(point 3 in the wording of Federal Law No. 251-FZ, dated July 23, 2013)

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:

(in the wording of Federal Law No. 251-FZ, dated July 23, 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 point 4 of this Article;

(point five in the wording of Federal Law No. 251-FZ, dated July 23, 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 point 4 of this Article, no later than December 31 of the preceding year;

(point six in the wording of Federal Law No. 251-FZ, dated July 23, 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 point 3 of Article 13 of this Federal Law;

(point seven in the wording of Federal Law No. 251-FZ, dated July 23, 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;

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

on the amount of reserve requirements; 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 July 29, 2004)*

on the placement of Bank of Russia bonds;

(this paragraph was introduced by Federal Law No.61-FZ, dated June 18, 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 is introduced by Federal Law No. 176-FZ, dated October 27, 2008)

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 November 3, 2010);

on the extension of an unsecured 5-year loan to the state corporation Deposit Insurance Agency to replenish the mandatory deposit insurance fund;

(this paragraph was introduced by Federal Law No. 335-FZ of December 2, 2013.

Federal Law No. 335-FZ of December 2, 2013 shall come into force 120 days after the date of the official publication (December 3, 2013) at the web portal of legal information at: <http://www.pravo.gov.ru>).

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;

(point 12 in the wording of Federal Law No. 251-FZ, dated July 23, 2013)

13) it shall approve the Bank of Russia structure, the provisions on Bank of Russia units and divisions, the charters of Bank of Russia organisations and the procedure for appointing heads of Bank of Russia units and divisions;

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;

(point 16 in the wording of Federal Law No. 251-FZ, dated July 23, 2013)

In accordance with Federal Law No. 251-FZ, dated July 23, 2013, the provisions of point 16¹ of Article 18 as regards the approval by the Bank of Russia of sectoral accounting standards for non-credit financial institutions shall apply from January 1, 2015.

161) 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;

(point 16¹ was introduced by Federal Law No. 251-FZ, dated July 23, 2013)

In accordance with Federal Law No. 251-FZ, dated July 23, 2013, Article 18 will be supplemented from January 1, 2016, with point 16² to read as follows:

162) it shall approve a chart of accounts for the accounting of non-credit financial institutions and the procedure for its application;

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

~~*(in the wording of Federal Law No. 251-FZ, dated July 23, 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;

(in the wording of Federal Law No. 251-FZ, dated July 23, 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;

171) it shall approve the decision to issue (launch an additional issue of) Bank of Russia bonds;

(point 17¹ was introduced by Federal Law No. 61-FZ, dated June 18, 2005)

172) 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;

(point 17² was introduced by Federal Law No. 251-FZ, dated July 23, 2013)

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

The decisions of the Board of Directors concerning changes in interest rates, the level of reserve requirements and compulsory standards for credit institutions and banking groups and non-credit financial institutions, direct quantitative restrictions, 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 and the withdrawal from circulation of old Bank of Russia banknotes and coins and the procedure for creating reserves by credit institutions and non-credit financial institutions shall be officially published in the Bank of Russia official publication, *The Bank of Russia Bulletin*, within 10 days of such decisions being adopted.

(part two in the wording of Federal Law No. 251-FZ, dated July 23, 2013)

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 not 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 deputising 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;

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 fulfils 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.

(point 8 in the wording of Federal Law No. 251-FZ, dated July 23, 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;

(point 9 was introduced by Federal Law No. 24-FZ, dated March 2, 2007, in the wording of Federal Law No. 251-FZ, dated July 23, 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.

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

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

Article 21. To fulfil 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 in the wording of Federal Law No. 176-FZ, dated October 27, 2008)

The Bank of Russia and the Russian Federation Government shall inform each other about their plans of action of national importance, co-ordinate 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 in the wording of Federal Law No. 251-FZ, dated July 23, 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 July 23, 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 January 1 to December 31 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;

(in the wording of Federal Law No. 251-FZ, dated July 23, 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.

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

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

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 October 27, 2008, in the wording of Federal Law No. 327-FZ, dated November 21, 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 in the wording of Federal Law No. 251-FZ, dated July 23, 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 July 15 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 50 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.

Federal Law No. 245-FZ, dated September 30, 2010 (in the wording of Federal Law No. 268-FZ, dated December 25, 2012) shall suspend until January 1, 2016, Part 1 of Article 26 in

relation to the percentage of actual annual profit transferred to the federal budget by the Bank of Russia after the payment of taxes and duties pursuant to the Tax Code of the Russian Federation.

It is enacted that 75 per cent of profit actually received by the Bank of Russia in 2010, 2011, 2012, 2013 and 2014 and remaining after the payment of taxes and duties pursuant to the Tax Code of the Russian Federation shall be transferred by the Bank of Russia to the federal budget after approval of its annual financial statements by the Board of Directors.

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 July 23, 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 26¹ 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 26¹ was introduced by Federal Law No. 176-FZ, dated October 27, 2008, in the wording of Federal law No. 327-FZ, dated November 21, 2011)

Chapter VI. Cash Management

Article 27. The rouble 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 rouble 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 fulfil 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;

(in the wording of Federal Law No. 10-FZ, dated February 7, 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.

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

Article 34¹. The principal objective of the Bank of Russia's monetary policy shall be to protect and ensure stability of the rouble by way of maintaining price stability, including for the creation of conditions for balanced and sustainable economic development.

(Article 34¹ was introduced by Federal law No. 251-FZ, dated July 23, 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) ratios of required reserves deposited with the Bank of Russia (reserve requirements);
- 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.

(point 9 was introduced by Federal Law No. 251-FZ, dated July 23, 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 the required reserves as a percentage of a credit institution's obligations (required reserve ratio) and the procedure for depositing the required reserves with the Bank of Russia shall be established by the Board of Directors.

The required reserve ratios may not exceed 20 per cent of a credit institution's obligations and may be different for various credit institutions.

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

Should a credit institution violate a required reserve ratio, the Bank of Russia shall be entitled to incontestably write down the amount underpaid from the credit institution's account in the Bank of Russia and charge the credit institution a penalty by legal procedure in the 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 the 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 account of the liquidation commission (liquidator) or receiver 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 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.

(point 2 in the wording of Federal Law No. 327-FZ, dated November 21, 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 in the wording of Federal Law No. 281-FZ, dated November 25, 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 rouble 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 in the wording of Federal Law No. 61-FZ, dated June 18, 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 in the wording of Federal Law No. 192-FZ, dated July 19, 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 fulfilment 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 September 1, 2013, in accordance with Federal Law No. 251-FZ, dated July 23, 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 VII¹. Development of Russian Financial Market and Ensuring its Stability

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

Article 45¹. 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 45². 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.

Article 45³. The Bank of Russia shall submit to the State Duma once every three years draft guidelines for developing and ensuring the stable functioning of the financial market of the Russian Federation.

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

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

Chapter VIII. Bank of Russia Banking Operations and Transactions

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:

(this paragraph in the wording of Federal Law No. 410-FZ, dated December 28, 2013)

- 1) to extend loans against securities and other assets;

(point 1 in the wording of Federal Law No. 251-FZ, dated July 23, 2013)

1¹) 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;

(point 1¹ was introduced by Federal Law No. 171-FZ, dated October 13, 2008, in the wording of Federal Law No. 317-FZ, dated December 30, 2008)

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

(point 2 in the wording of Federal Law No. 176-FZ, dated October 27, 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 roubles and to transfer funds on behalf of foreign central (national) banks to their accounts.

(part three in the wording of Federal Law No. 266-FZ of December 25, 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 February 7, 2011)

The Bank of Russia shall be entitled by a decision of the Board of Directors to extend an unsecured 5-year loan to the state corporation Deposit Insurance Agency to ensure the financial sustainability of the deposit insurance system and deposit compensation payments.

(part five was introduced by Federal Law No. 335-FZ of December 2, 2013.

Federal Law No. 335-FZ of December 2, 2013 shall come into force 120 day after the date of the official publication (December 3, 2013) at the web portal of legal information at: <http://www.pravo.gov.ru>)

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.

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 3 and Part 5 of Article 46 and Article 48 of this Federal Law;

(point 1 in the wording of Federal Law No. 291-FZ, dated November 3, 2010, Federal Law No. 335-FZ, dated December 2, 2013)

Federal Law No. 335-FZ of December 2, 2013 shall come into force 120 days after the date of the official publication (December 3, 2013) at the web portal of legal information at: <http://www.pravo.gov.ru>)

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;
(point 2 in the wording of Federal Law No. 176-FZ, dated October 27, 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.

(point 5 in the wording of Federal Law No. 251-FZ, dated July 23, 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 judgement passed in criminal case proceedings.

(part two in the wording of Federal Law No. 146-FZ, dated July 2, 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 July 2, 2013)

Article 51¹. 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) A multilateral memorandum of understanding concerning consultation and cooperation and the exchange of information of the International Organisation of Securities Commissions;
- 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 two³⁴

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 judgement passed in criminal case proceedings.

(Article 51¹ was introduced by Federal Law No. 251-FZ, dated July 23, 2013)

Article 52. The Bank of Russia shall issue permits for the establishment of credit institutions with foreign investments and accredit representative offices of credit institutions of foreign states in the Russian Federation in accordance with the procedure established by federal laws.

(part one in the wording of Federal Law No. 29-FZ, dated March 14, 2013)

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 currency against the rouble.

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 December 10, 2003, "On Foreign Exchange Regulation and Foreign Exchange Control," and other federal laws.

(in the wording of Federal Law No.90-FZ, dated July 18, 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 in the wording of Federal Law No. 146-FZ, dated July 2, 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 in the wording of Federal Law No. 251-FZ, dated July 23, 2013)

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

(part four in the wording of Federal Law No. 276-FZ, dated December 25, 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, accounting and reporting, compiling and presenting accounting (financial) 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 rules 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 rules are published.
(part one in the wording of Federal Law No. 146-FZ, dated July 2, 2013)

To fulfil 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.
(part two in the wording of Federal Law No. 146-FZ, dated July 2, 2013)

In accordance with Federal Law No. 146-FZ, dated July 2, 2013, part three has been null and void from January 1, 2014.

To compile banking and monetary statistics, the balance of payments and financial account of the Russian Federation in the system of national accounts, as well as 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 and their regional branches and legal entities.
(part four in the wording of Federal Law No. 285-FZ, dated October 19, 2011)

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 57¹. 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 the risk management service, the head of the internal audit service and the head of internal controls of credit institutions or the parent credit institution of a banking group.
(Article 57¹ was introduced by Federal Law No. 146-FZ, dated July 2, 2013)

Article 57². 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 risk³⁷

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 57² was introduced by Federal Law No. 146-FZ, dated July 2, 2013)

Article 57³. 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 57³ was introduced by Federal Law No. 146-FZ, dated July 2, 2013)

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 stipulated³⁸

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 fulfil 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 second in the wording of Federal Law No. 410-FZ, dated December 28, 2013)

Article 60. The Bank of Russia shall be entitled to set qualification requirements and requirements for the business reputation of a one-man executive body and his deputies, 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 and candidates for these positions, and also the requirements for the business reputation of members of a board of directors (supervisory board) of a credit institution and candidates for these positions, private individuals and legal entities acquiring more than 10 per cent (owning more than 10 per cent) of shares (stakes) of a credit institution or performing a transaction (transactions) aimed at establishing control (or exercising control) over shareholders (members) of a credit institution, 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, in compliance with the criteria defined by Article 16 of the Federal Law "On Banks and Banking Activities".

The Bank of Russia shall be entitled in accordance with the procedure prescribed by it to assess compliance with the requirements established by the Federal Law "On Banks and Banking Activities" for the qualification and business reputation of persons holding the positions 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 or being candidates for these positions, and also the requirements for the business reputation of members of a board of directors (supervisory board) of a credit institution and candidates for these positions, private individuals and legal entities acquiring more than 10 per cent (owning more than 10 per cent) of shares (stakes) of a credit institution or performing a transaction (transactions) aimed at establishing control (or exercising control) over

shareholders (members) of a credit institution, 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 person³⁹

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.

The Bank of Russia shall have the right to request and receive free of charge information from the federal bodies of executive power and their regional branches and legal entities, permitting to assess compliance with the requirements for the business reputation of persons holding the positions 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 or being candidates for these positions, and also the requirements for the business reputation of members of a board of directors (supervisory board) of a credit institution and candidates for these positions, private individuals and legal entities acquiring more than 10 per cent (owning more than 10 per cent) of shares (stakes) of a credit institution or performing a transaction (transactions) aimed at establishing control (or exercising control) over shareholders (members) of a credit institution, 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, and the criteria defined by Article 16 of the Federal Law "On Banks and Banking Activities".

The Bank of Russia shall have the right to demand the replacement of persons holding the positions specified in parts 4 and 6 of Article 11¹ of the Federal Law "On Banks and Banking Activities", in the event of their failure to comply with the qualification requirements and the requirements for business reputation established by Article 16 of the Federal Law "On Banks and Banking Activities".

(Article 60 in the wording of Federal Law No. 146-FZ, dated July 2, 2013)

Article 61. Unless otherwise provided by federal laws, any acquisition of more than one per cent of shares (stakes) of a credit institution by a legal entity or private individual as a result of one or several transactions (except for cases when shares (stakes) of a credit institution are acquired at its foundation) and/or their receipt to trust management (hereinafter referred to as acquisition) shall require that the Bank of Russia be notified, and more than 10 per cent the latter's prior consent.

(part one in the wording of Federal Law No. 146-FZ, dated July 2, 2013)

Bank of Russia's prior consent is required to be received in accordance with the procedure established by this Article also in case of the acquisition of:

1) more than 10 per cent of shares of a credit institution but no more than 25 per cent of shares;

2) more than 10 per cent of stakes of a credit institution but no more than

one-third of stakes;

3) more than 25 per cent of shares of a credit institution but no more than 50 per cent of shares;

4) more than one-third of stakes of a credit institution but no more than 50 per cent of stakes;

5) more than 50 per cent of shares of a credit institution but no more than 75 per cent of shares;

6) more than 50 per cent of stakes of a credit institution but no more than two-thirds of stakes;

7) more than 75 per cent of shares of a credit institution;

8) more than two-thirds of stakes of a credit institution.

(part two was introduced by Federal Law No. 146-FZ, dated July 2, 2013)

Bank of Russia's prior consent is also required when a legal entity or private individual as a result of one or several transactions establishes direct or indirect (via third parties) control over shareholders (members) of a credit institution owning more than 10 per cent of shares (stakes) of such credit institution (hereinafter referred to as establishing control over shareholders (members) of a credit institution).

(part three in the wording of Federal Law No. 146-FZ, dated July 2, 2013)

Requirements set forth by this Article are also applied to the cases when a group of persons acknowledged as such pursuant to Federal Law No. 135-FZ of July 26, 2006, "On the Protection of Competition" acquires more than one per cent of shares (stakes) of a credit institution, more than 10 per cent of shares (stakes) of a credit institution and/or establishes control over shareholders (members) of a credit institution.

(part four in the wording of Federal Law No. 146-FZ, dated July 2, 2013)

No later than 30 days after the receipt of an application for Bank of Russia consent for acquiring more than 10 per cent of shares (stakes) of a credit institution and/or consent to establish control over the shareholders (members) of a credit institution, the Bank of Russia shall notify the applicant in writing of its decision – consent or refusal. Should the Bank of Russia fail to make known of its decision within the term specified, the corresponding transaction(s) shall be deemed to be approved.

(part five in the wording of Federal Law No. 146-FZ, dated July 2, 2013)

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

In cases stipulated by federal laws, Bank of Russia consent for the acquisition of more than 10 per cent of shares (stakes) of a credit institution and/or establishing control over shareholders (members) of a credit institution can be obtained after completion of the corresponding transaction (hereinafter referred to as the subsequent consent).

(part seven in the wording of Federal Law No. 146-FZ, dated July 2, 2013)

The procedure for obtaining Bank of Russia prior and subsequent consents for the acquisition of more than 10 per cent of shares (stakes) of a credit institution and/or establishing control over shareholders (members) of a credit institution and procedure for notifying the Bank of Russia of acquisition of more than one per cent of shares (stakes) of a credit institution are established by federal laws and Bank of Russia regulations issued in line with these laws.

(part eight in the wording of Federal Law No. 146-FZ, dated July 2, 2013)

As part of fulfilling its supervisory functions, the Bank of Russia shall be entitled according to its procedure:

1) to request and receive information on the financial position and business reputation of legal entities and private individuals acquiring more than 10 per cent of shares (stakes) of a credit institution and persons performing a transaction (transactions) aimed at establishing control over shareholders (members) of a credit institution, information on the business reputation of a person fulfilling the functions of a one-man executive body of a legal entity acquiring 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 over shareholders (members) of a credit institution, to set requirements for the financial position and the procedure for assessing the business reputation of the said persons, and also to withhold its consent for the performance of a transaction (transactions) aimed at the acquisition of more than 10 per cent of shares (stakes) of a credit institution and/or establishing control over shareholders (members) of a credit institution, in case of revealing the unsatisfactory financial position and the facts of the unsatisfactory business reputation of the acquirers and persons establishing control over shareholders (members) of a credit institution, the facts of the unsatisfactory business reputation of a person fulfilling the functions of a one-man executive body of a legal entity acquiring 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 over shareholders (members) of a credit institution, and in other cases envisaged by federal laws and Bank of Russia regulations issued in line with these laws;

2) to request and receive information on the financial position and business reputation of legal entities owning more than 10 per cent of shares (stakes) of a credit institution and (or) legal entities exercising control over shareholders (members) of a credit institution, information on the business reputation of a person fulfilling the functions of a one-man executive body of a shareholder (member) of a credit institution and (or) a person fulfilling the functions of a one-man executive body of an entity exercising control over shareholders (members)⁴²

of a credit institution, to set requirements for the financial position and the procedure for assessing the business reputation of the said persons, and also to request and receive information on the business reputation of private individuals owning more than 10 per cent of shares (stakes) of a credit institution or exercising control over shareholders (members) of a credit institution, and to set the procedure of assessing the business reputation of the said persons.

(part nine in the wording of Federal Law No. 146-FZ, dated July 2, 2013)

Within 30 days after revealing the unsatisfactory financial position and (or) the facts of the unsatisfactory business reputation of legal entities owning more than 10 per cent of shares (stakes) of a credit institution or exercising control over shareholders (members) of a credit institution, the facts of the unsatisfactory business reputation of private individuals owning more than 10 per cent of shares (stakes) of a credit institution or exercising control over shareholders (members) of a credit institution, the facts of the unsatisfactory business reputation of a person fulfilling the functions of a one-man executive body of a legal entity being a shareholder (member) of a credit institution and 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 exercising control over shareholders (members) of a credit institution, the Bank of Russia shall send the said persons an instruction ordering to eliminate the violations indicated in this Article or reduce the participation of the said shareholders (members) in the authorised capital of a credit institution to the size of no more than 10 per cent of shares (stakes) of the credit institution, or perform a transaction (transactions) aimed at terminating control over shareholders (members) of the credit institution (hereinafter referred to as the instruction in this Article).

(part ten was introduced by Federal Law No. 146-FZ, dated July 2, 2013)

The copies of the instruction indicated in part ten of this Article shall be sent to the credit institution and the shareholder (member) of the credit institution in relation to whom control is exercised.

(part eleven was introduced by Federal Law No. 146-FZ, dated July 2, 2013)

The persons indicated in part ten of this Article shall be obliged to fulfil the instruction within a term of no more than 90 days after its receipt.

(part twelve was introduced by Federal Law No. 146-FZ, dated July 2, 2013)

From the day the persons indicated in part ten of this Article receive the instruction and to the day of its fulfilment or cancellation, the shareholders (members) specified in part ten of this Article shall have the right to vote only with regard to the shares (stakes) of the credit institution, which do not exceed 10 per cent of the shares (stakes) of the credit institution. The other shares (stakes) owned by the shareholders (members) who have committed a violation and received the instruction, and also those owned by the shareholders (members) in relation to whom control is exercised by the persons who have committed a violation and received the instruction, 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.

(part thirteen was introduced by Federal Law No. 146-FZ, dated July 2, 2013)

The instruction shall be cancelled by the Bank of Russia, if the instruction's requirements are fulfilled. The Bank of Russia shall send an act on cancelling the instruction to the persons specified in parts ten and eleven of this Article, according to the procedure set by the Bank of Russia.

(part fourteen was introduced by Federal Law No. 146-FZ, dated July 2, 2013)

The form of the instruction shall be established by a Bank of Russia normative act.

(part fifteen was introduced by Federal Law No. 146-FZ, dated July 2, 2013)

The Bank of Russia shall be entitled to appeal in court the decisions of a general meeting of shareholders (members) of a credit institution that have been taken in violation of the requirements set by part thirteen of this Article, and the transactions performed in fulfilment of these decisions, if participation in voting with the shares (stakes) indicated in part thirteen of this Article influenced the decisions of the general meeting of shareholders (members) of the credit institution.

(part sixteen was introduced by Federal Law No. 146-FZ, dated July 2, 2013)

In the event of a failure to fulfil the instruction, the Bank of Russia shall have the right to demand in court that participation of the shareholders (members) specified in part ten of this Article be reduced in the authorised capital of the credit institution to the size of no more than 10 per cent of the shares (stakes) of the credit institution or control over the shareholders (members) of the credit institution be terminated.

(part seventeen was introduced by Federal Law No. 146-FZ, dated July 2, 2013)

Part eighteen is null and void in accordance with Federal Law No. 146-FZ, dated July 2, 2013.

The acquisition of shares (stakes) of a credit institution at non-resident expense is regulated by federal laws.

(Article 61 in the wording of Federal Law No. 282-FZ of December 29, 2012)

Article 61¹. 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 61¹ was introduced by Federal Law No. 146-FZ, dated July 2, 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 point has been null and void since January 1, 2007 in accordance with Federal Law No. 60-FZ, dated May 3, 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;

(point 2 in the wording of Federal Law No. 60-FZ, dated May 3, 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) the maximum amount of loans, bank guarantees and sureties provided by a credit institution (a banking group) to its shareholders (members).

In accordance with Federal Law No. 146-FZ, dated July 2, 2013, part one of Article 62 will be supplemented from January 1, 2015, with point eleven to read as follows:

11) maximum risk per person related to a credit institution (a group of persons related to a credit institution).

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

Article 62¹. 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 point 1, part 3 of Article 1 of the Federal Law “On Banks and Banking Activities”:

- 1) the equity (capital) adequacy ratio defined as the ratio between the value of equity (capital) and the value of liabilities to customers as of the latest quarterly reporting date. The equity (capital) adequacy ratio shall be set at the level of 2%;
- 2) the liquidity ratio defined as the ratio between the value of liquid assets with maturities in the next 30 calendar days and the value of liabilities to customers as of the latest quarterly reporting date. The liquidity ratio shall be set at the level of 100%.

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 roubles during a month.

Non-bank credit institutions empowered to make money transfers without opening bank accounts and conduct other related banking operations shall⁴⁵

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 roubles during a month.

The procedure 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.

Non-bank credit institutions empowered to make money transfers without opening bank accounts and conduct other related banking operations shall have the right 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 the public information on the persons who exercise control or considerable influence over them, in accordance with the procedure set by the Bank of Russia for banks registered in the system of insurance of household deposits with Russian banks.

*(part seven in the wording of Federal Law No. 146-FZ, dated July 2, 2013)
(Article 62¹ was introduced by Federal Law No. 162-FZ, dated June 27, 2011)*

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

Article 64. Maximum risk per borrower or a group of related borrowers dependent on one another or being parent and subsidiary shall be established as percentages of the own funds (capital) of a credit institution (banking group) and may not exceed 25 per cent of the own funds (capital) of a credit institution (banking group).

In establishing maximum risk, the entire amount of loans extended by a credit institution to a borrower or a group of related borrowers and the sums of guarantees and warranties granted by a credit institution to a borrower or a group of related borrowers shall be taken into account.

In accordance with Federal Law No. 146-FZ, dated July 2, 2013, Article 64 will have a new wording from January 1, 2015:

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; 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.

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.

In accordance with Federal Law No. 146-FZ, dated July 2, 2013, the document will be supplemented with Article 64¹ from January 1, 2015:

Article 64¹. 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 July 26, 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 judgement. 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 fulfilment (partial fulfilment) 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*49

Supervision Committee, including a statement confirming that the fulfilment (partial fulfilment) 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 judgement 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.

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:

(the paragraph in the wording of Federal Law No. 146-FZ, dated July 2, 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.

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.

(in the wording of Federal Law No. 180-FZ, dated December 23, 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 maximum amount of loans, bank guarantees and warranties granted by a credit institution (banking group) to its members (shareholders) shall be determined as percentages of the own funds (capital) of a credit institution (banking group).

This ratio may not exceed 50 per cent.

In accordance with Federal Law No. 379-FZ, dated December 21, 2013, the document will be supplemented with Article 71¹ from July 1, 2014:

Article 71¹. *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 specialized company.*

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 first in the wording of Federal Law No. 146-FZ, dated July 2, 2013)

The Bank of Russia shall be entitled to establish different ratios and methods for calculating them for various credit institutions.

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, 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 and other reports.

(part four in the wording of Federal Law No. 146-FZ, dated July 2, 2013)

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 the Federal Law “On the Insolvency (Bankruptcy) of Credit Institutions”.

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 December 29, 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 the Federal Law “On the Insolvency (Bankruptcy) of Credit Institutions”. 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 profit⁵²

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 7 was introduced by Federal Law No. 247-FZ, dated December 29, 2006)

Article 72¹. 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 point 2 and point 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 point 2 and point 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 72¹ was introduced by Federal Law No. 146-FZ, dated July 2, 2013)

Article 73. To fulfil 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 in the wording of Federal Law No. 162-FZ, dated June 27, 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.

(the paragraph in the wording of Federal Law No. 5-FZ, dated January 10, 2003)

The paragraph was excluded in accordance with Federal Law No. 5-FZ, dated January 10, 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 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 July 2, 2013)

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 fulfil the Bank of Russia order to55

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 the Federal Law “On the Insolvency (Bankruptcy) of Credit Institutions”;

6) propose 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;

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 roubles 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 interest₅₆

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 fulfil 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 point 3 of part two of this Article.

To fulfil 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 December 23, 2003, "On the Insurance of Household Deposits in Banks of the Russian Federation", and (or) fail to fulfil 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, 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 and connected with the performance of the said transaction (transactions) (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.

An order of the Bank of Russia to eliminate the violation and (or) an order to implement measures shall be subject to the fulfilment 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 fulfil 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 fulfilment 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 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 first in the wording of Federal Law No. 146-FZ, dated July 2, 2013)

Should such a situation arise, the Bank of Russia shall be entitled to take measures stipulated by Article 74 of this Federal Law and implement in compliance with the decision of the Board of Directors measures to financially rehabilitate credit institutions.

To prevent situations indicated in this Article, the Bank of Russia shall keep a database on persons holding positions listed in Article 60 of this Federal Law (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 normative acts. 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 bodies of executive power and their regional branches and legal entities to keep the database.

(part three was introduced by Federal Law No. 146-FZ, dated July 2, 2013)

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 corporation, the Bank for Development and Foreign Economic Affairs (Vnesheconombank) (hereinafter Vnesheconombank), in accordance with Article 1 of Federal Law No. 173-FZ, dated October 13, 2008, “On Additional Measures to Support the Financial System of the Russian Federation” (hereinafter the Federal Law “On Additional Measures to Support the Financial System of the Russian Federation”);

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 Vnesheconombank in accordance with Article 6 of the Federal Law “On Additional Measures to Support the Financial System of the Russian Federation”;

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 point 1¹, Article 46 of this Federal Law for a term longer than one month;

6) the Bank of Russia and the Deposit Insurance Agency state corporation have taken measures in relation to a credit institution to prevent the bankruptcy⁵⁹

of banks that are members of the deposit insurance system of the Russian Federation, in accordance with Federal Law No. 175-FZ, dated October 27, 2008, “On Additional Measures to Strengthen the Stability of the Banking System until December 31, 2014”.

7) the assets of a credit institution total 50 and more billion roubles and (or) the funds attracted from private individuals under bank deposit and bank account agreements total 10 and more billion roubles.

Authorised representatives of the Bank of Russia may be appointed to a credit institution in the cases stipulated by points 1-6 of part one of this Article 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 deposit insurance system of the Russian Federation, in accordance with Federal Law No. 175-FZ, dated October 27, 2008, “On Additional Measures to Strengthen the Stability of the Banking System until December 31, 2014,” 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.

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 fulfil 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 fulfil the requirements of this Article,⁶⁰

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 1 of this Article may demand the early fulfilment 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 points 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 point 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 in the wording of Federal Law No. 184-FZ, dated July 2, 2013)

Chapter X¹. Financial Market Regulation, Control and Supervision

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

Article 76¹. 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;
- 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) rating agencies;
- 17) agricultural consumer credit co-operatives.
- 18) pawn shops.

(paragraph 18 was introduced by Federal Law No. 375-FZ of December 21, 2013.

Federal Law No. 375-FZ of December 21, 2013 shall come into force 180 days after the date of the official publication (December 23, 2013) at the web portal of legal information at: <http://www.pravo.gov.ru>).

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 76². 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 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 76³. 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 76⁴. 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 76⁵. 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 authorized by the Bank of Russia or self-regulatory organisations by order of the Financial Supervision Committee.

(part three in the wording of Federal Law No. 410-FZ, dated December 28, 2013)

Article 76⁶. 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 76⁷. The Bank of Russia shall keep in accordance with its established procedure the databases on non-credit 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 its established procedure to request and receive free of charge the necessary information, which is subject to confidentiality requirements, from the federal bodies of executive power and their regional branches and other persons, including information containing

personal data and relating to the activities of non-credit financial institutions (their heads, founders (members)), and take measures stipulated by Federal Law No. 152-FZ, dated July 27, 2006, “On Personal Data” for personal data processing, according to its prescribed procedure and verify the said data.

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 in the wording of Federal Law No. 251-FZ, dated July 23, 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 in the wording of Federal Law No. 251-FZ, dated July 23, 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, noncredit financial institutions and their self-regulatory organisations volunteer committees and working groups to study specific issues relating to financial markets.

(Article 78 in the wording of Federal law No. 251-FZ, dated July 23, 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 in the wording of Federal Law No. 251-FZ, dated July 23, 2013)

Chapter XII. The Management of Cashless Settlements

The Chapter is null and void in accordance with Federal Law No. 162-FZ, dated June 27, 2011.

Chapter XII¹ Ensuring Stability and the Development of the National Payment System

(The Chapter was introduced by Federal Law No. 162-FZ, dated June 27, 2011)

Article 82¹. 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 82². 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 82³. 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.

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 in the wording of Federal Law No. 185-FZ, dated July 2, 2013)

The national banks of the constituent republics of the Russian Federation shall be the regional branches of the Bank of Russia.

Article 83¹. For the purposes of preventing, detecting and managing conflicts of interests in the course of the fulfilment 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 83¹ was introduced by Federal Law No. 251-FZ, dated July 23, 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 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 in⁶⁵

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: 67

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 in the wording of Federal Law No. 251-FZ, dated July 23, 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 points 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 July 23, 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 in the wording of Federal Law No. 274-FZ, dated December 25, 2008)

Article 90¹. 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 December 25, 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 1 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 90¹ was introduced by Federal Law No. 231-FZ of December 3, 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. Bank of Russia Audit

Article 93. The National Financial Board shall make a decision before the end of the reporting year on an audit of the annual financial statements of the Bank of Russia and select an audit firm with a licence to conduct audits in the Russian Federation.

(part one in the wording of Federal law No. 251-FZ, dated July 23, 2013)

The National Financial Board shall be entitled to give recommendations to the auditor of the Bank of Russia on matters concerning the audit of the annual financial statements of the Bank of Russia, while the auditor of the Bank of Russia must ensure the fulfilment of these recommendations.

(part two in the wording of Federal law No. 251-FZ, dated July 23, 2013)

Article 94. The Bank of Russia shall be obliged in compliance with an agreement on the provision of audit services, concluded with the audit firm, to present to it the statements and information necessary for auditing the Bank of Russia.

The agreement on the provision of audit services 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 services it has provided under the agreement on the provision of audit services out of its own funds.

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 roubles.

Part 2 of Article 58 of this Federal Law shall come into force as of January 1, 2004.

Part 4 has been invalidated since January 1, 2013. Federal Law No. 327-FZ, dated November 21, 2011.

Article 98. *This Article has been invalidated.* Federal Law No. 41-FZ, dated April 5, 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 December 2, 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 June 24, 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 April 26, 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 July 31, 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 December 27, 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 December 27, 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 January 4, 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 June 20, 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 February 27, 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 April 28, 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 March 4, 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);

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 July 8, 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 June 19, 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 August 6, 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 March 21, 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 July 10,
2002 No. 86-FZ