

# RUSSIAN FEDERATION

## FEDERAL LAW

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

(with amendments made by Federal Law No. 5-FZ, dated January 10, 2003;  
Federal Law No. 180-FZ, dated December 23, 2003; Federal Law No. 58-FZ, dated June 29, 2004;  
Federal Law No. 97-FZ, dated July 29, 2004; Federal Law No. 61-FZ, dated June 18, 2005;  
Federal Law No. 90-FZ, dated July 18, 2005; Federal Law No. 85-FZ, dated June 12, 2006;  
Federal Law No. 24-FZ, dated March 2, 2007)

#### 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 ruble and ensure its stability;  
to develop and strengthen the banking system of the Russian Federation;  
to ensure the effective and uninterrupted functioning of the payment system.

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;
- 2) it shall be the sole issuer of cash money and organiser of cash turnover;
  - 2.1) it shall approve the graphic representation of the ruble as a sign; *(point 2.1 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;
- 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;

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

10) it shall register the issue of securities by credit institutions in compliance with federal laws;

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;

14) it shall set the accounting and reporting rules for the banking system of the Russian Federation;

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

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

17) it shall establish the procedure and terms for currency exchanges to organise operations to buy and sell foreign exchange and issue, suspend and revoke permits for currency exchanges to organise operations to buy and sell foreign exchange;

18) it shall analyse and forecast the state of the Russian Federation economy as a whole and by region, especially monetary, currency and price aspects, and publish the corresponding materials and statistical data;

18.1) 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 18.1 was introduced by Federal Law No. 97-FZ, dated July 29, 2004)*

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

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

The 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 Banking Board within its quota;

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 Banking Board;

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. (*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 ruble;
- changes in interest rates;
- reserve requirements;
- compulsory standards for credit institutions and banking groups;
- direct quantitative restrictions;
- accounting and reporting rules for the Bank of Russia;
- 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*)

Full texts of Bank of Russia normative acts shall be sent to all registered credit institutions whenever necessary.

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), the Bank for Foreign Trade (hereinafter referred to as Vneshtorgbank), as well as in the capital of the following credit institutions set up in foreign countries: Donau-bank AG, Vienna; East-West United Bank, Luxembourg; Banque Commerciale pour l'Europe du Nord—Eurobank, Paris; Moscow Narodny Bank Ltd., London; Ost-West Handelsbank, Frankfurt-am-Main.

The Bank of Russia shall withdraw from the capital of Vneshtorgbank before January 1, 2003.

A decrease or alienation of Bank of Russia stakes in the authorised capital of Sberbank and Vneshtorgbank, which does not lead to a reduction of any of these stakes to less than 50 per cent plus one voting share, shall be effected by the Bank of Russia with the approval of the Russian Federation Government.

A decrease or alienation of Bank of Russia stakes in the authorised capital of Sberbank and Vneshtorgbank, leading to a reduction of any of these stakes to less than 50 per cent plus one voting share, shall be effected on the basis of the federal law.

A decrease or alienation of Bank of Russia stakes in the authorised capital of Donau-bank AG, Vienna; East-West United Bank, Luxembourg; Banque Commerciale pour l'Europe du Nord—Eurobank, Paris; Moscow Narodny Bank Ltd., London; Ost-West Handelsbank, Frankfurt-am-Main, shall be effected in accordance with the procedure and within the time limits set by the Bank of Russia with the consent of the Russian Federation Government.

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 for the activities of the Bank of Russia and its units, divisions and employees, except for the cases stipulated by federal laws.

**Article 9.** The Bank of Russia may participate in the capital and activities of international organisations that promote monetary and banking co-operation, including co-operation between central banks of foreign states.

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.

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

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

**Article 11.** Profit of the Bank of Russia shall be the difference between the amount of income derived from banking operations and transactions stipulated by 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 Banking Board and Governing Bodies of the Bank of Russia**

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

The National Banking 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 Banking Board shall also include the Bank of Russia Chairman.

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

Members of the National Banking 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.

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

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

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

When the National Banking 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.

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

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

The meetings of the National Banking Board shall be called by the Chairman of the National Banking 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 Banking Board.

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

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

- 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 upgrading of the banking system of the Russian Federation;
- 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;
  - implementing the policy of foreign exchange regulation and foreign exchange control;
  - organising the settlement system in the Russian Federation;
  - executing the Bank of Russia expense budget;
  - drafting laws and other normative acts relating to banking;
- 9) appointing an audit firm to audit Bank of Russia annual financial statements;
- 10) approving at the proposal of the Board of Directors accounting and reporting rules for the Bank of Russia;
- 11) submitting proposals to the State Duma on conducting an inspection by the Audit Chamber of the Russian Federation of the financial and economic activities of the Bank of Russia and its units and divisions;
- 12) approving at the proposal of the Board of Directors the procedure for making Bank of Russia provisions and the procedure for allocating Bank of Russia profit left at the disposal of the Bank of Russia;
- 13) approving at the proposal of the Board of Directors the report on Bank of Russia expenses for the maintenance of Bank of Russia employees, the provision of pensions, life insurance and medical insurance for Bank of Russia employees, capital investments and other administrative and business needs.

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

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.

**Article 15.** The Board of Directors shall be comprised of the Bank of Russia Chairman and 12 Board members. 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 four years at the proposal of the Bank of Russia Chairman, with the agreement of the Russian Federation President.

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.

**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 seven 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.

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 three Board members.

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 and guidelines for the single state monetary policy and submit these documents for consideration to the National Banking Board, the Russian Federation President, the Russian Federation Government and the State Duma pursuant to Article 45 of this Federal Law and ensure their implementation;

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 Secrets Law and submit these documents as part of the Bank of Russia Annual Report to the National Banking Board and the State Duma;

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 Banking Board and the State Duma;

4) it shall consider and submit to the National Banking Board for approval for the next year with calculations and rationales no later than December 1 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 of the Bank of Russia;

5) if necessary, it shall consider and submit to the National Banking Board for approval for the next year with

calculations and rationales proposals on additional expenses for purposes indicated in paragraph 4 of this Article;

6) it shall approve the Bank of Russia expense budget, taking into account the total amounts of Bank of Russia expenses indicated in paragraph 4 of this Article, no later than December 31 of the preceding year;

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

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;

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;

(in the wording of Federal Law No.61-FZ, dated June 18, 2005)

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 Banking Board a candidate for the post of chief auditor of the Bank of Russia;

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 Russian banking system and accounting and reporting rules for the Russian banking system, excluding the Bank of Russia;

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

proposals on accounting and reporting rules for the Bank of Russia;

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

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

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

(point 17.1 was introduced by Federal Law No. 61-FZ, dated June 18, 2005)

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, 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 shall be officially published in the Bank of Russia official publication, *The Bank of Russia Bulletin*, within 10 days of such decisions being adopted.

**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 Banking Board or the Board of Directors.

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, or interbank agreements, 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)*

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 at his instruction 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 and Trade of the Russian Federation or one of their deputies at their instruction shall participate in the Board of Directors' meetings with the right of a consultative vote.

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 banking system and priorities of the single state monetary policy.

**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 at the instruction 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 banking system and the foreign exchange position and balance of payments of the Russian Federation;

- 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 Secrets 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.

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

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.

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

## **Chapter VI. Cash Management**

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

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

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

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

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

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

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

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

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

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

**Article 33.** The Board of Directors shall take the decision to issue new Bank of Russia banknotes and coins and withdraw old Bank of Russia banknotes and coins from circulation and approve the denominations and specimens of new currency. The description of new banknotes and coins shall be published in the media.

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

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

it shall forecast and organise the production, transportation and storage of Bank of Russia banknotes and coins and

create their reserves;

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 conducting cash operations.

## **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.

**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.** Open-market operations shall signify the purchase and sale by the Bank of Russia of treasury bills, government bonds and other government securities and Bank of Russia bonds and also short-term operations with these securities followed by a reverse transaction.

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

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

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

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

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

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

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

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

*(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 August 26 and guidelines for the single state monetary policy for the coming year no later than December 1.

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;
- Bank of Russia plan of actions for the coming year, aimed at upgrading the Russian banking system, banking supervision, financial markets and the payment system.

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 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 and the Russian Federation Government in order to attain the goals set in this

Federal Law:

- 1) to extend loans for a term up to 1 year against securities and other assets unless the federal budget law stipulates otherwise;
- 2) to buy and sell government securities on the open market;
- 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 organisations;
- 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.

**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 Article 48 of this Federal Law;
- 2) buy shares (stakes) of credit institutions and other organisations, except for the cases stipulated by Articles 8 and 9 of this Federal Law;
- 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) prolong the loans it extended. An exception may be made should the Board of Directors decide to do so.

**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 or banking supervision authority of a foreign state to provide it with information or documents received from credit institutions while fulfilling supervisory functions and it shall be entitled to provide the banking supervision authority of a foreign state with such information or documents that do not contain data on operations conducted by credit institutions and their clients, provided that the banking supervision authority in question will guarantee the confidentiality of the information, thereby complying with the confidentiality of information requirements made to the Bank of Russia by Russian Federation legislation. As regards the information and documents received from the central banks and banking supervision authorities of foreign states, 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 states.

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

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 ruble.

**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 conduct constant supervision over the observance by credit institutions and banking groups of banking legislation, Bank of Russia normative acts and the compulsory standards set by the Bank of Russia.

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

The structure of the Banking Supervision Committee shall be approved by the Board of Directors.

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 and banking groups, for conducting banking operations, accounting and reporting, internal control management and compiling and presenting accounting, statistical and other data required by federal laws. The rules set by the Bank of Russia shall apply to the accounting and statistical reports compiled for the period starting no sooner than the date on which these rules are published.

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 necessary information on their activities and demand elucidation of the information received.

The Bank of Russia shall be entitled to establish for the members of a banking group the procedure for providing

information on their activities, necessary for compiling consolidated reports.

To compile banking and monetary statistics and the balance of payments of the Russian Federation and 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.

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 at the instruction of the Russian Federation Government.

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

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

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

**Article 60.** The Bank of Russia shall be entitled to establish in compliance with federal laws qualification requirements for candidates for the position of members of a board of directors (supervisory board), a one-man executive body and his deputies, members of a collegiate executive body and chief accountant and deputy chief accountants of a credit institution and also candidates for the position of the head, deputy heads, chief accountant and deputy chief accountants of a credit institution's branch.

**Article 61.** The acquisition and (or) receipt for trust management (hereinafter referred to as acquisition) as a result of one or several transactions by a legal entity or private individual or by a group of legal entities and (or) private individuals, connected with one another by an agreement, or a group of legal entities that are subsidiary to or dependent on one another, of more than 5 per cent of shares (stakes) of a credit institution shall require that the Bank of Russia be notified, and more than 20 per cent the latter's prior consent.

No later than 30 days after the receipt of an application for Bank of Russia consent for the acquisition of more than 20 per cent of shares (stakes) of a credit institution, the Bank of Russia shall notify the applicant in writing about its decision—consent or refusal. An explanation shall be given for a refusal. Should the Bank of Russia fail to make known its decision within the aforementioned period, the transaction (transactions) shall be considered permitted.

A notification about the acquisition of more than 5 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 date. The procedure for receiving the prior consent of the Bank of Russia for the acquisition of more than 20 per cent of shares (stakes) of a credit institution and the procedure for notifying the Bank of Russia about the acquisition of more than 5 per cent of shares (stakes) of a credit institution shall be established by federal laws and Bank of Russia normative acts issued in pursuance of these laws.

As part of fulfilling its supervisory functions, the Bank of Russia shall be entitled to request and receive information on the financial standing and business reputation of the members (shareholders) of a credit institution if they have acquired more than 20 per cent of shares (stakes) of a credit institution and impose requirements for the financial standing of the acquirer of more than 20 per cent of shares (stakes) of a credit institution.

The Bank of Russia shall have the right to withhold its consent for the acquisition of more than 20 per cent of shares (stakes) of a credit institution if the financial standing of their acquirer is found unsatisfactory and in other cases stipulated by federal laws.

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

**Article 62.** To ensure stability of credit institutions, the Bank of Russia can establish the following compulsory standards:

- 1) a minimum amount of authorised capital for new credit institutions, a certain amount of own funds (capital) for operating credit institutions as a condition for opening their subsidiaries in a foreign state and (or) opening their branches, obtaining by a non-bank credit institution of the status of a bank and obtaining by a credit institution of the status of a subsidiary of a foreign bank;
- 2) a limit on the value of property (non-monetary assets) contributed to the authorised capital of a credit institution;
- 3) maximum risk per borrower or a group of related borrowers;
- 4) maximum high credit risk;
- 5) liquidity ratios for a credit institution;
- 6) own capital adequacy ratios;
- 7) currency, interest and other financial risks;
- 8) a minimum amount of provisions for risks;
- 9) ratios for the use of own funds (capital) of a credit institution for the purchase of shares (stakes) of other legal entities;
- 10) a maximum amount of loans, bank guarantees and warranties granted by a credit institution (banking group) to its members (shareholders).

The compulsory standards indicated in paragraph 1 of this Article can be set by the Bank of Russia for banking groups.

**Article 63.** The amount of own funds (capital) necessary for an operating credit institution as a condition for opening a subsidiary and (or) a branch in a foreign state, obtaining by a non-bank credit institution of the status of a bank and obtaining by a credit institution of the status of a subsidiary of a foreign bank shall be determined in accordance with the procedure established by Bank of Russia normative acts.

The Bank of Russia shall officially announce its decision to increase the required amount of own funds (capital) for credit institutions indicated in paragraph 1 of this Article no later than one year before this decision comes into force.

**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.

**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 shall be determined as follows:

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.

**Article 72.** The Bank of Russia shall establish the methods for calculating own funds (capital) of a credit institution, assets, liabilities and risk for each ratio, taking into account international standards and consultations with credit institutions and banking associations and unions.

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 own funds (capital) of a credit institution, the Bank of Russia shall evaluate its assets and liabilities, using the evaluation methods established by Bank of Russia normative acts. A credit institution must indicate the amount of its own funds (capital), established by the Bank of Russia, in its accounting and other records.

Should the amount of own funds (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 own funds (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 Insolvency (Bankruptcy) of Credit Institutions.

**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), instruct them to eliminate violations discovered in their work, which the credit institutions must obey, and use sanctions against violators, stipulated by this Federal Law.

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 at the instruction 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.

*Part 5 of Article 73 shall not apply to the selective inspections conducted under Federal Law No. 177-FZ, dated December 23, 2003.*

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.

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

*Part 6 of Article 73 shall not apply to the selective inspections conducted under Federal Law No. 177-FZ, dated December 23, 2003.*

The paragraph is deleted according to Federal Law No. 5-FZ, dated January 10, 2003.

**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, the Bank of Russia shall have the right to require the credit institution to eliminate the violations discovered, charge a penalty of 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.

Should a credit institution fail to fulfil the Bank of Russia order to eliminate the violations discovered in its work or should these violations or banking operations or transactions conducted by a credit institution pose a serious threat to the interests of its creditors (depositors), the Bank of Russia shall be entitled to:

1) charge the credit institution a fine of up to 1 per cent of its paid-up authorised capital but not 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 executives included in the list of positions given in Article 60 of this Federal

Law; conduct reorganisation;

3) change for a period of up to six months the compulsory standards set for the credit institution;

4) 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 and prohibit it from opening branches for a period of up to one year;

5) 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;

6) ban the reorganisation of the credit institution if it may create grounds for taking anti-bankruptcy measures stipulated by the Federal Law on Insolvency (Bankruptcy) of Credit Institutions;

7) 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 taken 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.

8) set limits on the interest rate set by a credit institution in the bank deposit agreements concluded (extended) during

the limitation period as a maximum interest rate (but not lower than two-thirds of the Bank of Russia refinancing rate on bank accounts denominated in rubles and not lower than the LIBOR rate on bank deposits denominated in a foreign currency as of the day of the imposition of the limit) for a term of up to one year. For the purposes of this provision, the interest rate calculation shall include, in addition to interest, any non-interest payments made by a credit institution to individual depositors.

*(point 8 was introduced by Federal Law No. 97-FZ, dated July 29, 2004)*

*Point 8 of part 2 of Article 74 in the wording of Federal Law No. 97-FZ, dated July 29, 2004, shall be effective until December 31, 2006.*

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 prosecute a credit institution for violations listed in paragraphs 1 and 2 of this Article if five years have passed since these violations were committed.

The Bank of Russia may go 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 paragraphs 1 and 2 of this Article was recorded.

**Article 75.** The Bank of Russia shall analyse the activities of credit institutions (banking groups) in order to detect situations endangering the legitimate interests of their depositors and creditors and stability of the Russian banking system.

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.

**Article 76.** To protect the interests of depositors and creditors, the Bank of Russia shall be entitled to appoint its authorised representative to a credit institution whose banking licence has been revoked. The procedure regulating the activities of the Bank of Russia authorised representative shall be established by federal laws and Bank of Russia normative acts issued pursuant to them.

During the period of activities of the Bank of Russia authorised representative, the credit institution may conduct transactions permitted by federal laws only with the approval of the Bank of Russia authorised representative in accordance with the procedure established by the Federal Law on Banks and Banking Activities.

The activities of the Bank of Russia authorised representative shall be terminated as soon as a liquidation commission (liquidator) is formed or a receiver is appointed by a court of arbitration.

## **Chapter XI. Bank of Russia Relations with Credit Institutions**

**Article 77.** The Bank of Russia shall co-operate with credit institutions and their associations and unions, 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 regulation.

The Bank of Russia must respond in writing to a credit institution on issues within its competence no later than a month from the day on which it received a written request from the credit institution. The Bank of Russia may extend the term of considering a request, if necessary, but for not more than one month.

**Article 78.** For the purpose of maintaining co-operation with credit institutions, the Bank of Russia shall have the right to form with the participation of representatives of credit institutions volunteer committees and working groups to study specific issues relating to banking.

**Article 79.** The Bank of Russia shall not be liable for the obligations of credit institutions, except for the cases when the Bank of Russia assumes such obligations, while credit institutions shall not be liable for the obligations of the Bank

of Russia, except for the cases when credit institutions assume such obligations.

## **Chapter XII. The Management of Non-Cash Settlements**

**Article 80.** The Bank of Russia shall be a body co-ordinating, regulating and licensing settlement systems, including clearing systems, in the Russian Federation.

The Bank of Russia shall set non-cash settlement rules, forms, terms and standards.

The overall term of payments in non-cash settlements shall not exceed two operation days if the payment is effected within a constituent entity of the Russian Federation and five operation days if the payment is effected within the Russian Federation as a whole.

**Article 81.** The Bank of Russia shall effect interbank non-cash settlements through its institutions.

**Article 82.** Foreign currency may only be used as payment for goods (work and services) in non-cash settlements in the cases stipulated by federal laws.

## **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, training centres and other organisations, including security divisions and the Russian collection service, which are necessary for the Bank of Russia to conduct its activities.

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

**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 in compliance with federal laws.

**Article 89.** The Board of Directors shall establish a pension fund for the provision of additional pension services to Bank of Russia employees and organise life and medical insurance for Bank of Russia employees.

**Article 90.** Bank of Russia employees holding positions included in a list approved by the Board of Directors:  
shall have no right to hold more than one job or work under a contract agreement (except for teaching, research and creative work);  
shall have no right to hold jobs in credit and other institutions;  
must notify the Board of Directors in writing within 10 days about the purchase of shares (stakes) in credit institutions.

**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 Banking 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.

The National Banking 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.

**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 rubles.

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

Regulations pertaining to the issue, suspension and revocation by the Bank of Russia of permits granted to currency

exchanges for conducting operations to buy and sell foreign exchange shall come into force as of the day of the coming into force of a federal law on making the corresponding amendments to the Federal Law on Licensing Some Kinds of Activities.

**Article 98.** In point 2 of Article 193 of the Budget Code of the Russian Federation (Collected Laws of the Russian Federation, 1998, No. 31, Article 3823; 2000, No. 32, Article 3339) the words "October 1" shall be replaced by the words "August 26".

Article 19 of Federal Law No. 4-FZ, dated January 11, 1995, "On the Audit Chamber of the Russian Federation" (Collected Laws of the Russian Federation, 1995, No. 3, Article 167) shall be amended to include the following paragraph:

"The Audit Chamber of the Russian Federation shall conduct inspections of the financial and economic activities of the Central Bank of the Russian Federation and its units and divisions. Such inspections shall be conducted pursuant to the decisions of the State Duma, passed solely on the basis of proposals of the National Banking Board."

**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);

Article 1 of Federal Law No. 151-FZ, dated July 31, 1998, "On Amending the Federal Law "On the Central Bank of the Russian Federation (Bank of Russia)" and Federal Law "On Banks and Banking Activities" (Collected Laws of the Russian Federation, 1998, No. 31, Article 3829);

Article 1 of Federal Law No. 139-FZ, dated 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  
V. Putin

Moscow, the  
Kremlin July 10,  
2002 No. 86-FZ