

**FEDERAL LAW NO. 395-I OF DECEMBER 2, 1990 ON BANKS AND BANKING ACTIVITIES (with the Additions and Amendments of December 12, 1991, February 13, June 24, 1992, February 3, 1996, July 31, 1998, July 5, 8, 1999, June 19, August 7, 2001, March 21, 2002, June 30, December 8, 23, 2003, June 29, July 29, November 2, December 29, 30, 2004, July 21, 2005, February 2, May 3, July 27, December 18, 29, 2006, May 17, July 24, October 2, November 2, December 4, 2007, March 3, April 8, 2008)**

**Chapter I. General Provisions**

**Article 1. Main Definitions of the Present Federal Law**

**Credit organization** - a legal entity entitled to carry out banking operations envisaged in the present Federal Law to make profit as the main goal of their activities on the basis of special permission (a license) of the Central Bank of the Russian Federation (Bank of Russia). A credit organization shall be formed as an company on the basis of any form of ownership.

**Bank** - credit organization that enjoys an exclusive right to carry out in the aggregate the following banking operations: attraction of monetary resources of legal entities and natural persons in the form of deposits, investing the mentioned resources in its own name and for its own benefit on a returnable basis through payments within specified deadlines, opening and keeping of bank accounts of natural persons and legal entities.

**Non-banking credit organization** - a credit organization that enjoys the right to carry out individual banking operations envisaged in the present Federal Law. Permissible combinations of banking operations for non-banking credit organizations shall be fixed by the Bank of Russia.

**Foreign bank** - bank acknowledged as such under the legislation of the foreign state on the territory of which it is registered.

**Article 2. Banking System of the Russian Federation and Legal Regulation of Banking Activities**

The banking system of the Russian Federation shall include the Bank of Russia, credit organizations, and also branches and representative offices of foreign banks.

Legal regulation of banking activities shall be provided under the Constitution of the Russian Federation, the present Federal Law, the Federal Law on the Central Bank of the Russian Federation (the Bank of Russia), other federal laws, normative acts of the Bank of Russia.

**Article 3. Unions and Associations of Credit Organizations**

Credit organizations may create, without pursuing the goal of making profit, unions and associations to protect and represent interests of their

members, coordinate their activities, develop interregional and international links, satisfy their scientific, information-exchange, and professional interests, prepare recommendations on carrying out banking activities, and solve other common tasks of credit organizations. The unions and associations of credit organizations shall be prohibited from carrying out banking operations.

Unions and associations of credit organizations shall be created and regulated in compliance with the procedure established in the legislation of the Russian Federation for non-commercial organizations.

Unions and associations of credit organizations shall inform the Bank of Russia of their creation within one month of their registration.

#### **Article 4. A Banking Group and Banking Holding Company**

A "banking group" means an association of credit organisations, such an association not being a legal entity, in which one (head) credit organisation exerts, directly or indirectly (through a third person), significant influence on the decisions made by the managerial bodies of another credit organisation (other credit organisations).

A "banking holding" means an association of legal entities with the participation of a credit organisation (credit organisations), such an association not being a legal entity, in which a legal entity not being a credit organisation (the holding company of the banking holding) is in position to exert, directly or indirectly (through a third person), a significant influence on the decisions made by the managerial bodies of the credit organisation (the credit organisations).

For the purposes of the present Federal Law "significant influence" means an opportunity to control the decisions made by the managerial bodies of a legal entity, the conditions of the entrepreneurial activity pursued by it due to an interest in its authorised capital and/or under a contract concluded between the legal entities incorporated in a banking group and/or banking holding, for appointing the sole executive body and/or more than half of the collective executive body of a legal entity and also an opportunity for controlling the election of more than half of the board of directors (supervisory board) of a legal entity.

The head credit organisation of a banking group, the holding company of a banking holding shall notify the Bank of Russia in compliance with the procedure established by the Bank of Russia about the formation of the banking group, or banking holding.

A commercial organisation that under the present Federal Law may be recognised to be the holding company of a banking holding shall have the right to form a managerial company of the banking holding for the purpose of managing the activities of all the credit organisations incorporated in the banking holding. In such a case the managing company of the banking holding shall perform the duties vested under the present Federal Law in the holding company of a banking holding.

For the purposes of the present Federal Law "the managing company of a banking holding" means a company whose main activity is the management of the activities of the credit organisations incorporated in a banking holding. The managing company of a banking holding shall not have the right to pursue insurance, banking, production and trading activities. A commercial organisation that under the present Federal Law can be recognised to be the holding company of a banking holding shall have the opportunity to control the decisions of the managing company of the banking holding concerning the matters within the competence of the meeting of its founders (stake-holder), in particular its re-organisation and winding up.

#### **Article 5. Banking Operations and Other Transactions of a Credit Organization**

Banking operations shall include:

- 1) attraction of monetary resources of natural persons and legal entities in the form of deposits (demand or fixed-term deposits);
- 2) investing attracted resources indicated in Item 1 of Part 1 of the present Article in its own name and on its own account;
- 3) opening and keeping banking accounts for natural persons and legal entities;
- 4) clearing payments ordered by natural persons and legal entities, including those of correspondent banks, within their bank accounts;
- 5) collection of cash, bills, payment documents and cash services for natural persons and legal entities;
- 6) buying and selling of foreign currencies in cash and non-cash forms;
- 7) attraction of precious metals in the form of deposits and investing them;
- 8) providing bank guarantees.
- 9) the remittance of moneys on the instruction of natural persons without opening bank account (excluding postal remittance).

The opening by credit organisations of bank accounts for individual businessmen and legal entities, with the exception of for state power bodies and local self-management bodies, shall be carried out on the grounds of certificates of state registration of natural persons as individual businessmen, certificates of state registration of legal entities, and also certificates of registration with a tax body.

Besides the banking operations listed in Part 1 of the present Article, a credit organization shall have the right to carry out the following transactions:

- 1) issue of guarantees for third persons envisaging fulfillment of monetary obligations;
- 2) purchase of the right to demand fulfillment of monetary obligations from third persons;

- 3) trusteeship operations for monetary and other property under agreements with natural persons and legal entities;
- 4) carrying out operations with precious metals and precious stones in compliance with legislation of the Russian Federation;
- 5) leasing dedicated space and safes in it to natural persons and legal entities for keeping documents and valuables;
- 6) leasing operations;
- 7) rendering consulting and information services.

A credit organization shall enjoy the right to carry out other transactions in compliance with legislation of the Russian Federation.

All banking operations and other transactions shall be effected in roubles and, if there is a respective licence of the Bank of Russia, also in foreign currencies. The rules for carrying out banking operations, including those of their material and technical support, shall be determined by the Bank of Russia in compliance with federal laws.

A credit organization shall be prohibited from carrying out production, trade, and insurance activities.

#### **Article 6. Activities of a Credit Organization in the Securities Market**

Under a license for banking operations, issued by the Bank of Russia, a bank is entitled to issue, buy, sell, register, keep, and carry out other operations with securities used as payment documents, with securities used to certify the attraction of monetary resources to deposits and bank accounts, with other securities not requiring a special license in compliance with federal laws, as well as entitled to act as trustee for the mentioned securities under an agreement with natural persons and legal entities.

A credit organization shall be entitled to carry out professional activities on the market of securities in compliance with federal laws.

#### **Article 7. Official name of the credit institution.**

The credit institution shall have the full official name and enjoy the right to have an abridged official name in the Russian language. The credit institution has also the right to have a full official name and (or) an abridged official name in the languages of the peoples of the Russian Federation and (or) in foreign languages.

The official name of the credit institution in the Russian language and in the languages of the peoples of the Russian Federation may contain foreign borrowings in the Russian transcription or in the transcriptions of languages of the peoples of the Russian Federation, with the exception of the terms and abbreviations reflecting the credit institution's organizational-legal form.

The credit institution's official name shall contain an indication of the character of its activity by the use of the words, "bank", or, "non-bank credit institution".

Other demands made on the official name of the credit institution shall be established in the Civil Code of the Russian Federation.

When considering an application for the state registration of the credit institution, the Bank of Russia is obliged to prohibit the use of the credit institution's official name, if the supposed official name is already contained in the Book for the State Registration of Credit Institutions. The use in the credit institution's official name of the words, "Russia", "Russian Federation", "state", "federal", and, "central", as well as of the words and phrases based on them, is admissible in accordance with the procedure established in the federal laws.

Not a single legal entity in the Russian Federation, with the exception of a legal entity which has received from the Bank of Russia a licence for the performance of banking transactions, may use in its official name the words, "bank", or, "credit institution", or in any other way indicate the fact that the given legal entity possesses the right to perform banking transactions.

#### **Article 8.** The Provision of Information on the Activities of a Credit Organisation, a Banking Group and a Bank Holding

The credit organisation shall publish the following information about its activities according to the forms and within the terms established by the Bank of Russia:

quarterly: the balance sheet, a statement of profits and losses, information on the sufficiency of capital, on the amount of bad debt reserves and other assets;

annually: the balance sheet and a statement on profits and losses accompanied with an audit firm's (auditor's) report as to the reliability thereof.

If asked by a natural person or a legal entity, the credit organisation shall provide him/it with a copy of its banking transaction license, copies of the other permissions (licenses) issued thereto if the need for receiving the said documents is envisaged by federal laws, and also the monthly balance sheets for the current year.

If it misleads natural persons and legal entities by non-provision of information thereto or by the provision of unreliable or incomplete information the credit organisation shall be answerable under the present Federal Law and other federal laws.

The head credit organisation of a banking group, the holding company of a banking holding (the managing company of a banking holding) shall annually publish their consolidated financial reports and consolidated statements of profits and losses in accordance with the forms, procedure and within the term established by the Bank of Russia after the confirmation of their reliability by an audit firm (auditor).

A credit organisation that has a license of the Central Bank of Russia for the attraction of money of natural persons for deposits shall be obliged

to disclose information about interest rates under bank deposit contracts with natural persons (in the credit organisation as a whole without disclosing information about particular natural persons) and information about the indebtedness of the credit organisation on deposits by natural persons. The procedure for disclosing such information shall be established by the Central Bank of Russia.

#### **Article 9. Relations Between a Credit Organization and the State**

A credit organization shall not be responsible for state obligations. The state shall not be responsible for obligations of a credit organization, except for the cases when the state has itself assumed such responsibility.

A credit organization shall not be responsible for obligations of the Bank of Russia. The Bank of Russia shall not be responsible for obligations of a credit organization, except for the cases when the Bank of Russia has itself assumed such responsibility.

Bodies of legislative and executive power and local government bodies have no right to interfere in the activities of credit organizations, except for the cases envisaged in federal laws.

A credit organization may fulfil individual orders of the Government of the Russian Federation, executive authorities of subjects of the Russian Federation, and bodies of local government under state or municipal contracts of rendering services to meet state or municipal needs, carry out operations with resources of the federal budget, budgets of subjects of the Russian Federation, and local budgets and clear payments within them, ensure the proper use of the budget resources allocated for implementation of federal and regional programs. Such contract ought to contain mutual obligations of the parties and envisage their responsibility, terms and forms of control over the use of budget resources.

A credit organization cannot be forced to carry out operations outside the range specified in its constituent documents, except for cases when the credit organization has assumed the respective obligations, or cases envisaged in federal laws.

#### **Article 10. Constituent Documents of a Credit Organization**

A credit organization shall have the constituent documents provided for by federal laws for a legal entity of an appropriate organizational and legal form.

The charter of a credit organization shall contain the following:

- 1) the official name;
- 2) indication of organizational and legal form thereof;
- 3) data about the address (location) of management bodies and separate subdivisions thereof;
- 4) list of effected banking operations and transactions in compliance with Article 5 of this Federal Law;
- 5) data about the amount of authorized capital stock;

6) data on the systems of management, including executive bodies, and of internal control bodies, on the procedure for their formation and on the authority thereof;

7) other data stipulated by federal laws for charters of legal entities of said organizational and legal form.

A credit organization shall be obliged to register all the amendments introduced into its constituent documents. The documents, provided for by Item 1 of Article 17 of the Federal Law on State Registration of Juridical Persons and Individual Businessmen and by normative acts of the Bank of Russia, shall be submitted by the credit organization to the Bank of Russia in the procedure established by it. The Bank of Russia within one month, as of the date of submitting all properly drawn up documents, shall render a decision on state registration of amendments introduced into the constituent documents of the credit organization and shall send to the federal executive body, authorized under Article 2 of the Federal Law on State Registration of Legal Entities, the data and documents required for the exercising by this body of the functions related to keeping the Unified State Register of Legal Entities.

On the basis of said decision, rendered by the Bank of Russia, and of the required data and documents submitted by it, the authorized registering body, in five working days at the latest as of the date of receiving the required data and documents, shall make an appropriate entry in the Unified State Register of Legal Entities and shall inform the Bank of Russia about it at the latest in one working day following the date of making the appropriate entry. Interaction of the Bank of Russia with the authorized registering body with regard to state registration of amendments, introduced into the constituent documents of a credit organization, shall be carried out in the procedure agreed by the Bank of Russia with the authorized registering body.

#### **Article 11. Registered Capital of a Credit Organization**

The registered capital of a credit organization shall be combined from the amount of contributions of its participants and shall determine the minimum amount of property which can guarantee the interests of its creditors.

The minimum amount of authorised capital of a newly registered bank as of the date of filing of the state registration and licence application for the pursuance of banking transactions is established in the amount of the rouble equivalent of five million euros. The minimum amount of authorised capital of a newly registered non-banking credit organisation as of the date of filing of the state registration and licence application for the pursuance of banking transactions is established in the amount of the rouble equivalent of 500,000 euros.

The rouble equivalent of the minimum amount of authorised capital of a newly registered credit organisation in the procedure established by a normative act of the Bank of Russia.

The Bank of Russia shall establish a maximum limit on the amount of a property (non-monetary) contribution into the authorised capital of a credit organisation, and also a list of the types of property in non-monetary form that may be contributed to authorised capital.

Raised funds cannot be used to make up the authorised capital of a credit organisation. For the purpose of assessing the funds paid into the authorised capital of a credit organisation the Bank of Russia shall be entitled to establish a procedure and criteria for assessing the financial state of its founders (stake-holders).

Resources of the federal budget and state non-budget funds, free monetary resources, and other property objects controlled by federal bodies of state power may not be used to form the registered capital of a credit organization except for the cases envisaged in federal laws.

Resources of budgets of subjects of the Russian Federation, local budgets, free monetary resources and other property objects controlled by state power bodies of subjects of the Russian Federation and local government bodies may be used to form the registered capital of a credit organization on the basis of a legislative act of the subject of the Russian Federation or a decision of a body of local government, respectively, in compliance with procedure envisaged in the present Federal Law and other federal laws.

The purchase and/or receipt on trust (hereinafter referred to as "acquisition"), as a result of one or several transactions by one legal entity or natural person, or a group of legal entities and/or natural persons under an agreement, or a group of legal entities acting as subsidiaries or dependent on each other, of over 1 per cent of the stocks (share) of a credit organization requires submitting a notification to the Bank of Russia, and if more than 20 per cent, the preliminary consent of the Bank of Russia. The Bank of Russia shall inform the applicant in writing of its decision no later than within 30 days from the moment of receiving a request - either a consent or a refusal. The refusal ought to be well founded. If the Bank of Russia failed to inform of the adopted decision within specified deadline, the purchase-and-sale deal for the stocks (share) of the credit organization shall be considered done. The procedure for securing the Bank of Russia's permission for the acquisition of more than 20 per cent of the shares (20 per cent stake) of a credit organisation and the procedure for notifying the Bank of Russia of the acquisition of over 1 per cent of the shares (1 per cent stake) of a credit organisation shall be established by federal laws and the regulatory acts of the Bank of Russia adopted pursuant thereto.

The Bank of Russia shall be entitled to block a purchase-and-sale transaction for more than 20% of stocks (share) of a credit organization in



cases of the unsatisfactory financial standing of the buyers of stocks (share), violation of antimonopoly rules, and in other cases envisaged in federal laws.

The Bank of Russia shall refuse to grant its permission for the acquisition of more than 20 per cent of the shares (20 per cent stake) of a credit organisation if has established earlier that the person who acquires shares (stake) of the credit organisation is guilty of causing a loss to any credit organisation when holding the office of a member of the board of directors (supervisory board) of the credit organisation, the sole executive body, deputy thereof and/or member of the collective executive body (governing body, directorate).

Bank founders have no right to cancel their membership in the bank within the first three years from the day of its registration.

### **Article 11.1. The Managerial Bodies of a Credit Organisation**

Apart from the general meeting of its founders (stake-holders), the managerial bodies of a credit organisation shall be deemed a board of directors (supervisory board), a sole executive body and a collective executive body.

The day-to-day running of the credit organisation shall be done by the sole executive body and the collective executive body.

The sole executive body, the deputies thereof, the members of the collective executive body (hereinafter referred to as "the heads of a credit organisation"), the chief accountant of the credit organisation, the head of its branch shall not hold positions in other organisations being credit or insurance organisations, professional participants in the securities market and also in organisations engaged in leasing activities or being affiliated persons in respect of a credit organisation whereby its head, chief accountant, head of branch are employed.

Nominees for the positions of members of a board of directors (supervisory board), the head of a credit organisation, the chief accountant, deputy chief accountants of a credit organisations and also the head, deputy heads, chief accountant, deputy chief accountants of a branch of a credit organisation shall qualify under the criteria established by federal laws and the regulatory acts of the Bank of Russia adopted pursuant thereto.

The credit organisation shall notify the Bank of Russia in writing of all forthcoming appointments to the positions of the head of the credit organisation, chief accountant, deputy chief accountants of the credit organisation and also the head, deputy head, chief accountant, deputy chief accountants of a branch of the credit organisation. The notice shall comprise the information specified in Subitem 8 Article 14 of the present Federal Law. The Bank of Russia shall, within one month after the receipt of the notice, approve said appointments or forward its substantiated

refusal in writing on the grounds specified in Article 16 of the present Federal Law.

The credit organisation shall notify the Bank of Russia in writing of the removal of the head of the credit organisation, chief accountant, deputy chief accountants of the credit organisation and also the head, deputy heads, chief accountant, deputy chief accountants of a branch of the credit organisation not later than the business day following the date of the decision.

The credit organisation shall notify the Bank of Russia in writing of the election (removal) of a member of the board of directors (supervisory board) within three days after such a decision.

#### **Article 11.2.** The Minimum Amount of a Credit Organisation's Equity (Capital)

The minimum amount of equity (capital) is established for a bank in the amount of the rouble equivalent of five million euros, except for the case specified in Part 4 of the present Article.

The amount of equity (capital) of a non-banking credit organisation that applies for the status of a bank is not to be below the rouble equivalent of five million roubles as of the first day of the month in which the relevant application is filed with the Bank of Russia.

A banking transactions licence whereby a credit organisation is entitled to carry out banking transactions in amounts of money in roubles and foreign currencies, raise funds as deposits from natural persons and legal entities in roubles and foreign currencies (hereinafter referred to as "general licence") may be issued to a credit organisation whose equity (capital) is at least equal to the rouble equivalent of five million euros as of the first day of the month in which the general licence application is filed with the Bank of Russia.

A bank whose equity (capital) as of January 1, 2007 was below the rouble equivalent of five million euros is entitled to keep pursuing its activities provided its equity (capital) is not going to go below the level reached as of January 1, 2007.

If the equity (capital) of a bank falls due to a change of the equity (capital) assessment method the bank shall within 12 months reach either the minimum equity (capital) amount set by the present article as calculated by the new method (for the banks whose equity (capital) as of January 1, 2007 was equal to the rouble equivalent of five million euros or more) or the equity (capital) it has as of January 1, 2007 as calculated by the new method (for the banks whose equity (capital) as of January 1, 2007 was below the rouble equivalent of five million euros).

The rouble equivalent of minimum amount of equity (capital) of a credit organisation shall be assessed on a quarterly basis in the procedure established by a normative act of the Bank of Russia.

## **Chapter II. Procedure for Registration of Credit Organizations and Licensing of Banking Operations**

### **Article 12. State Registration of Credit Organizations and Issue of Licenses Thereto for Carrying Out Banking Operations**

Credit organizations shall be subject to state registration in compliance with the Federal Law on State Registration of Juridical Persons and Individual Businessmen, subject to the special procedure of state registration of credit organizations stipulated by this Federal Law.

A decision on state registration of a credit organization shall be rendered by the Bank of Russia. Entry into the Unified State Register of Legal Entities of data concerning establishment, reorganization and liquidation of credit organizations, as well as of other data provided for by federal laws, shall be made by the authorized registering body on the basis of a decision of the Bank of Russia on the appropriate state registration. Interaction of the Bank of Russia with the authorized registering body with regard to state registration of credit organizations shall be effected in the procedure agreed by the Bank of Russia with the authorized registering body.

The Bank of Russian, for the purpose of exercising its control and supervisory functions, shall keep the Register of Credit Organizations in the procedure established by federal laws and normative acts of the Bank of Russia adopted in compliance with them.

The state duty for state registration of credit organizations shall be collected in the procedure and in the amount established by the laws of the Russian Federation.

A credit organization shall be obliged to inform the Bank of Russia about changes of the data indicated in Item 1 of Article 5 of the Federal Law on State Registration of Juridical Persons and Individual Businessmen, except for information about obtained licenses, in three working days at the latest, as of the moment of such changes. The Bank of Russia, in one working day at the latest as of the date of receiving appropriate information from a credit organization, shall inform the authorized registering body about it which shall make an entry, concerning the change of the data about the credit organization, into the Unified State Register of Legal Entities.

A license for carrying out banking operations by a credit organization shall be issued after state registration thereof in the procedure established by this Federal Law and by normative acts of the Bank of Russia adopted in compliance with it.

A credit organization shall be empowered to carry out banking operations from the moment of obtaining a license issued by the Bank of Russia.

### **Article 13. Licensing of Banking Operations**

Banking operations may be carried out only on the basis of a license issued by the Bank of Russia in compliance with procedure set forth in the present Federal Law, with the exception of the cases mentioned in Part Nine of this Article and in Article 13.1 of the present Federal Law.

Licenses issued by the Bank of Russia shall be entered in the register of issued licenses for banking operations.

The register of licenses issued to credit organizations is to be published by the Bank of Russia in the official publication of the Bank of Russia ("Herald of the Bank of Russia") no less than once a year. Changes and amendments to the mentioned register shall be published by the Bank of Russia within one month from the day when they are entered in the register.

The license for banking operations shall indicate the banking operations authorized for the given credit organization, as well as the currency in which these banking operations may be carried out.

The license for banking operations shall be issued without limiting its effective time period.

Banking operations carried out by a legal entity without a license, if the receipt of such licence is obligatory, shall incur an exaction of the whole amount obtained as a result of the given operations from such legal entity, as well as a fine at double this amount to the federal budget. The exaction shall be effected through a court ruling under a lawsuit filed by a procurator, a respective federal body of executive power authorized for this under the Federal Law, or by the Bank of Russia.

The Bank of Russia is entitled to bring a liquidation action in a court of arbitration against a legal entity carrying out banking operations without a license, if the receipt of such licence is obligatory.

Persons carrying out banking operations illegally shall be liable to civil, administrative, or criminal proceedings in compliance with procedure set forth in the legislation.

The State Corporation Bank of Development and of Foreign Economic Activities (Vneshekonombank)' is entitled to make banking operations in respect of which it is vested with the right of making them on the basis of the Federal Law on Bank of Development.

### **Article 13.1. Performance of the Individual Banking Transactions by a Commercial Organisation Which Is Not a Credit Institution**

The commercial organisation which is not a credit institution has the right to carry out without a licence issued by the Bank of Russia the banking transactions mentioned in Item 9 of the first part of Article 5 of the present Federal Law, as concerns the acceptance from natural persons of cash as a payment for the electrical communication services, for the living premises and communal services, while at the same time observing the following conditions:

1) existence of a contract with the credit institution on whose terms the commercial organisation which is not a credit institution is obliged at its own behalf but at the expense of the credit institution to perform the banking transactions mentioned in Item 9 of the first part of Article 5 of the present Federal Law as concerns accepting at the place of its location and (or) at the place of location of an affiliate equipped with stationary work places, cash from natural persons as payment for electrical communication services, for the living premises and communal services for the purposes of the credit institution's performance of transactions involved in the transfer of monetary funds on the natural persons' orders without opening bank accounts onto the bank account of the person, rendering services (performing works), for which in conformity with the legislation of the Russian Federation a payment is collected for the electric communication services, for the living premises and communal services;

2) existence between the credit institution and the person rendering the services (performing the works) for which in conformity with the legislation of the Russian Federation payment is collected for electric communication services, for living premises and communal services, of a contract in accordance with whose terms the credit institution is obliged to make on the paid basis transactions involved in the transfer (including the acceptance) of cash accepted by the commercial organisation mentioned in Item 1 of the present Article, which is not a credit institution, from natural persons in favour of the person rendering the corresponding services (performing the works).

#### **Article 14. Documents Required for State Registration of a Credit Organization and Obtaining a Licence for Banking Operations**

The following documents shall be presented to the Bank of Russia for state registration of a credit organization and obtaining a license for banking operations in the procedure established by it:

1) an application requesting state registration of the credit organization and issue of a license for banking operations; the address (location) of a permanently functioning executive body of a credit organization, used for contacting the credit organization, shall be likewise indicated in the application;

2) promotion agreement (the original or a copy attested and certified by a notary), if the signing of it is envisaged in the Federal Law;

3) charter (the original or a copy thereof attested and certified by a notary);

4) a business plan endorsed by a meeting of the founders (stakeholders) of the credit organisation, the minutes of a meeting of the founders (stakeholders) comprising the decision whereby the constitution of the credit organisation and also the nominees for the positions of the head of the credit organisation and the chief accountant of the credit organisation have been endorsed. The procedure for compiling the

business plan of a credit organisation and the criteria for assessing it shall be established by regulatory acts of the Bank of Russia;

5) documents acknowledging state duty payment for the state registration of a credit organisation and for the issuance of a banking transactions licence at the formation of a credit organisation;

6) copies of documents of state registration of constituent legal entities, audit statements confirming validity of their financial reports, as well as certificate of the tax bodies confirming fulfillment by the constituent legal entities of their obligations to the Federal Budget, budgets of subjects of the Russian Federation, and local budgets for the most recent three years;

7) documents (according to the list established by regulatory acts of the Bank of Russia) confirming the sources of the funds contributed by the founders being natural persons to the authorised capital of the credit organisation;

8) questionnaires of the nominees for the positions of the head of the credit organisation, the chief accountant, deputy chief accountants of the credit organisations and also the head, deputy heads, chief accountant, deputy chief accountants of a branch of the credit organisation. Said questionnaires shall be filled out by these nominees in person and they shall comprise the information required by regulatory acts of the Bank of Russia and also the following information:

- presence of a higher legal or economic education for such persons (with a copy of a diploma or a document substituting it) and a working experience of no less than one year as a manager of a department or other division of a credit organization engaged in banking operations, and in the absence of a special education, managing experience in such a division of no less than two years;

- presence (absence) of a criminal record.

#### **Article 15. Procedure for State Registration of a Credit Organization and Issue of License for Banking Operations**

After presentation of documents listed in Article 14 of the present Federal Law, the Bank of Russia shall issue a written certificate to the founders of the credit organization confirming the receipt of documents from them necessary for state registration of the credit organization and obtaining a license for banking operations.

The decision on state registration of a credit organization and issue of a license for banking operations, or a refusal thereof, shall be made within the term of no more than six months from the date of presenting all documents envisaged in the present Federal Law.

The Bank of Russia upon the adoption of a decision on state registration of a credit organization shall submit to the authorized registering body the data and documents required for the exercising by this

body of the functions related to keeping the Unified State Register of Legal Entities.

On the basis of said decision, rendered by the Bank of Russia, and required data and documents, submitted by it, the authorized registering body in five working days at latest as of the date of receiving the required data and documents, shall make an appropriate entry into the Unified State Register of Legal Entities and shall inform the Bank of Russia about it at the latest in one working day following the date of making an appropriate entry.

The Bank of Russia, in three working days at the latest as of the date of receiving information from the authorized registering body on an entry about a credit organization made in the Unified State Register of Legal Entities, shall inform the founders of the credit organization about it with the demand of making within one month a 100 per cent payment of the declared authorized capital of the credit organization and shall issue to the founders thereof a document confirming the fact of making an entry about the credit organization in the Unified State Register of Legal Entities.

Non-payment or incomplete payment of the authorized capital stock within the established term shall be grounds for the Bank of Russia to bring a claim in court for liquidation of the credit organization.

To accept the payment of the registered capital, the Bank of Russia shall open a correspondent account in the Bank of Russia for the registered bank, and if necessary, for the non-banking credit organization. The requisites of the correspondent account shall be indicated in the notification of the Bank of Russia of the state registration of the credit organization and issue of the license for banking operations.

When the document confirming the payment of 100% of the stated registered capital of the credit organization is presented, the Bank of Russia shall issue the license for banking operations to the credit organization within three days.

**Article 16.** The Grounds for Refusing the State Registration of a Credit Organisation and the Issuance of a Banking Transaction License Thereto

The state registration of a credit organisation and the issuance of a banking transaction license thereto may be refused only on the following grounds:

1) the failure of the nominees proposed for the positions of the head of the credit organisation, the chief accountant of the credit organisation and deputies thereof to qualify under the criteria set by federal laws and the regulatory acts of the Bank of Russia adopted pursuant thereto. The "failure of the nominees proposed for the positions to qualify under the criteria" means the following:

the nominees' lacking a higher law or economic education and experiences in the capacity of the head of a department or other unit of a credit organisation the activities of which are relating to banking

transactions or lacking two-year's experience in the capacity of head of such department or unit;

the nominees' having been convicted for a crime in the field of economy;

the nominees' having committed an administrative offence within one year preceding the day when documents were filed with the Bank of Russia for the purposes of the state registration of the credit organisation, as established by a decision (which has become final) of a body authorised to hear administrative offence cases;

the existence within the two years preceding the date when documents were filed with the Bank of Russia for the purposes of the state registration of the credit organisation of cases when a labour contract signed with these persons was rescinded on the initiative of the management on the grounds specified in Item 2 Article 254 of the Code of Labour Laws of the Russian Federation;

the availability of a demand addressed to the credit organisation being the employer of each of the said nominees as the head of the credit organisation and filed within three years preceding the date when documents were filed with the Bank of Russia for the purposes of the state registration of the credit organisation claiming that he be replaced as the head of the credit organisation in compliance with the procedure set out in the Federal Law on the Central Bank of the Russian Federation (Bank of Russia);

the nominee's business reputation failing to comply with the criteria set by federal laws and the regulatory acts of the Bank of Russia adopted pursuant thereto;

the availability of other grounds established by federal laws;

2) an unsatisfactory financial position of the founders of the credit organisation or their default on their obligation to pay the federal budget, the budgets of Russian regions and local budgets during the last three years;

3) the non-compliance of the documents filed with the Bank of Russia for the purposes of state registration of the credit organisation and obtaining a banking transaction license with federal laws and the regulatory acts of the Bank of Russia adopted pursuant thereto;

4) the failure of the business reputation of the nominees for the positions of members of the board of directors (supervisory board) to qualify under the criteria set by federal laws and the regulatory acts of the Bank of Russia adopted pursuant thereto, the nominees' having been convicted for economic crimes.

A decision to refuse the state registration of a credit organisation and issue a banking transaction license to it shall be made known to the founders of the credit organisation in writing, with the reasons underlying such a decision being provided.



The refusal to grant state registration to a credit organisation and to issue a banking transaction license to it or the Bank of Russia's failure to adopt a relevant decision within the term set shall be subject to arbitration court appeal.

According to the present article "business reputation" means an assessment of the professional and other qualities of a person which allow this person to occupy a specific position in the managerial bodies of a credit organisation.

**Article 17. State Registration of a Credit Organization with Foreign Investments and of a Branch of a Foreign Bank And Issue of Licenses for Banking Operations to Them**

State registration of a credit organization with foreign investments and of a branch of a foreign bank and obtaining of a license for banking operations by them requires, besides the documents listed in Article 14 of the present Federal Law, submission additionally of the duly drawn up documents listed below.

A foreign legal entity shall present:

1) decision of its participation in the creation of the credit organization on the territory of the Russian Federation or on the opening of the bank branch;

2) document confirming the fact of registration of the legal entity and balance reports for the three most recent years certified with an audit statement;

3) written consent of respective control body of the country of its location for the participation in the creation of the credit organization on the territory of the Russian Federation, or for the opening of a branch of the bank, in cases when such permission is required in compliance with legislation of the country of its location.

A foreign legal entity shall present a confirmation of solvency of this legal entity by a first class foreign bank (in compliance with international practice).

**Article 18. Additional Requirements for Creation and Operation of Credit Organizations with Foreign Investments and Branches of Foreign Banks**

The amount of participation (quotas) of foreign capital in the banking system of the Russian Federation shall be fixed by federal law at the suggestion of the Government of the Russian Federation coordinated with the Bank of Russia. The mentioned quota is calculated as a ratio of the total capital belonging to non-residents in the registered capitals of credit organizations with foreign investments and the capital of branches of foreign banks to the aggregate registered capital of credit organizations registered on the territory of the Russian Federation.

Upon reaching the fixed quota, the Bank of Russia shall suspend the issue of licenses for banking operations to banks with foreign investments, branches of foreign banks.

The Bank of Russia shall enjoy the right to prohibit an increase of the registered capital of a credit organization from non-resident resources and an alienation of stocks (share) to non-residents if the mentioned operation may result in exceeding the quota of participation of foreign capital in the banking system of the Russian Federation.

The Bank of Russia in coordination with the Government of the Russian Federation shall be entitled to impose restrictions on banking operation for credit organizations with foreign investments and branches of foreign banks if respective foreign states apply restrictions to banks with Russian investments and branches of Russian banks in their creation and operation.

The Bank of Russia shall be entitled to fix, in compliance with procedure envisaged in the Federal Law on the Central Bank of the Russian Federation (The Bank of Russia), additional requirements for credit organizations with foreign investments and branches of foreign banks pertaining to procedure for providing reports, endorsement of managing personnel, and the list of banking operations carried out.

#### **Article 19.** Enforcement Measures of the Bank of Russia Applied in Cases of Violation of Federal Laws and Normative Acts of the Bank of Russia by a Credit Organization

In cases of violation of federal laws, normative acts and dispositions of the Bank of Russia, mandatory normatives imposed by it, failure to present information, presentation of incomplete or incorrect information, failure to provide information to a credit bureau when consent of the credit history agent is obtained, as well as of committing actions producing a threat to the interests of depositors and creditors, the Bank of Russia shall be entitled to take actions against the credit organization, as an enforcement measure, envisaged in the Federal Law on the Central Bank of the Russian Federation (The Bank of Russia).

#### **Article 20.** The Grounds for Revoking the Banking Transaction License of a Credit Organisation

The Bank of Russia may revoke a credit organisation's banking transaction license if:

- 1) the information used when issuing the license has been found to be unreliable;
- 2) the commencement of the banking transactions stipulated in the license is delayed by over one year after its date of issue;
- 3) a significant unreliability of reporting data has been discovered;
- 4) a monthly report (reporting documentation) is filed with a delay exceeding 15 days;

5) banking transactions not included in the license have been accomplished;

6) the organisation did not observe the federal laws regulating banking activities and regulatory acts of the Bank of Russia, if it was several times subjected to the sanctions stipulated by the Federal Law on the Central Bank of the Russian Federation (Bank of Russia) and also repeated violation during one year of the provisions of Articles 6 and 7 (except for Item 3 Article 7) of the Federal Law on Countering the Legalisation of Earnings Received through Crime (Money Laundering);

7) there had been several defaults within one year on the claims for collecting funds from the accounts (deposits) of the credit organisation contained in execution documents of courts and arbitration courts through the organisation's fault, given the availability of cash in the accounts (deposits) of the said persons;

8) the administration has filed a petition if as of the end of the effective term of the said management set by the Federal Law on the Insolvency (Bankruptcy) of Credit Organisations there are the grounds for its appointment specified in said federal law.

9) repeated non-submission by a credit organization to the Bank of Russia within the established term of updated information required for introducing changes into the Unified State Register of Legal Entities, safe for the data about obtained licenses.

10) nonfulfilment by a credit organisation that is the manager of mortgage cover of the requirements of the Federal Law on Mortgage Securities and of the normative legal acts of the Russian Federation issued in accordance therewith, and also non-elimination of violations within the established time if during one year the measures stipulated by the Federal Law on the Central Bank of the Russian Federation (Bank of Russia) were repeatedly applied to the credit organisation.

The Bank of Russia shall revoke the banking transaction license if:

1) the sufficiency of capital of the credit organisation falls below two per cent.

If within the last 12 months preceding the time when the credit organisation's license is to be revoked under the present article the Bank of Russia had changed the methodology of calculating the sufficiency of capital of credit organisations the method whereby the capital sufficiency of the credit organisation can be maximum shall apply;

2) if the amount of the credit organisation's own resources (capital) is below the minimum authorised capital amount set as of the date of the state registration of a credit organisation. The indicated basis for the withdrawal of the licence for the carrying out of banking operations shall not be applicable to credit organisations during the first two years from the day of the issuance of a licence for the carrying out of banking operations;

3) if the credit organisation fails to comply within the term set by the Federal Law on the Insolvency (Bankruptcy) of Credit Organisations with

the Bank of Russia's demand for bringing into line the authorised capital amount and own resources (capital) amount;

4) if the credit organisation is not capable of meeting the creditors' claims relating to monetary liabilities and/or perform its duty to make compulsory payments within 14 days after their due date. In this case the said claims in their aggregate shall make up at least 1,000-fold the minimum wage rate as established by a federal law;

5) if a bank whose equity (capital) as of January 1, 2007 was equal to, or above, the rouble equivalent of five million euros has its equity (capital) falling for three months in a row below the rouble equivalent of five million euros, except for a fall due to a change of equity (capital) assessment method, and if it does not file an application with the Bank of Russia asking for its status to be changed to that of a non-banking credit organisation;

6) if a bank whose equity (capital) as of January 1, 2007 was below the rouble equivalent of five million euros has its equity (capital) falling for three months in a row below the level it reached as of January 1, 2007, except for a fall due to a change of the equity (capital) assessment method, and does not file an application with the Bank of Russia asking for its status to be changed to that of a non-banking credit organisation;

7) if a bank whose equity (capital) as of January 1, 2007 was equal to, or above, the rouble equivalent of five million euros which had its equity (capital) falling below the minimum amount set by Article 11.2 of the present Federal Law due to a change of equity (capital) assessment method, and which has not reached within 12 months the said minimum amount of equity (capital) and has not filed an application with the Bank of Russia asking for its status to be changed to that of a non-banking credit organisation;

8) if a bank whose equity (capital) as of January 1, 2007 was below the rouble equivalent of five million euros had its equity (capital) falling in comparison with the level it reached as of January 1, 2007 due to a change of the equity (capital) assessment method, and within 12 months has not reached the equity (capital) level it had as of January 1, 2007 and has not filed an application for changing its status to that of a non-banking credit organisation.

In the cases stipulated in Part 2 of the present article the Bank of Russia shall revoke the credit organisation's banking transaction license within 15 days after the receipt by the bodies of the Bank of Russia responsible for the revocation of the license of reliable information on the existence of grounds for revoking the license.

A banking transaction license shall not be revoked on grounds other than those specified in the present Federal Law.

The decision of the Bank of Russia to revoke a credit organisation's banking transaction license shall become final as of the date when a relevant act of the Bank of Russia is adopted and it shall be subject to

appeal within 30 days after the date of publication of an announcement about the revocation of the license in the Bulletin of the Bank of Russia. The appeal of said decision of the Bank of Russia and also the application of measures for providing security for claims addressed to the credit organisation shall not suspend said decision of the Bank of Russia.

The announcement of the revocation of a credit organisation's banking transaction license shall be published by the Bank of Russia in its official paper, the Bulletin of the Bank of Russia, within one week after the date of the decision.

After the revocation of its banking transaction license the credit organisation shall be liquidated in compliance with the provisions of Article 23.1 of the present Federal Law, or if it has been recognised as bankrupt, in compliance with the provisions of the Federal Law on the Insolvency (Bankruptcy) of Credit Organisations.

After the revocation of a credit organisation's banking transaction license the Bank of Russia shall:

appoint the credit organisation's administration, not later than the business day following the date of revocation of the said license, in compliance with the provisions of the Federal Law on the Insolvency (Bankruptcy) of Credit Organisations;

act as indicated in Article 23.1 of the present Federal Law.

From the moment of the withdrawal from a credit organisation of the licence for the carrying out of banking operations:

1) there shall be considered due the the obligations of the credit organisation that had arisen prior to the day of the withdrawal of the licence for the carrying out of banking operations. In this case the rate of the monetary obligations and duties in making the obligatory payments of the credit organisation expressed in foreign currency shall be determined in roubles at the rate of exchange established by the Bank of Russia as on the day of the withdrawal from the credit organisation of the licence for the carrying out of banking operations;

2) the charging of interest and financial sanctions stipulated by federal law or by agreement for all types of indebtedness of the credit organisation shall be terminated, except for the financial sanctions for nonfulfilment or improper fulfilment by the credit organisation of its current obligations;

3) the fulfilment of executive documents on property recoveries shall be suspended, compulsory fulfilment of any other documents the recovery on which is carried out indisputably shall not be permitted, except for the fulfilment of executive documents on the exaction of indebtedness on the current obligations of the credit organisation;

4) till the entry into force of a decision of the arbitration court on declaring the credit organisation insolvent (bankrupt) or liquidating the credit organisation it shall be prohibited:

from performing any transactions with the property of the credit organisation, including the fulfilment by the credit organisation of any obligations, except for transactions associated with the current obligations of the credit organisation determined in accordance with this Article;

from fulfilling the duty in making obligatory payments which duty had arisen prior to the day of the withdrawal from the credit organisation of the licence for the carrying out of banking operations;

from terminating the obligations to the credit organisation by way of setting off similar counter demands;

5) the acceptance and making on the correspondent accounts of the credit organisation of any payments to the accounts of the customers of the credit organisation (of natural and juridical persons) shall be terminated. The credit organisations and the institutions of the Bank of Russia shall return the payments arriving after the day of the withdrawal of the licence for the carrying out of banking operations in favour of the customers of the credit organisation to the accounts of the payers in the sending banks.

The current obligations of a credit organisation shall mean:

1) the obligations in the payment of the expenses associated with the continuation of the carrying out of the activity of the credit organisation (including the communal, lease and operational payments, the expenses on the communications services, the ensuring of the safety of property), the expenses on the performance of the functions of the temporary administration, appointed by the Bank of Russia, for managing the credit organisation, the remuneration of the labour of persons working under an employment agreement, the payment of a severance allowance to such persons in the case of their dismissal, and also of any other expenses associated with the liquidation of the credit organisation after the day of the withdrawal of the licence for the carrying out of banking operations;

2) the duties in making the obligatory payments arising from the day of the withdrawal of the licence for the carrying out of banking operations;

3) the obligations in the transfer of the monetary amounts deducted from wages (alimony, tax on the income of natural persons, trade-union fees, insurance premiums and other payments imposed on the employer in accordance with federal laws) paid to the workers of the credit organisation in accordance with federal laws.

The payment of the expenses associated with the fulfilment of the current obligations of the credit organisation shall be made by the temporary administration, appointed by the Bank of Russia, for managing the credit organisation on the basis of the estimate of expenses approved by the Bank of Russia.

In the period after the day of the withdrawal of the licence for the carrying out banking operations and till the day of the entry into force of the decision of the arbitration court on declaring the credit organisation insolvent (bankrupt) or on its liquidation the credit organisation shall have the right:

1) to exact and receive indebtedness, including on the earlier issued credits, to return of the advance payments earlier made by the credit organisation, to receive the funds from the redemption of securities and the yield on securities belonging to the credit organisation by right of ownership;

2) to return of the property of the credit organisation kept by third persons;

3) to receive income from earlier conducted bank operations and concluded transactions, and also from operations associated with the professional activity of the given credit organisation on the securities market;

4) to return, in agreement with the Bank of Russia, the monetary funds entered by mistake onto the correspondent account or the correspondent subaccount of the credit organisation. The procedure for agreeing the return of erroneously entered monetary funds shall be established by normative acts of the Bank of Russia;

5) to return to the customers of the credit organisation the securities or other property that were accepted by the credit organisation for custody and/or accounting under agreements of trust management or under other agreements associated with the carrying out by the credit organisation of professional activity on the securities market with the reflection thereof on the relevant accounts or depo accounts;

6) to carry out other activities in the performance of the functions of the temporary administration, appointed by the Bank of Russia, for managing the credit organisation stipulated by the Federal Law on the Insolvency (Bankruptcy) of Credit Organisations and by the normative acts of the Bank of Russia adopted in accordance therewith.

#### **Article 21. Consideration of Disputes Involving a Credit Organization**

Decisions and actions (failure to act) of the Bank of Russia or its officials are liable to appeal filed by the credit organization in a court of law or court of arbitration in compliance with procedure envisaged in federal law.

A credit organization is entitled to address the Bank of Russia with inquiries and applications pertaining to decisions and actions (failure to act) of the Bank of Russia, for which the Bank of Russia ought to provide a reply on the essence of the raised issues within one month.

Disputes between a credit organization and its clients (natural persons and legal entities) shall be resolved in compliance with procedure envisaged in federal laws.

#### **Article 22. Branches, Representations and Internal Structural Units of a Credit Organisation**

A branch of a credit organization is assumed to be its isolated division located outside the location of the credit organization and carrying

out in its name all or part of the banking operations envisaged in the license of the Bank of Russia issued to the credit organization.

A representative office of a credit organization is assumed to be its isolated division located outside the location of the credit organization representing its interests and protecting them. A representative office of the credit organization have no right to carry out banking operations.

Branches and representative offices of a credit organization are not implied to be legal entities and shall operate on the basis of regulations endorsed by the credit organization that created them.

Managers of the branches and representative offices shall be appointed by the manager of the credit organization that created them and shall act on the basis of a warrant issued to them in compliance with the established procedure.

A credit organization shall open branches and representative offices on the territory of the Russian Federation from the moment of its notification to the Bank of Russia. The notification shall contain the postal address of the branch (representative office), its authority and functions, information on managers, the scale and nature of planned operations, as well as provide the impression of its seal and the specimens of signatures of its managers.

The branches of a credit organization with foreign investments on the territory of the Russian Federation shall be registered by the Bank of Russia in compliance with the established procedure.

An internal structural unit of a credit organisation (of its branch) shall be its unit situated outside the location of the credit organisation (its branch) and performing, in its name, bank operations whose list is established by normative acts of the Bank of Russia, within the framework of the licence of the Bank of Russia issued to the credit organisation (regulations on the branch of the credit organisation).

Credit organisations (their branches) may open internal structural units outside the location of the credit organisations (their branches) in the form and procedure established by normative acts of the Bank of Russia.

The authority of a branch of a credit organisation for adopting a decision on the opening an internal structural unit must be stipulated by the regulations on the branch of the credit organisation.

### **Article 23. Liquidation or Reorganisation of a Credit Organisation**

The liquidation or reorganisation of a credit organisation shall be carried out in accordance with federal laws taking into account the requirements of this Federal Law. In this case the state registration of a credit organisation in connection with its liquidation and the state registration of a credit organisation created by way of reorganisation shall be carried out in the procedure stipulated by the Federal Law on the State Registration of Juridical Persons and Individual Businessmen taking into account the peculiarities established by this Federal Law and by the normative acts of the Bank of Russia adopted in accordance therewith. The



information and documents necessary for the carrying out of the state registration of a credit organisation in connection with its liquidation and of the state registration of a credit organisation created by way of reorganisation shall be submitted to the Bank of Russia. The List of the indicated information and documents, and also the procedure for their submission shall be determined by the Bank of Russia.

After the adoption of the decision on the state registration of a credit organisation in connection with its liquidation or on the state registration of a credit organisation created by way of reorganisation, the Bank of Russia shall send to the authorised registering body the information and documents necessary for the performance by that body of the functions of keeping the combined state register of legal entities.

On the basis of the indicated decision taken by the Bank of Russia and the necessary information and documents submitted by it, the authorised registering body shall, within five working days from the day of the receipt of the necessary information and documents, make the relevant entry in the combined state register of juridical persons and, not later than on the working day following the day of making the relevant entry, inform the Bank of Russia thereof.

The interaction of the Bank of Russia and of the authorised registering body concerning the state registration of a credit organisation in connection with its liquidation or concerning the state registration of a credit organisation created by reorganisation shall be carried out in the procedure agreed upon by the Bank of Russia with the authorised registering body.

The state registration of a credit organisation in connection with its liquidation shall be carried out within 45 days from the day of the submission to the Bank of Russia of all documents drawn up in the established procedure.

The state registration of a credit organisation created by reorganisation, unless it has been decided to refuse such registration, shall be carried out within six months from the day of the submission to the Bank of Russia of all documents drawn up in the established procedure.

The Bank of Russia shall have the right to prohibit the reorganisation of a credit organisation if, as a result of its carrying out, there will arise grounds for the application of measures for preventing insolvency (bankruptcy) stipulated by the Federal Law on the Insolvency (Bankruptcy) of Credit Organisations.

In the case of termination of the activity of a credit organisation on the basis of a decision of its promoters (participants) the Bank of Russia shall, at the application of the credit organisation, take a decision on the cancellation of the licence for carrying out banking operations. The procedure for the submission by the credit organisation of such application shall be regulated by normative acts of the Bank of Russia.

If after the adoption of a decision by the promoters (participants) of a credit organisation on its liquidation the Bank of Russia, on the basis of

Article 20 of this Federal Law, decides to withdraw from it the licence for carrying out banking operations, then the decision of the promoters (participants) of the credit organisation on its liquidation and other decisions associated therewith of the promoters (participants) of the credit organisation or the decisions of the liquidation commission (liquidator) appointed by the promoters (participants) of the credit organisation shall lose its legal force. The credit organisation shall be subject to liquidation in the procedure stipulated by Article 23.1 of this Federal Law.

In the case of cancellation or withdrawal of the licence for carrying out banking operations a credit organisation shall, within 15 days from the day of the adoption of such decision, return the indicated licence to the Bank of Russia.

The promoters (participants) of a credit organisation who have taken the decision on its liquidation shall appoint a liquidation commission (liquidator), approve an intermediate liquidation balance sheet and a balance sheet of the credit organisation in agreement with the Bank of Russia.

The liquidation of a credit organisation shall be considered completed and the credit organisation having terminated its activity after the making by the authorised registering body of the relevant entry in the combined state register of legal entities.

#### **Article 23.1. Liquidation of a Credit Organisation at the Initiative of the Bank of Russia (Compulsory Liquidation)**

Within 15 days from the day of the withdrawal from a credit organisation of the licence for carrying out banking operations the Bank of Russia must apply to the arbitration court with a demand for liquidation of the credit organisation (hereinafter, the application of the Bank of Russia for compulsory liquidation of a credit organisation), unless by the day of the withdrawal of said licence a credit organisation has certain indications of insolvency (bankruptcy) stipulated by the Federal Law on the Insolvency (Bankruptcy) of Credit Organisations.

If by the day of the withdrawal of the licence for carrying out banking operations a credit organisation has any indications of insolvency (bankruptcy) stipulated by the Federal Law on the Insolvency (Bankruptcy) of Credit Organisations, or if the presence of such indications has been established by the temporary administration, appointed by the Bank of Russia for managing the credit organisation after the day of the withdrawal from the credit organisation of said licence, then the Bank of Russia shall apply to the arbitration court for declaring the credit organisation insolvent (bankrupt) in the procedure established by the Federal Law on the Insolvency (Bankruptcy) of Credit Organisations).

The Arbitration Court shall consider the application of the Bank of Russia for compulsory liquidation of the credit organisation in accordance with the rules established by the Code of Arbitration Procedure of the

Russian Federation and taking into account the peculiarities established by this Federal Law. The application of the Bank of Russia for compulsory liquidation of the credit organisation shall be considered by the arbitration court within one month from the day of the submission of said application. The arbitration court shall take a decision on the liquidation of the credit organisation and the appointment of a liquidator of the credit organisation unless it is established that the credit organisation has indications of insolvency (bankruptcy) as on the day of the withdrawal therefrom of the licence for carrying out banking operations. When considering the application of the Bank of Russia for compulsory liquidation of the credit organisation, the preliminary judicial session stipulated by the Code of Arbitration Procedure shall not be held.

The arbitration court shall send the decision on the liquidation of the credit organisation to the Bank of Russia and to the authorised registering body, which shall make an entry in the combined state register of legal entities to the effect that the credit organisation is in the process of liquidation.

#### **Article 23.2. Liquidator of a Credit Organisation**

The submission of the candidacy of the liquidator of a credit organisation to the arbitration court and the approval of that candidacy by the arbitration court shall be carried out in the procedure stipulated by the Federal Law on the Insolvency (Bankruptcy) of Credit Organisations for the submission and approval of the bankruptcy commissioner of a credit organisation.

The liquidator of a credit organisation that held a licence of the Bank of Russia for attraction of deposits of monetary funds of natural persons shall be the Agency for Insurance of Deposits.

As the liquidator of a credit organisation that did not have a licence of the Bank of Russia for the attraction to deposits of monetary funds of natural persons, the arbitration court shall approve an arbitration manager conforming to the requirements of the Federal Law on Insolvency (Bankruptcy) and accredited with the Bank of Russia as a bankruptcy commissioner for the bankruptcy of credit organisations.

The liquidator of a credit organisation shall start the exercise of his authority from the day of the entry into force of the decision of the arbitration court on the liquidation of the credit organisation and of the appointment of the liquidator of the credit organisation and shall operate till the day of making a entry in the combined state register of legal entities about the liquidation of the credit organisation.

In the process of the liquidation of a credit organisation the liquidator of the credit organisation must act in good faith and reasonably and take into account the rights and legitimate interests of the creditors of the credit organisation, the society and the state. In the process of liquidation of a credit organisation the liquidator of the credit organisation shall have the

rights and perform the duties stipulated by this Federal Law, and wherein certain issues are not dealt with, then by the Federal Law on the Insolvency (Bankruptcy) of Credit Organisations for the bankruptcy commissioner of a credit organisation.

The discharge or removal of the liquidator of a credit organisation from the post shall be carried out in the procedure stipulated by the Federal Law on the Insolvency (Bankruptcy) of Credit Organisations for bankruptcy proceedings.

**Article 23.3.** Consequences of the Adoption by the Arbitration Court of a Decision on the Liquidation of a Credit Organisation

A decision of the arbitration court on the liquidation of a credit organisation shall enter into legal force from the day of its adoption. An appeal of a decision of the arbitration court on the liquidation of a credit organisation shall not suspend its execution.

From the day of the entry into legal force of a decision of the arbitration court on the liquidation of a credit organisation there shall ensue the consequences stipulated by the Federal Law on the Insolvency (Bankruptcy) of Credit Organisations for the case of declaring a credit organisation insolvent (bankrupt).

**Article 23.4.** Regulation of the Procedures for the Liquidation of a Credit Organisation

The liquidation of a credit organisation shall be carried out in the manner and in accordance with the procedures stipulated by the Federal Law on the Insolvency (Bankruptcy) of Credit Organisations for bankruptcy proceedings and with the peculiarities established by this Federal Law.

The creditors of a credit organisation being liquidated shall have the rights stipulated by this Federal Law, and wherein certain issues are not dealt with, then by the Federal Law on the Insolvency (Bankruptcy) of Credit Organisations. The liquidator of a credit organisation must conduct the first meeting of creditors of a credit organisation within 60 days after the day of the termination of the period established for recording the demands of creditors.

The control over the activity of the liquidator of a credit organisation, and the procedure for the submission by him of reports to the Bank of Russia, and also of the check by the Bank of Russia of the activity of the liquidator of a credit organisation shall be carried out as stipulated by the Federal Law on the Insolvency (Bankruptcy) of Credit Organisations for bankruptcy proceedings.

After the termination of the period established for the recording of demands of creditors of a credit organisation, the liquidator of the credit organisation shall draw up an intermediate liquidation balance sheet, which must contain information on the composition of the property of the credit organisation being liquidated, a list of demands of the creditors of the credit

organisation, and also the results of their consideration. The intermediate liquidation balance sheet shall be considered at a meeting of creditors and/or a session of the committee of creditors of the credit organisation and after such consideration shall be subject to approval with the Bank of Russia.

The satisfaction of the demands of the creditors of a credit organisation shall be carried out in accordance with the intermediate liquidation balance sheet from the day of its agreeing-upon with the Bank of Russia and in the order of priority stipulated by the Federal Law on the Insolvency (Bankruptcy) of Credit Organisations.

The procedure for the performance of operations with the property of a credit organisation not included, in accordance with the Federal Law on the Insolvency (Bankruptcy) of Credit Organisations, in the composition of the bankruptcy assets in the case of insolvency (bankruptcy) of the credit organisation shall be determined by said Federal Law.

If the monetary funds available to a credit organisation are insufficient for satisfying the demands of the creditors of the credit organisation, then the liquidator of the credit organisation shall carry out the realisation of the property of the credit organisation in the procedure established by the Federal Law on the Insolvency (Bankruptcy) of Credit Organisations.

The period of the liquidation of a credit organisation may not exceed 12 months from the day of the entry into force of a decision of the arbitration court on the liquidation of the credit organisation. The indicated period may be prolonged by the arbitration court at a justified application of the liquidator of the credit organisation.

If it is revealed in the course of the conduct of the procedure of the liquidation of a credit organisation that the value of the property of the credit organisation in whose respect a decision on its liquidation has been taken, is insufficient for satisfying the demands of the creditors of the credit organisation, then the liquidator of the credit organisation must send to the arbitration court an application for declaring the credit organisation insolvent (bankrupt).

The report on the results of the liquidation of a credit organisation with the attachment of the liquidation balance sheet shall be heard at a meeting of creditors or a session of the committee of creditors of the credit organisation and approved by the arbitration court in the procedure stipulated by the Federal Law on Insolvency (Bankruptcy).

The ruling of the arbitration court on the approval of the report of the liquidator of a credit organisation on the results of the liquidation and on the completion of the liquidation of the credit organisation must be submitted by the liquidator of the credit organisation to the Bank of Russia with the attachment of the documents stipulated by the normative acts of the Bank of Russia for the carrying out of the state registration of the credit organisation in connection with its liquidation within ten days from the day of the rendering of such ruling.

### **Chapter III. Ensuring Stability of the Banking System, Protection of Rights, Interests of Depositors and Creditors of Credit Organizations**

#### **Article 24. Ensuring Financial Reliability of a Credit Organization**

To ensure financial reliability, a credit organization must create reserves (funds), including those for depreciation of securities, the procedure of forming and use of which shall be adopted by the Bank of Russia. The minimum amounts of reserves (funds) shall be determined by the Bank of Russia. The amounts of before-tax deductions to reserves (funds) from profits shall be fixed in the federal laws on taxation.

A credit organization shall be obliged to classify assets by isolating the doubtful and bad debts and to create reserves (funds) to cover possible losses in compliance with procedure established by the Bank of Russia.

A credit organization is obliged to observe the mandatory normatives fixed in compliance with the Federal Law on the Central Bank of the Russian Federation (The Bank of Russia). Numerical values of mandatory normatives shall be fixed by the Bank of Russia in compliance with the mentioned federal law.

A credit organization must arrange internal control providing a proper level of reliability corresponding to the nature and scale of operations carried out.

#### **Article 25. Standard Rate of Mandatory Reserves of a Bank**

A bank shall be obliged to observe the standard rate of mandatory reserves deposited in the Bank of Russia, including the requirements pertaining to deadlines, volumes, and types of attracted monetary resources. The procedure for depositing mandatory reserves shall be determined by the Bank of Russia in compliance with the Federal Law on the Central Bank of the Russian Federation (The Bank of Russia).

A bank shall be obliged to have an account in the Bank of Russia to keep mandatory reserves. The procedure for opening the mentioned account and clearing transactions within it shall be adopted by the Bank of Russia.

#### **Article 26. Privacy in Banking**

The Bank of Russia, the organisation that discharges the functions of the obligatory insurance of deposits shall guarantee the secrecy of transactions, of accounts and deposits of their clients and correspondents. All employees of a credit organization shall be obliged to keep secret transactions, accounts, and deposits of its clients and correspondents, as well as any other information specified by the credit organization, if this is not in defiance of federal law.

Certificates for operations and accounts of legal entities and private persons engaged in entrepreneurial activities without forming a legal entity

shall be issued by the credit organization to them, courts of law, and courts of arbitration (judges), Accounting Chamber of the Russian Federation, tax bodies, customs bodies of the Russian Federation, and to the bodies of the enforcement of judicial acts and acts of other bodies and officials in cases envisaged in legislative acts on their activities, and, when authorized by the head of an investigatory agency, to bodies of preliminary investigation for the cases accepted for investigation by them.

In compliance with laws of the Russian Federation, certificates concerning operations and accounts of legal entities and citizens, engaged in business activities without forming a legal entity, shall be issued by a credit organizations to the internal affairs bodies, while such exercise functions concerning detection, prevention and suppression of tax crimes.

Certificates for accounts and deposits of natural persons shall be issued by a credit organization to the persons themselves, to courts, to the bodies of the enforcement of judicial acts and acts of other bodies and of officials the organisations fulfilling the functions of the obligatory insurance of deposits upon the onset of insured accidents as provided by the federal law on the insurance of the deposits of natural persons in the banks of the Russian Federation, and when authorized by the head of an investigatory agency, to bodies of preliminary investigation for the cases accepted for investigation by them.

Certificates for accounts and deposits in cases of death of their owners shall be issued by a credit organization to persons indicated by the owner of the account or deposit in the testamentary disposition drawn up in the credit organization, to notary's offices for inheritance cases of the deceased depositors resolved by them, to foreign consular institutions for accounts of foreign citizens.

Information on the transactions of legal entities, citizens pursuing entrepreneurial activities without the formation of a legal entity and natural persons shall be provided by credit organisations to the body authorised to implement measures for countering the legalisation (laundering) of earnings received through crime in the cases, under the procedure and within the scope envisaged by the Federal Law on Countering the Legalisation of Earnings Received through Crime (Money Laundering).

The Bank of Russia, the organisation performing the functions of the obligatory insurance of deposits, has no right to disclose information on accounts, deposits, as well as information on concrete transactions and on transactions registered in reports of credit organizations obtained by it as a result of execution of license, enforcement, and control functions, except for the cases envisaged in federal laws.

Audit organizations have no right to disclose to third persons information on transactions, accounts and deposits of credit organizations, their clients and correspondents obtained in the course of checks carried out by them, except for the cases envisaged in federal laws.

The body authorised to implement measures for countering the legalisation (laundering) earnings received through crime shall not be entitled to disclose to third persons information received by credit organisations under the Federal Law on Countering the Legalisation of Earnings Received through Crime (Money Laundering) except for the cases specified in the said Federal Law.

Disclosure of a banking secret shall incur responsibility, including indemnification of incurred damage, on the Bank of Russia, the organisation that discharges the functions of the obligatory insurance of deposits, credit, audit, and other organizations, as well as on their officials and their employees in compliance with procedure set forth in the Federal Law.

The organisation that discharges the functions of the obligatory insurance of deposits shall not have the right to disclose to third persons information received in keeping with the federal law on the insurance of the deposits of natural persons in the banks of the Russian Federation.

Information concerning operations of legal entities, citizens engaged in entrepreneurial activity without the formation of a legal entity, and of natural persons by their consent shall be provided by credit organizations to credit bureaus with a view of forming credit histories in the procedure and on conditions stipulated by a contract concluded with the credit bureau according to the Federal Law on Credit Bureaus.

#### **Article 27. Arresting and Exacting Monetary Resources and Other Valuables of a Credit Organization**

Monetary resources and other valuables of legal entities and natural persons placed on accounts and deposits, or kept in a credit organization may not be arrested other than by a court of law or court of arbitration, by a judge, and also by a decision of bodies of preliminary investigation in the presence of a judicial decision.

When monetary resources on accounts and deposits are placed under arrest, the credit organization shall stop debit operations from the given account (deposit) within the arrested amount immediately after receiving the arrest order.

An exaction of monetary resources and other values of natural persons and legal entities placed on accounts and deposits, or kept in a credit organization may be effected only on the basis of execution documents in compliance with legislation of the Russian Federation.

A credit organization, the Bank of Russia, may not assume responsibility for the damage incurred as a result of arrest or exaction of the monetary resources and other values of their clients, except for the cases envisaged in legislation.

A confiscation of monetary resources and other values may be done on the basis of a court judgement which has come into legal force.



## **Chapter IV. Interbank Relations and Services to Clients**

### **Article 28. Interbank Operations**

Credit organizations may attract and place with each other on a contractual basis resources in the form of deposits, credits, effect payments through clearing centres arranged in compliance with the established procedure and correspondent accounts opened with each other, and carry out other mutual operations envisaged in the licenses issued by the Bank of Russia.

A credit organization shall report to the Bank of Russia on a monthly basis on the opening of correspondent accounts on the territory of the Russian Federation and abroad.

Credit organizations shall establish correspondent relations with foreign banks registered on the territories of off-shore areas of foreign states, in accordance with the procedure provided by the Bank of Russia.

Correspondent relations between a credit organization and the Bank of Russia shall be arranged on contractual basis.

Deduction of resources from accounts of a credit organization shall be done at its disposition or upon obtaining its consent, except for the cases envisaged in federal law.

In cases of insufficient resources for client crediting and fulfilling assumed obligations, a credit organization may apply for credits to the Bank of Russia on terms determined by it.

### **Article 29. Interest Rates for Credits, Deposits, and Commission for Operations of a Credit Organization**

Interest rates for credits, deposits, and commission for operations shall be fixed by a credit organization as agreed with clients, if otherwise is not envisaged in federal law.

A credit organization has no right to change interest rates for credits, deposits, commission rates and effective time periods of these agreements with clients on a unilateral basis, except for the cases envisaged in federal law or agreement with a client.

Under an agreement of bank deposit made by an individual under the terms providing for its paying out upon the expiry of a definite period of time or upon occurrence of the circumstances provided for by the agreement a bank may not unilaterally reduce the validity period of this agreement, to reduce the interest rate, to increase or fix a commission fee in respect of operations, except when it is provided for by a federal law.

### **Article 30. Relations Between the Bank of Russia, Credit Organizations, Their Clients and Credit Bureaus**

Relations between the Bank of Russia, credit organizations, and their clients shall be maintained on the basis of agreements, if otherwise is not envisaged in federal law.

The agreement must contain interest rates for credits and deposits, cost of banking services and deadlines for their execution, including the deadlines for processing payment documents, liability of parties for violation of the agreement, including liability for violation of obligations in payment deadlines, as well as procedure for its cancellation and other essential terms of the agreement.

Clients shall be entitled to open any number of clearing, deposit, and other accounts they need in any currency in banks upon obtaining their consent, if not otherwise envisaged in federal law.

The procedure for opening, keeping, and closing of client accounts by a bank in roubles and foreign currencies shall be adopted by the Bank of Russia in compliance with federal laws.

Participants of a credit organization may not enjoy any privileges when an issue of granting a credit or providing banking services to them is being considered, if otherwise is not envisaged in federal law.

The credit organization must in the procedure stipulated by the Federal Law on Credit Bureaus provide all available information required to build credit histories with regard to all borrowers who have agreed to provide such, even to a single credit bureau included in the State Register of Credit Bureaus.

Prior to concluding a credit agreement with a borrower - natural person and prior to amending the conditions of the credit agreement with the said borrower entailing a change of the full cost of the credit, the credit organisation must furnish the borrower - natural person with information about the full cost of the credit and also with a list and amounts of payments of the borrower - natural person connected with non-observance by him of the conditions of the credit agreement.

The credit organisation must determine in the credit agreement the full cost of the credit granted to the borrower - natural person and also give a list and amounts of payments of the borrower - natural person connected with non-observance by him of the conditions of the credit agreement.

The calculation of the full cost of the credit must include the payments of the borrower - natural person under the credit connected with the conclusion and fulfilment of the credit agreement, including the payments of the borrower in favour of third parties in the event that the duty of the borrower on such payments follows from the conditions of the credit agreement determining such third parties.

In the event that the full cost of a credit cannot be determined prior to the conclusion of a credit agreement with a borrower - natural person and prior to amending the conditions of the credit agreement entailing a change of the full cost of the credit because the credit agreement stipulates different amounts of payments of the said borrower under the credit depending on his decision, then the credit organisation must bring to the borrow - natural person information about the full cost of the credit

determined proceeding from the maximum possible amount of the credit and the periods of the crediting.

The calculation of the full cost of a credit shall not include any payments of the borrow - natural person under the credit connected with non-observance by him of the conditions of the credit agreement.

The full cost of the credit shall be calculated by the credit organisation and shall be brought by it to the borrower - natural person in the procedure established by the Bank of Russia.

### **Article 31. Payment Clearing by a Credit Organization**

A credit organization shall effect payments in compliance with rules, forms, and standards fixed by the Bank of Russia; if the rules for individual types of payments are not available - as agreed between parties; when clearing international payments - in compliance with procedure adopted in federal laws and rules adopted in international banking practice.

A credit organization, the Bank of Russia, must effect the transfer of client resources and entering these resources to his account no later than the next operative day after the respective payment document is received, if otherwise is not envisaged in federal law, agreement, or the payment document.

In cases of untimely or incorrect entry of monetary resources onto a client account or deducting them, the credit organization, the Bank of Russia shall pay out interest on the amount of these resources at the refunding rate of the Bank of Russia.

### **Article 32. Antimonopoly Rules**

Credit organizations shall be prohibited from concluding agreements and taking coordinated actions aimed at monopolization of the market of banking services, as well as at restricting competition in the banking sphere.

Purchase of stocks (share) of credit organizations, as well as concluding agreements envisaging control over operations of credit organizations (groups of credit organizations) must not defy antimonopoly rules.

Observation of antimonopoly rules in the sphere of banking services shall be monitored by the State Committee for Antimonopoly Policy and Support to New Economic Structures of the Russian Federation jointly with the Bank of Russia.

### **Article 33. Ensuring Credit Repayment**

Credits granted by a bank may be secured with a mortgage in the form of immovable and movable property, including state and other valuable papers, bank guarantees, and in other ways envisaged in federal laws or the agreement.

If the borrower violates contractual obligations, the bank shall be entitled to recover the granted credits and accrued interest on it ahead of schedule, if such is envisaged in the agreement, as well as to exact the pledged property in compliance with procedure envisaged in federal law.

#### **Article 34. Declaring Debtors Insolvent (Bankrupt) and Redemption of the Debt**

A credit organization shall be obliged to take all measures envisaged in the legislation of the Russian Federation to recover the debt.

A credit organization shall be entitled to apply to a court of arbitration to file an insolvency (bankruptcy) suit in compliance with procedure envisaged in federal laws against debtors failing to fulfil their obligations in debt redemption.

### **Chapter V. Branches, Representative Offices, and Subsidiary Organizations of a Credit Organization on the Territory of a Foreign State**

#### **Article 35. Branches, Representative Offices, and Subsidiary Organizations of a Credit Organization on the Territory of a Foreign State**

A credit organisation holding a general licence and having its equity (capital) in an amount not below the rouble equivalent of five million euros may set up on the territory of a foreign state branches having obtained a permission from the Bank of Russia, and representative offices having notified the Bank of Russia.

A credit organisation holding a general licence and having its equity (capital) in an amount not below the rouble equivalent of five million euros may have affiliated organisations on the territory of a foreign state on a permission of, and in keeping with the requirements of, the Bank of Russia.

The Bank of Russia shall inform the applicant in writing no later than within three months from the moment of receiving the respective request of its decision - either a consent or a refusal. The refusal must be well-grounded. If the Bank of Russia failed to inform of the adopted decision within specified deadline, the respective permission of the Bank of Russia shall be considered obtained.

### **Chapter VI. Savings Operations**

#### **Article 36. Bank Deposits of Natural Persons**

Deposit - monetary resources in the currency of the Russian Federation or a foreign currency placed by natural persons for keeping and obtaining an income. The income from a deposit is paid out as interest in monetary form. The deposit is returned to a depositor at his first demand in compliance with procedure envisaged for the given type of deposit in federal law and respective agreement.

Deposits may be accepted only by banks enjoying this right in compliance with a license issued by the Bank of Russia participating in the system of obligatory insurance of the deposits of natural persons in banks and registered in the organisation discharging the functions of the obligatory insurance of deposits. Banks shall ensure the safety of deposits and timely fulfillment of their obligations to depositors. The attraction of resources to deposits shall be registered by drawing up an agreement in writing in duplicate, with one of the copies handed out to the depositor.

The right to attract monetary resources of natural persons to deposits may be granted to banks with at least two years of operation from the date of state registration. In cases of bank merger, the mentioned term is assumed to be that of the bank with the earlier state registration. In case of bank reorganization, the mentioned term is preserved.

The right to attract in deposits money of natural persons may be granted to a newly-registered bank or to a bank, if less than two years have passed since the date of state registration, when:

- 1) the amount of the authorised capital of the newly-registered bank or the amount of the internal funds (capital) of the functioning bank comprises not less than half of the rouble equivalent of 100 million euro;

- 2) the bank shall observe the duty, established by the regulatory act of the Central Bank of Russia, to reveal to an unlimited range of persons information about the persons exerting the essential (direct or indirect) influence on the decisions taken by the bank's management bodies.

### **Article 37. Bank Depositors**

Depositors of a bank may be citizens of the Russian Federation, foreign citizens, and stateless persons.

Depositors shall be free to choose a bank for placing the monetary resources belonging to them in deposits and may have deposits in one or several banks.

Depositors are entitled to be in command of their deposits, obtain income from deposits, clear non-cash payments in compliance with the agreement.

### **Article 38. The System of the Obligatory Insurance of the Deposits of Natural Persons in Banks**

To guarantee the return of resources of citizens attracted by banks and compensate for the losses of income from deposited resources, the system of obligatory insurance of the deposits of natural persons in banks exists.

Participants of the organisation for obligatory insurance of deposits shall be any organisation that discharges the functions of the obligatory insurance of deposits and banks attracting resources of citizens.

The procedure for creation, forming, and use of resources of the Federal Fund of Mandatory Insurance of Deposits shall be determined by federal law.

#### **Article 39. Voluntary Deposit Insurance Funds**

Banks shall enjoy the right to create voluntary deposit insurance funds to ensure the return of deposits and payment of income from them. Voluntary deposit insurance funds shall be arranged as non-commercial organizations.

The number of constituent banks of a voluntary deposit insurance fund must be no less than five, with the total registered capital being no less than 20 times the minimum amount of registered capital fixed in accordance with the present Federal Law for banks for the date of fund creation.

Procedure for creation, management, and operation of voluntary deposit insurance funds shall be determined by their charters and federal laws.

A bank is obliged to notify its clients of its participation or non-participation in voluntary deposit insurance funds. In the case of its participation in a voluntary deposit insurance fund, the bank must inform the client of the insurance terms.

### **Chapter VII. Accounting Work in Credit Organizations and Control over Their Activities**

#### **Article 40. Rules for Accounting Work in a Credit Organization**

Rules for accounting work, presenting financial and statistical reports, drawing up annual reports in credit organizations shall be adopted by the Bank of Russia while taking into account international banking practices.

The Bank of Russia shall establish the specifics of bookkeeping for the State Corporation 'Bank of Development and of Foreign Economic Activities (Vneshekonombank)'.

#### **Article 41. Control over Activities of a Credit Organization**

Control over activities of a credit organization shall be executed by the Bank of Russia in compliance with federal laws.

#### **Article 42. Audit Checks of a Credit Organization, banking groups and banking holdings**

The statements/reports of the credit organisation shall be examined and verified every year by an audit organisation holding a license for the performance of such check-ups under Russian law. The statements/reports of banking groups and the statements/reports of banking holdings shall be examined and verified every year by an audit organisation holding a license for auditing credit organisations under Russian law and engaged in credit

organisation auditing for at least a two-year term. Licenses for credit organisation audit shall be issued under federal laws to audit organisations engaged in auditing activities at least for a two-year term.

An audit check of a credit organization, banking groups and banking holdings shall be done in compliance with legislation of the Russian Federation.

An audit organization must draw up a statement of the results of the audit check containing information on validity of financial reports of the credit organization, fulfillment of mandatory normatives fixed by the Bank of Russia, quality of management in the credit organization, condition of internal control, and other provisions envisaged in federal laws and the charter of the credit organization.

The audit statement shall be sent to the Bank of Russia within three months from the day of presenting the annual report of the credit organization, banking groups and banking holdings to the Bank of Russia.

**Article 43.** The Statements/Reports of a Credit Organisation, the Statements/Reports of Banking Groups and the Statements/Reports of Banking Holdings

The credit organisation shall file its annual report with the Bank of Russia (including the balance sheet and statement of profits and losses) after its reliability has been confirmed by an audit organisation. If the credit organisation is in a position to exert a significant (direct or indirect) influence on the activities of other legal entities (except for credit organisations) it shall compile and present the said report on a consolidated bases in compliance with the procedure determined by the Bank of Russia.

A credit organization shall publish in the open press its annual report (including accounting balance sheet and report of incomes and losses) in compliance with the form and deadlines fixed by the Bank of Russia, after it is confirmed by the audit organization.

The head credit organisation of a banking group, the head organisation of a banking holding (the managing company of a banking holding) shall draw up and file with the Bank of Russia consolidated reports on the activities of the banking group and consolidated reports on the activities of the banking holding for the purposes of credit organisation activity supervision, each of them including a consolidated financial report, a consolidated statement of profits and losses and also a risk calculation on a consolidated basis.

For the purpose of compilation, presentation and publication of consolidated reports on the activities of a banking group these reports shall include reports by other legal entities if the credit organisations incorporated in the banking group are in a position to exert a significant (direct or indirect) influence on the actions and decisions of the managerial bodies of said legal entities.

For the purpose of compilation, presentation and publication of consolidated reports on the activities of a banking holding the said reports shall include reports by other legal entities if the head organisation of the banking holding (the managing company of the banking holding) and/or the credit organisations incorporated in the banking holding is (are) in position to exert a significant (direct or indirect) influence on the decisions of the managerial bodies of said legal entities.

The legal entities which are under a significant (direct or indirect) influence of the head credit organisation of a banking group, the head organisation of a banking holding (the managing company of a banking holding) shall provide them with reports on their activities for the purposes of compilation of consolidated reports.

The head credit organisation of a banking group, the head organisation of a banking holding (the managing company of a banking holding) shall not be entitled to disclose the information received from the other legal entities incorporated in this banking group (banking holding), such information concerning their activities, except for the cases specified in the present Federal Law or the cases ensuing from the purposes of publication of consolidated reports.

Chairman  
of Supreme Soviet of RSFSR

Boris Yeltsin

House of Soviets RSFSR, Moscow  
December 2, 1990