

**DIRECTIONS**  
**OF THE CENTRAL BANK OF THE RUSSIAN FEDERATION**  
**NO. 500-U OF FEBRUARY 12, 1999**  
**ON ENHANCING THE CURRENCY CONTROL BY OF AUTHORIZED BANKS**  
**OVER THE LAWFULNESS OF THEIR CLIENTS' CURRENCY TRANSACTIONS**  
**AND ON THE PROCEDURE FOR THE APPLICATION OF SANCTIONS**  
**TO AUTHORIZED BANKS FOR BREACH OF THE CURRENCY LEGISLATION**  
**(with the Amendments and Additions of August 23, 1999, September 17,**  
**November 27, 2001, March 31, 2003)**

1. Procedure for Authorized Banks' Providing Information on Specific Currency Transactions of Resident Legal Entities

2. Procedure for Applying Sanctions to Authorized Banks

3. Procedure for Putting into Force the Present Directions

Annex 1. List of the States and Territories Where Offshore Zones Are Located

Annex 2. List of Information on a Currency Transaction to Be Sent to the Bank of Russia by a Credit Organization

For the purposes of stopping the violations of the currency legislation committed by residents of the Russian Federation as they pursue foreign trade activities, enhancing control on part of authorized banks over the currency transactions of resident legal entities connected with the remittance of foreign currency from the Russian Federation under the contracts having the features of a fictitious contract; cutting the outflow of capital including in connection with authorized banks' improper performance of the functions of currency control agents; setting up a procedure for applying sanctions to the credit organisations that fail to observe the provisions of the currency legislation of the Russian Federation the Central Bank of the Russian Federation hereby establishes the following in keeping with [Articles 9, 13](#) of the Law of the Russian Federation on Currency Regulation and Currency Control, [Article 75](#) of the Federal Law on the Central Bank of the Russian Federation (the Bank of Russia).

*At present is valid [Federal Law No. 86-FZ of July 10, 2002 on the Central Bank of the Russian Federation \(the Bank of Russia\)](#)*

**1. Procedure for Authorized Banks' Providing Information on Specific Currency Transactions of Resident Legal Entities**

*According to [Direction](#) of the Central Bank of Russia No. 1110-U of February 14, 2002, the documents and information duty on drawing up and presentation of which is established by this Direction and [Instructions](#) of the Central Bank of Russia No. 83-I when carrying out currency transactions under credit agreements (loan agreements) to which the effect of [Instructions](#) of the Bank of Russia No. 101-I extends, shall be drawn up and presented by resident legal entities and authorised banks in complying with [Instructions](#) of the Central Bank of Russia No. 101-I.*

*For the purpose of meeting the requirements of this Direction, the procedure for recording by authorized banks foreign exchange operations and for submitting information about foreign exchange transactions carried out on the basis of contracts was established by [Instructions](#) of the Central Bank of Russia No. 83-I of June 28, 1999*

**1.1.** An authorized bank through which a [resident](#) legal entity (hereinafter referred to as "client") implements currency transactions shall demand that the client present the documents under which the currency transaction is being accomplished.

The authorized bank's clients shall present the necessary documents to the authorized bank prior to the implementation of currency transactions except as otherwise established by the Bank of Russia.

**1.2.** On the basis of the analysis of the documents submitted by the client the authorized bank shall provide information to the Bank of Russia on the currency transactions accomplished by the client under the agreements having any of the below features:

a) the agreement (contract) not providing for non-residents parties under the agreement (contract) paying fines for a failure to observe the due dates of payments/ delivery of goods and not providing for a security for their discharge of their obligations;

*Direction of the Central Bank of Russia No. 629-U of August 23, 1999 amended subitem "b" of Item 1.2 of this Direction*

*See the previous text of subitem*

b) the agreement (contract) providing for the resident's exporting goods (works, services, the results of intellectual activities) or payments for the imports of goods (works, services, the results of intellectual activities) for the benefit of non-residents registered in the states and on the territories granting a privileged tax treatment and/or not stipulating the disclosure and furnishing of information in the conduct of financial operations (offshore zones) a list of which is provided in Annex 1 hereto;

*See the List of States and Territories Granting a Privileged Tax Regime and/or Not Stipulating the Disclosure and Furnishing of Information in the Conduct of Financial Operations (Offshore Zones), endorsed by Direction of the Central Bank of Russia No. 1317-U of August 7, 2003*

c) the agreement (contract) providing for an advance payment for the benefit of a non-resident exceeding 30% of the price of the imported goods (services, works, results of intellectual activities) or exceeding an amount equivalent to 100,000 US dollars;

d) the credit agreement (loan agreement) providing for the resident's paying interest and other additional payments for the benefit of a non-resident exceeding as an aggregate 20 per cent of the credit (loan) principal amount per annum;

e) the non-resident having not fully discharged his obligations under the agreement (contract) and the downpayment (advance payment) effected by the resident having been refunded;

f) the beneficiary of funds or goods (works, services, the results of intellectual activities) being non-residents not being a party to the agreement (contract) that envisages the resident's importing (exporting) goods (works, services, the results of intellectual activities);

g) the agreements (contracts) having been signed on behalf of a resident legal entity whose record of activities has been below three months since the moment of the state registration thereof.

**1.3.** The authorized bank shall forward information to the Bank of Russia on uncovered violations of the currency legislation and on the currency transactions performed by a client thereof and having the features specified under Item 1.2 of the present Directions, within ten business days from the date when the violation is uncovered or when the client submitted documents to the authorized bank under which the currency transactions having the features specified under Item 1.2 of the present Directions are implemented.

The said information shall be forwarded by the authorized bank (a branch of an authorized bank) to the Head Administration (National Bank) of the Central Bank of the Russian Federation (the Administration (Department) of Currency Regulation and Currency Control) responsible for supervision over the authorized bank (the branch of the authorized bank) and it shall contain the data specified in Annex 2 hereto.

**1.4.** The bodies of currency control are entitled to hold accountable under Item 2 Article 14 of the Law of the Russian Federation on Currency Regulation and Currency Control the clients who failed to submit to the authorized bank the documents required under Item 1.1 of the present Directions.

## **2. Procedure for Applying Sanctions to Authorized Banks**

**2.1.** Should an authorized bank violate the federal laws, regulatory acts and prescriptions of the Bank of Russia in the sphere of currency regulation and currency control including, but not limited to, the accomplishment of clients' currency transactions in the absence of justifying documents, the failure to forward within the set term information to the Bank of Russia in the event stipulated under [Item 1.3](#) of the present Directions, the sale of foreign currency to a client or the purchase of foreign currency on a client's instruction in breach of the provisions of the [Directions](#) of the Bank of Russia No. 383-U of October 20, 1998 on the Procedure for [Resident](#) Legal Entities' Accomplishing the Transactions of the Purchase and Backward Sale of Foreign Currency on the Domestic Market of the Russian Federation, a sanction may be applied to the authorized bank through the imposition of a restriction on the implementation of a foreign currency purchase/sale transaction in cash and cashless forms.

**2.2.** The restriction on the authorized bank's accomplishing a foreign currency purchase/sale transaction in cash or cashless form can be constituted by restrictions on the following transactions applicable separately or jointly:

- a) the limitation of the right to execute the deals of the purchase of foreign currency in its own name and at its own expense;
- b) the limitation of the right to execute the deals of the sale of foreign currency in its own name and at its own expense;
- c) the limitation of the right to execute the deals of the purchase of foreign currency on its clients' instructions (including credit organisations);
- d) the limitation of the right to execute the deals of the sale of foreign currency on its clients' instructions (including credit organisations).

**2.3.** The limitation of the execution of the transaction of the purchase/sale of foreign currency in cash or cashless form on the exchange and off-exchange currency markets may be imposed for a term of up to six months depending on the nature of the violation committed by the authorized bank.

*[Direction](#) of the Central Bank of Russia No. 1034-U of September 17, 2001 amended [Item 2.4](#) of this [Direction](#)*

*[See the previous text of the \[Item\]\(#\)](#)*

**2.4.** The limitation of execution of the transaction of the purchase/sale of foreign currency in cash and cashless forms shall be imposed by a prescription of the Bank of Russia or the territorial institution of the Bank of Russia.

**2.5.** In the event of a repeated application of sanctions established under the present Directions to an authorized bank the Bank of Russia shall be entitled to revoke the license for the pursuance of banking transactions held by the authorized bank.

**2.6.** The application of a sanction to an authorized bank in the form of a restriction on the implementation of the foreign currency purchase/sale transaction shall be deemed ground for the transfer of clients' Deal Passports to other authorized banks in accordance with the procedure established by the Bank of Russia.

**3.** The present Directions shall come into force from the date when it is [published](#) in the Bulletin of the Bank of Russia.

Chairman  
of the Central Bank  
of the Russian Federation

V.V.Gerashchenko

*See the [List](#) of States and Territories Granting a Privileged Tax Regime and/or Not Stipulating the Disclosure and Furnishing of Information in the Conduct of Financial Operations (Offshore Zones), endorsed by [Direction](#) of the Central Bank of Russia No. 1317-U of August 7, 2003*

**Annex 1**  
**to the [Directions](#)**  
**of the Central Bank of the Russian Federation**

**No. 500-U of February 12, 1999  
on Enhancing the Currency Control by of Authorized Banks  
over the Lawfulness of Their Clients' Currency Transactions  
and on the Procedure for the Application of Sanctions  
to Authorized Banks for Breach of the Currency Legislation**

*Direction of the Central Bank of Russia No. 629-U of August 23, 1999 reworded the name of Annex 1 to this Direction*

[See the previous text of the name](#)

**List  
of the states and territories granting a privileged tax  
treatment and/or not stipulating the disclosure and furnishing  
of information in the conduct of financial operations  
(offshore zones)**

1. Principality of Andorra
2. Antigua and Barbuda
3. Commonwealth of the Bahamas
4. Barbados
5. State of Bahrain
6. Belize
7. State of Brunei Darussalam
8. Republic of Vanuatu
9. The territories dependent on the United Kingdom of Great Britain and Northern Ireland:
  - Anguilla
  - Bermudas
  - British Virgin Islands
  - Montserrat
  - Gibraltar
  - the British Territory in the Indian Ocean (Chagos Archipelago)
  - South Georgia and South Sandwich Islands
  - Turks and Caicos
  - Cayman Islands
10. Specific administrative units of the United Kingdom of Great Britain and Northern Ireland:
  - Norman Islands (Guernsey, Jersey, Sark)
  - Isle of Man
11. Grenada
12. Republic of Jibuty
13. Dominican Republic
14. Ireland (Dublin, Shannon)
15. Republic of Cyprus
16. People's Republic of China (Hongkong (Syangan))
17. Republic of Costa Rica
18. Cook Islands (New Zealand)
19. Republic of Liberia
20. The Lebanese Republic
21. Principality of Liechtenstein
22. Grand Duchy of Luxembourg
23. Republic of Mauritius
24. Malaysia (Labuan Island)
25. Maldives Republic

26. Republic of Malta
27. Republic Marshall Islands
28. Republic of Nauru
29. Dutch Antilles
30. Niue (New Zealand)
31. United Arab Emirates (Dubai)
32. Republic of Panama
33. Portugese Republic:
  - Macao (Aomin)
  - Madeira Island
34. Independent State of Samoa
35. Republic of Seychelles
36. Federation of St.Kitts and Nevis
37. St.Lucia
38. St.Vincent and Grenadines
39. The USA:
  - Virgin Islands, USA
  - Commonwealth of Puerto Rico
  - Wyoming State
  - Delaware State
40. Kingdom of Tonga
41. Sovereign Democratic Republic of Fiji
42. French Republic:
  - Kerguelen Island
  - French Polynesia
43. Democratic Socialist Republic of Sri Lanka
44. Swiss Confederation
  - Geneve Canton
  - Neuchatel Canton
  - Frieburg Canton
  - Zug Canton
45. Jamaica

*Direction of the Central Bank of Russia No. 1265-U of March 31, 2003 excluded Item 46 of Annex 1 to this Direction*

~~46. Latvian Republic~~

*Direction of the Central Bank of Russia No. 629-U of August 23, 1999 supplemented Annex 1 to this Direction with the Item 47*

47. Republic of Pallau (Belau).

*Direction of the Central Bank of the Russian Federation No. 1056-U of November 27, 2001 supplemented Annex 1 to this Direction with Item 48:*

48. The Republic of Chernogoria (The Union Republic of Yugoslavia).

**Annex 2**  
**to the Directions**  
**of the Central Bank of the Russian Federation**  
**No. 500-U of February 12, 1999**  
**on Enhancing the Currency Control by of Authorized Banks**  
**over the Lawfulness of Their Clients' Currency Transactions**

**and on the Procedure for the Application of Sanctions  
to Authorized Banks for Breach of the Currency Legislation**

**List  
of Information on a Currency Transaction to Be Sent  
to the Bank of Russia by a Credit Organization**

1. Client's full name (including ACEO Code).
2. The kind of the feature of the currency transactions provided under [Item 1.2](#) of the present Directions (including the reference to the subitem).
3. The details (date and number) of the agreement (contract) or another document being deemed justification for the accomplishment of the currency transaction.
4. The name and amount of the foreign currency under the transaction.
5. The country of registration (location) of the foreign party to the deal.