

FEDERAL LAW  
NO. 17-FZ OF FEBRUARY 3, 1996  
ON INTRODUCING THE AMENDMENTS AND ADDENDA  
TO THE LAW OF THE RSFSR  
ON BANKS AND BANKING ACTIVITIES IN THE RSFSR  
(with the Amendments and Additions of July 31, 1998, July 5, 8, 1999)

Adopted by the State Duma on July 7, 1995  
Endorsed by the Council of the Federation on July 21, 1995

Article 1. To amend the Law of the RSFSR on Banks and Banking Activities in the RSFSR (Records of the Congress of People's Deputies of the Russian Federation and the Supreme Soviet of the Russian Federation, 1992, No. 9, item 391; No. 34, item 1966) to provide the following wording:

Federal Law  
on Banks and Banking Activities

<u>Chapter I.</u>	<u>General Provisions</u>	<u>(Articles 1-11)</u>
<u>Chapter II.</u>	<u>Procedure for Registration of Credit Organizations and Licensing of Banking Operations</u>	<u>(Articles 12-23)</u>
<u>Chapter III.</u>	<u>Ensuring Stability of the Banking System, Protection of Rights, Interests of Depositors and Creditors of Credit Organizations</u>	<u>(Articles 24-27)</u>
<u>Chapter IV.</u>	<u>Interbank Relations and Services to Clients</u>	<u>(Articles 28-34)</u>
<u>Chapter V.</u>	<u>Branches, Representative Offices, and Subsidiary Organizations of a Credit Organization on the Territory of a Foreign State</u>	<u>(Article 35)</u>
<u>Chapter VI.</u>	<u>Savings Operations</u>	<u>(Articles 36-39)</u>
<u>Chapter VII.</u>	<u>Accounting Work in Credit Organizations and Control over Their Activities</u>	<u>(Articles 40-43)</u>

Chapter I. General Provisions

Article 1. Main Definitions of the Present Federal Law

Credit organization - 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 a special permission (license) of the Central Bank of the Russian Federation (Bank of Russia). A credit

organization shall be formed as an [economic company](#) on the basis of any form of ownership.

**Bank** - credit organization which 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 account 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** - credit organization which 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.

On the list of banking transactions carrying out by non-bank credit institutions see the [Provisions](#) on the Prudential Regulation of the Activity of the Non-Bank Credit Institutions, Engaged in Settlement Transactions, and of the Encashment Organizations

**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 the Banking Activities**

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

On the procedure for opening representative offices of foreign credit organizations in the Russian Federation and for the activities thereof see the [Regulations](#) approved by [Order](#) of the Central Bank of Russia No. 02-437 of October 7, 1997

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, work out recommendations to carry 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 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 from the their registration.

#### **Article 4. Groups of Credit Organizations and Holding Companies**

Groups of credit organizations shall be formed to solve common tasks (joint banking operations) by way of concluding a respective agreement between two or several credit organizations.

Holding companies shall be formed by way of granting an opportunity to a credit organization (the main credit organization), because of the dominating participation of one or several of credit organizations in the registered fund, or as specified in the agreement concluded

with one or several credit organizations, to determine decisions made by the mentioned credit organizations.

#### **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 for its own account;

On the procedure for credit organizations' granting (placing) resources and for the refund (repayment) thereof see [Regulations](#) of the Central Bank of Russia No. 54-P of August 31, 1998

- 3) opening and keeping of 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 to 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.

[Federal Law](#) No. 151-FZ of July 31, 1998 supplemented the first part of Article 5 of this Federal Law with Item 9

9) the remittance of moneys on the instruction of natural persons without opening bank account (excluding postal remittance).

Besides 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 values;
- 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.

On the execution by authorized banks of transactions and operations with foreign currency and securities in foreign currency without receiving separate permits (licenses) to conduct

currency operations involved in the flow of capital see [Direction](#) of the Central Bank of Russia No. 193-U of March 27, 1998

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

#### Article 6. Activities of a Credit Organization at 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 borrowing 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 at the market of securities in compliance with federal laws.

On licensing the professional activities of loan organizations on the securities market of the Russian Federation see [Regulations](#) and [Directions](#) approved by the [Order](#) of the Central Bank of the Russian Federation No. 02-462 of October 23, 1997

#### Article 7. Name of a Crediting Organization

A credit organization shall have its company (full, official) name in the Russian language, may have its name in another language of the peoples of the Russian Federation, an abbreviated name, and a name in a foreign language. A credit organization shall have a seal bearing its company name.

Company name of a credit organization ought to contain an indication of the nature of activities of this legal entity by using the words "bank", or "non-banking organization", as well as an indication of its organizational and legal type.

When considering a registration application of a credit organization, the Bank of Russia ought to prohibit using a name of a credit organization if the suggested name is already available in the "Book of State Registration of Credit Organizations". The use of the words "Russia", "Russian Federation", "state", "federal", and "central", and their derivatives and word combinations shall be permitted as described in legislative acts of the Russian Federation.

No legal entity in the Russian Federation, except for those who received a banking licence from the Bank of Russia, may use the word "bank", "credit organization" in its name, or indicate in any other way that the given legal entity enjoys the right to carry out banking operations.

#### Article 8. Providing Information on Activities of a Credit Organization

When carrying out banking operations, a credit organization ought to present the license for banking operations at the demand of a natural person or legal entity, information of their financial reports (accounting balance and report of profits and losses), and an audit statement for the previous year, as well as monthly accounting balance reports for the current year.

A credit organization shall assume responsibility under the present Federal Law and other federal laws for deluding natural persons and legal entities through a failure to provide information or providing erroneous or incomplete information.

#### 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 assumed itself 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 assumed itself 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 agreements concluded on a contest basis, 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 a dedicated use of the budget resources allocated for implementation of federal and regional programs. A respective agreement ought to contain mutual obligations of 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 the cases when the credit organization has assumed respective obligations, or cases envisaged in federal laws.

#### Article 10. The Charter of a Credit Organization

The Model Rules and Regulations of a commercial bank created in the form of a joint-stock company were communicated by the [Letter](#) of the Central Bank of Russia No. 15-4-1/1342 of April 15, 1996

A credit organization shall have its charter endorsed in compliance with procedure envisaged in federal laws.

The charter of a credit organization ought to contain:

1) company (full, official) name, as well as all other names envisaged in the present Federal Law;

2) indication of organizational and legal type;

3) information on the place of location (postal address) of the management bodies and separate divisions;

4) list of carried out banking operations and transactions in compliance with [Article 5](#) of the present Federal Law;

5) information on the amount of the registered capital;

6) information on the system of management bodies, including executive bodies and internal control bodies, on procedure of their formation and their authority;

7) other information envisaged in federal laws for charters of legal entities of the mentioned organizational and legal type.

A credit organization shall be obliged to register in the Bank of Russia all changes and amendments introduced in its charter. The Bank of Russia shall take decision on registration of changes and amendments to the charter of the credit organization within one month from the day of submission of all duly drawn up documents.

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

On the dynamics of changing of the minimum amount of the authorized capital of the bank, see the [Reference](#)

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.

According to [Direction](#) of the Central Bank of Russia No. 523 of September 26, 1997 as from December 1, 1997 the credit organizations shall be prohibited from using foreign currency when effecting the settlements in the payment of the shares in their authorized capitals

[Direction](#) the Central Bank of Russia No. 365-U of September 30, 1998 on permitted to pay of the contributions to the authorized capitals of credit organizations in foreign currency

The Bank of Russia shall fix the [maximum amount of non-monetary portion](#) of the registered capital of credit organizations, as well as the [minimum amount](#) of the registered capital of newly registered credit organizations. The standard minimum amount of the registered capital may be fixed depending on the type of credit organizations.

A decision of the Bank of Russia on changes in the minimum amount of the registered capital shall come into effect no sooner than 90 days after the day of its official publication. For newly registered credit organizations, the Bank of Russia applies the standard minimum amount of registered capital effective for the day of submission of documents requesting registration and license.

The Bank of Russia shall not be entitled to demand from earlier registered credit organizations to change their registered capital.

[Federal Law No. 136-FZ of July 8, 1999 reworded part 5 of Article 11 of this Federal Law](#)  
[See the previous text of the part](#)

Borrowed funds shall not be used to generate the authorized capital of a credit organization excluding the cases provided in federal laws.

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, 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 more than 5% of stocks (share) of a credit organization requires submitting a notification to the Bank of Russia, more than 20%, a 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 wellfounded. In case 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 Bank of Russia shall be entitled to refuse a purchase-and-sale transaction for more than 20% of stocks (share) of a credit organization in cases of unsatisfactory financial standing of the buyers of stocks (share), violation of antimonopoly rules, and in other cases envisaged in federal laws.

According to [Regulations](#) of the Central Bank of the Russian Federation No. 72-P of March

26, 1999, when a natural person acquires a stake (shares) in the authorized capital of a newly formed credit organization or an over 20 per cent stake (shares) in an existing credit organization such an organization shall present to the territorial institution of the Bank of Russia supervising its activities the documents required to verify the legal grounds of the payment of the authorized capital of the credit organization on the account of the said natural person and confirm its satisfactory financial state

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

Concerning the procedure for approval of the purchase of more than 20% of shares (stocks) of a credit organization see [Instructions](#) of the Central Bank of Russia No. 75-I of July 23, 1998

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

### Article 12. State Registration of Credit Organizations and Issue of Licenses for Banking Operations to Them

Credit organizations are subject to state registration in the Bank of Russia. The Bank of Russia shall carry out state registration of credit organizations and keep the "Book of State Registration of Credit Organizations".

Registration of credit organizations is liable to a charge in amount determined by the Bank of Russia, however, not more than 1% of the stated registered capital of the credit organization. The mentioned charge is entered as receipts in the Federal Budget.

According to [Direction](#) of the Central Bank of Russia No. 421-U of November 24, 1998 the rate of the fee for the state registration of a credit organization shall be 0.1 per cent of the rate of the authorized capital of the credit organization indicated in its statute, and the rate of the fee for the opening of a branch, a hundredfold [minimum rate of the remuneration of labour](#) established by the federal law as on the moment of the notification of the Central Bank of Russia about the opening of the branch

The license for banking operations shall be issued to the credit organization after its state registration in compliance with procedure fixed in the present Federal Law.

Credit organizations shall have the right to carry out banking operations from the moment of receiving the license issued by the Bank of Russia.

### Article 13. Licensing of Banking Operations

Banking operations may be carried out only on the basis of the license issued by the Bank of Russia in compliance with procedure set forth in 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 ought 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 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 the legal entity carrying out banking operations without a license.

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

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

The following documents shall be presented for state registration of a credit organization and obtaining a license for banking operations:

- 1) an application requesting state registration of the credit organization and issue of a license for banking operations;
- 2) promotion agreement, if the signing of it is envisaged in the Federal Law;
- 3) charter;
- 4) minutes of the meeting of founders which adopted the Charter and endorsed the candidates for the managing positions in executive bodies and the Chief Accountant;
- 5) certificate confirming the payment of state duty;
- 6) copies of certificates of state registration of constituent legal entities, audit statements confirming validity of their financial reports, as well as certificate of the bodies of the State Tax Service of the Russian Federation 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) income declarations of constituent natural persons certified by bodies of the State Tax Service of the Russian Federation confirming the sources of resources contributed to the registered capital of the credit organization;

See [Letter of the State Tax Service of the Russian Federation No. ShS-6-08/855 of November 30, 1998](#)

8) questionnaires of candidates for the managing positions in executive bodies and the Chief Accountant of the credit organization filled out by them and containing the following information:

- presence of a higher legal or economic education with such persons (while presenting 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 case of absence of a special education, a managing experience in such a division of no less than two years;
- presence (absence) of a criminal history.

#### **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 organizations 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 of it, 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.

After the decision on state registration of a credit organization and issue of a license for banking operations is made by the Bank of Russia, the Bank of Russia shall notify the founders of the credit organization of it within three days, while demanding to pay 100% of its stated registered capital within one month, and shall issue the certificate of state registration of the credit organization to the founders.

Failure to pay or incomplete payment of the registered capital within specified deadlines shall serve as grounds to invalidate the decision on state registration 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 to the registered bank, and if necessary, to 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.

A credit organization ought to inform the Bank of Russia of all changes in the managing personnel of executive bodies and of replacement of the Chief Accountant within two weeks from the day of taking such decision. The appointment of a new manager and/or Chief Accountant ought to contain information envisaged in [Subitem 8 of Article 14](#) of the present Federal Law. The Bank of Russia shall grant its consent for the mentioned appointments within one month or provide a justified refusal in writing on grounds envisaged in Article 16 of the present Federal Law.

#### **Article 16. Grounds and Procedure for Refusal of State Registration of a Credit Organization and Issue of a License for Banking Operations**

A refusal of state registration of a credit organization and issue of a license for banking operations shall be permitted only on the following grounds:

1) inconsistency with qualification requirements demanded of suggested candidates for managing positions in executive bodies and/or the Chief Accountant position. The inconsistency with qualification requirements demanded of the mentioned persons is implied to be:

- absence of a higher legal or economic education and managing experience in a department or other division of a credit organization engaged in banking operations, or a managing experience in such a division of at least two years;

- presence of a criminal history in property, economic, and managerial sphere;

- committing an administrative offence in trade and financial sphere within one year confirmed by a legally valid ruling of a body authorized to examine administrative offences;

- presence of facts of abrogation of a labor agreement (contract) with the mentioned persons within the recent two years at the initiative of administration on grounds envisaged in Item 2 of Article 254 of the Labor Code of the Russian Federation;

2) unsatisfactory financial standing of the founders of the credit organization or failure to fulfill by them their obligations to the Federal Budget, budgets of subjects of the Russian Federation, and local budgets within the most recent three years;

3) inconsistency of documents submitted for state registration of the credit organization and obtaining a license with the requirements of federal laws.

Decision refusing state registration and issue of a license shall be reported to the founders of the credit organization in writing and ought to be well-founded.

The refusal of state registration and issue of a license, the failure to make a respective decision within specified deadlines by the Bank of Russia are subject to appeal in a court of arbitration.

**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 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 to 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 the 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.

A credit organization ought to obtain a preliminary permission of the Bank of Russia for an increase of their share of the registered capital formed out of non-resident resources, for an alienation (including the sale) of their stocks (share) to non-residents, and resident participants of a credit organization, for an alienation of their stocks (share) of the credit organization to non-residents. The mentioned transactions of alienation of stocks (share) to non-residents concluded without the permission of the Bank of Russia shall be considered invalid, except for the cases envisaged in Part 5 of the present Article.

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

An application for an increase in the registered capital of the credit organization out of [non-resident](#) resources and for an alienation of stocks (share) to non-residents shall be considered by the Bank of Russia within two months from the day of submitting the application. The result of its consideration is assumed to be either a permission of the Bank of Russia to carry out the transaction indicated in the application or a justified refusal in writing. In case the Bank of Russia failed to report of the adopted decision within specified deadline, the mentioned transaction shall be considered permitted.

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 mandatory normatives, procedure for providing reports, endorsement of managing personnel, and the list of carried out banking operations, as well as pertaining to the minimum amount of the registered capital of the newly registered credit organizations with foreign investments and the minimum amount of capital of the newly registered branches of foreign banks.

At present the [Regulations](#) on the Peculiarities of the Registration of the Loan Organizations with Foreign Investments and on the Procedure for Obtaining the Preliminary Permission of the Bank of Russia for Increasing the Authorized Capital of a Registered Loan Organization at the Expense of Non-Residents' Resources approved by [Order](#) of the Central Bank of the Russian Federation No. 02-195 of April 23, 1997 are valid

**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, as well as of committing actions producing a threat to 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).

[Federal Law](#) No. 151-FZ of July 31, 1998 amended Article 20 of this Federal Law  
[See the previous text of the Article](#)

**Article 20. Grounds for a Revocation of a License for Banking Operations**

On Revocation of the license for banking operation of the banks and other credit institution in the Russian Federation see [Order](#) of the Central Bank of the Russian Federation No. 02-78 of April 2, 1996

The Bank of Russia shall enjoy the right to revoke a license for banking operations in cases of:

- 1) finding proof of incorrectness of information used to obtain the license;
- 2) suspension for more than one year of the beginning of banking operations envisaged in the license from the day of its issue;
- 3) the discovery of the facts of untrustworthiness of accounting data, a delay exceeding 15 days in the submission of monthly reports (reporting documentation);
- 4) carrying out banking operations (including single ones) outside the range envisaged in the license of the Bank of Russia;
- 5) failure to observe the requirements of the federal laws regulating banking activities, as well as normative acts of the Bank of Russia, if the measures envisaged in the [Federal Law](#) on the Central Bank of the Russian Federation (the Bank of Russia) were applied to the credit organization more than once within one year;
- 6) the inability of a credit organization to satisfy the claims of creditors relating to cash

liabilities and/or perform the obligation of making mandatory payments within one month from the due date if the claims to the credit organization make up as aggregate at least 1000-fold minimal wage rate as established under federal law;

7) repeated within a year default on the performance in compliance with the claims for the collection of cash from the accounts (deposits) of the clients of a credit organization under execution documents of the courts, arbitration courts if cash is available on the account (in the deposit) of the said persons.

On the procedure for initiating the withdrawal of the licence from credit organizations in accordance with Items 5, 6 and 7 of Article 20 of this Federal Law see [Letter](#) of the Central Bank of Russia No. 136-T of April 23, 1999

Revocation of a license for banking operations on grounds other than those envisaged in the present Federal Law shall not be allowed.

A report on a revocation of a license for banking operations shall be published by the Bank of Russia in the official publication of the Bank of Russia ("Herald of the Bank of Russia") within one week from the day of adopting the respective decision.

From the moment when the credit organization's license for the pursuance of banking transactions:

On the complaints against the violation of their constitutional rights and freedoms by Items 1 and 2 of Part 4 of Article 20 of this Federal Law see [Ruling](#) of the Constitutional Court of the Russian Federation No. 160-O of October 8, 1999

1) the credit organization's debts shall be deemed due. The liabilities of the credit organization in foreign currency shall be taken into account in roubles at the exchange rate of the Bank of Russia effective as of the date of the revocation of the credit organization's license for the pursuance of banking transactions;

2) the accrual of interest as well as forfeit money (fines, penalties) and other financial (economic) sanctions) on the liabilities of the credit organization shall be terminated;

3) the execution of execution documents concerning the collection of assets save the execution of the execution documents issued under court rulings for the collection of wage arrears, for the payment of royalties under copyright agreements, alimony as well as damages relating to the harm caused to life and health and moral harm that came into force prior to the moment when the credit organization's license for the pursuance of banking activities was revoked;

On the discharge of the execution documents relating to property collection from credit organizations whose license for the pursuance of banking transactions has been revoked see [Letter](#) of the Central Bank of the Russian Federation No. 93-T of March 15, 1999

4) until the moment of the formation of liquidation commission (liquidator) or the appointment of permanent trustee by the arbitration court the credit organization shall be prohibited to make deals and perform obligations under the deals of the credit organization (save the deals relating to current payments for utilities and maintenance bills as well as the payment of severance allowances and remuneration for labor to persons working under a labor agreement (contract), within a cost estimate approved by the Bank of Russia or the authorized representative of the Bank of Russia, should he be appointed).

On the procedure for application of Article 20 of the present Law see [Letter](#) of the Central

Bank of Russia No. 283 of May 22, 1996

**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 an appeal filed by the credit organization in a court of law or court of arbitration in compliance with procedure envisaged in federal laws.

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 and Representative Offices of a Credit Organization**

A branch of a credit organization is assumed to be its isolated division located outside the place of 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 place of 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 which created them.

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

Concerning the procedure for opening of subsidiaries of credit organizations see [Instructions of the Central Bank of Russia No. 75-I of July 23, 1998](#)

The opening of branches of credit organizations shall be charged with a fee in amount determined by the Bank of Russia, however, not more than 1,000 [minimum wages](#). The mentioned fee shall be entered as receipts in the Federal Budget.

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 established procedure.

**Article 23. Liquidation or Reorganization of a Credit Organization**

Liquidation or reorganization of a credit organization shall be effected in compliance with federal laws while taking into account the requirements of the present Federal Law.

On the procedure for liquidating a credit institution and on competitive proceedings see [Federal Law No. 40-FZ of February 25, 1999](#)

[Federal Law No. 151-FZ of July 31, 1998](#) supplemented Article 23 of this Federal Law with

the second and the third parts

Should the activities of the credit organization be terminated under a decision of its founders (stake-holders), the Bank of Russia on the basis of a petition of the credit organization shall make decision as to the annulment of the license for the pursuance of banking transactions. The procedure for a credit organization's filing such a petition shall be governed by the regulatory acts of the Bank of Russia.

Should the license for the pursuance of banking activities be annulled or revoked, the credit organization shall within 15 days from the moment when such a decision is made return the said license to the Bank of Russia.

A report on invalidation of the record of registration of a credit organization shall be published by the Bank of Russia in the official publication of the Bank of Russia ("Herald of the Bank of Russia") within one month after the mentioned change is entered in the "Book of State Registration of Credit Organizations".

[Federal Law No. 151-FZ of July 31, 1998](#) supplemented this Federal Law with Article 23.1

#### Article 23.1. Liquidation of a Credit Organization on the Initiative of the Bank of Russia

The Bank of Russia is entitled to apply to the arbitration court with a petition for the liquidation of a credit organization, no matter the financial state thereof, if the credit organization whose license for the pursuance of banking transactions has failed within one month after the moment when the said license was revoked to set up a liquidation commission (liquidator) or if no bankruptcy proceedings are applied to it.

On insolvency (bankruptcy) of credit institutions see [Federal Law No. 40-FZ of February 25, 1999](#)

### 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 ought to 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.

On the procedure for the formation and use of the reserve fund of a credit organization see [Regulations of the Central Bank of Russia No. 9-P of December 23, 1997](#)

A credit organization shall be obliged to classify the assets by isolating the doubtful and bad debts and 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 ought to arrange an internal control providing a proper level of

reliability corresponding to the nature and scale of carried out operations.

#### 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. 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. Procedure for opening the mentioned account and clearing transactions within it shall be adopted by the Bank of Russia.

[Regulations of the Obligatory Reserves of the Credit Organization Deposited in the Central Bank of the Russian Federation](#) was approved by the [Order](#) of the Central Bank of Russia No. 02-77 of March 30, 1996

#### Article 26. Privacy in Banking

A credit organization, the Bank of Russia 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 the 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 themselves, courts of law, and courts of arbitration (judges), Accounting Chamber of the Russian Federation, bodies of the State Tax Service and Tax Police, customs bodies of the Russian Federation, and in cases envisaged in legislative acts on their activities, and, when authorized by a procurator, to bodies of preliminary investigation for the cases accepted for investigation by them.

Certificates for accounts and deposits of natural persons shall be issued by a credit organization to themselves, courts, and, when authorized by a procurator, 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 hereditary cases of the deceased depositors resolved by them, to foreign consular institutions for accounts of foreign citizens.

The Bank of Russia 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.

Disclosure of a banking secret shall impose responsibility, including indemnification of incurred damage, on the Bank of Russia, credit, audit, and other organizations, as well as on their officials and their employees in compliance with procedure set forth in the Federal Law.

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

Monetary resources and other values 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 procurator permission.

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 came in legal force.

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

##### Article 28. Interbank Operations

Credit organizations may attract and place with each other on contractual basis resources in the form of deposits, credits, effect payments through clearing centers arranged in compliance with 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 the opening of correspondent accounts on the territory of the Russian Federation and abroad.

Federal Law No. 126-FZ of July 5, 1999 supplemented Article 28 of this Federal Law with a new Part 3. The previous Parts 3 - 5 shall be deemed Parts 4 - 6 respectively

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.

On the procedure for authorized banks' establishing correspondent relations with the non-resident banks registered in the territory of offshore zones see Direction of the Central Bank of Russia No. 634-U of August 26, 1999

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

Writing off 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 the 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 the Federal Law.

Decision of the Constitutional Court of the Russian Federation No. 4-P of February 23, 1999

established to hold as not corresponding to the [Constitution](#) of the Russian Federation, the provision of the second part of Article 29 of this Federal Law on the changing of interest rates for fixed-term deposits of citizens, as allowing a bank by a unilateral order arbitrarily to lower it exclusively on the basis of a contract, without the determination in a federal law of grounds that specifying such possibility

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 the Federal Law or agreement with a client.

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

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 the Federal Law.

The agreement ought to contain interest rates for credits and deposits, cost of banking services and deadlines for their execution, including the deadlines for processing the 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 otherwise is not envisaged in the Federal Law.

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 the Federal Law.

#### **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 ought to 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 the Federal Law, agreement, or payment document.

In cases of untimely or incorrect entry of monetary resources on a client account or writing them off, the credit organization, the Bank of Russia shall pay out interest for 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.

[Order](#) of the State Anti-Monopoly Committee of the Russian Federation No. 100 of July 22, 1997 approved the [Procedure](#) for Filing Petitions with the Anti-Monopoly Bodies for the Approval of the Pursuance of Transactions on the Banking Services Market

#### 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 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 the schedule, if such is envisaged in the agreement, as well as to exact the pledged property in compliance with procedure envisaged in the Federal Law.

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

A credit organization shall be obliged to take all measures envisaged in 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.

See the [Arbitration Procedure Code](#) of the Russian Federation No. 70-FZ of May 5, 1995

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

on Particulars of Regulation of the Activities of Banks Which Set Up and Have Branches on the Territory of a Foreign State see [Instructions](#) of the Central Bank of Russia No. 76-I of August 24, 1998

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

A credit organization may arrange, upon obtaining a permission of the Bank of Russia, its branches on the territory of a foreign state and, upon informing the Bank of Russia, its representative offices.

A credit organization may have subsidiary organizations on the territory of a foreign state upon obtaining a permission of the Bank of Russia and in compliance with its requirements.

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 ought to be well-grounded. In case 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.

On the Procedure for Granting by the Central Bank of the Russian Federation Permission to Authorized Russian Banks to Participate in the Equity Capital of Foreign Credit Organizations Abroad see [Regulations](#) of the Central Bank of Russia No. 27-P of April 29, 1998

## Chapter VI. Savings Operations

### Article 36. Bank Deposits of Natural Persons

Concerning bank deposits see also the [Civil Code](#) of the Russian Federation

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 interests in the 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 the Federal Law and respective agreement.

Deposits may be accepted only by banks enjoying this right in compliance with the license issued by the Bank of Russia. The 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 shall 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 the one of the bank with the earlier state registration. In case of bank reorganization, the mentioned term is preserved.

By [Article 6](#) of the Federal Law No. 17-FZ of February 3, 1996 it was established that acting of the third part of Article 36 of the Federal Law on Banks and Banking Activities shall not be applied to the activity of the banks, drawing in on the deposits of the finances of the citizens on the day of the enforcement of the present Federal Law

The safety and repayment of deposits of natural persons in banks created by the state and banks with more than 50% of the voting stocks (share) in the registered capital belonging to the state shall be guaranteed by the state in compliance with procedure envisaged in federal laws.

According to [Item 1 of Article 840](#) of the Civil Code of the Russian Federation the return of deposits of private persons by the bank in whose statutory capital over 50 per cent of shares or participating interest belongs to the state shall be guaranteed

### 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 to 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. Federal Fund of Mandatory Insurance of Deposits

To guarantee the return of resources of citizens attracted by banks and compensate for the losses of income from deposited resources, the Federal Fund of Mandatory Deposit Insurance is created.

Participants of the Federal Fund of Mandatory Insurance of Deposits shall be the Bank of Russia and banks attracting resources of citizens.

Procedure for creation, forming, and use of resources of the Federal Fund of Mandatory Insurance of Deposits shall be determined by the 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 minimum amounts of registered capital fixed by the Bank of Russia 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 nonparticipation in voluntary deposit insurance funds. In case of its participation in a voluntary deposit insurance fund, the bank ought to inform the client of insurance terms.

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

### Article 40. Rules of Accounting Work in a Credit Organization

Rules of 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.

[Rules](#) No. 61 of June 18, 1997 On Book-Keeping Accounting in the Credit Organizations Located on the Territory of the Russian Federation were approved by the [Order](#) of the Central Bank of Russia No. 02-263 of June 18, 1997

### 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

Activities of a credit organization shall be subject to annual checks by an audit organization licensed for such checks in compliance with legislation of the Russian Federation.

An audit check of a credit organization shall be done in compliance with legislation of the Russian Federation.

On auditing in the banking system of the Russian Federation see the [Regulations](#) approved by [Order](#) of the Central Bank of Russia No. 02-391 of September 10, 1997

An audit organization ought to 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 by it, 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 to the Bank of Russia.

On the procedure for compiling and submitting audit reports on the Results of the Control over the Activity of a Credit Organization for the year to the Bank of Russia see [Regulations](#) of the Central Bank of Russia No. 10-P of December 23, 1997

#### Article 43. Reporting Work of a Credit Organization

A credit organization shall present reports (report documents) on its operations to the Bank of Russia prepared in compliance with the form, procedure, and deadlines fixed by the Bank of Russia.

On the procedure for drawing up and submitting reports by credit institutions to the Central Bank of the Russian Federation see [Direction](#) of the Central Bank of Russia No. 7-U of October 24, 1997

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.

In case a bank owns more than 50% of the voting stocks (share) of another bank, it shall present to the Bank of Russia in compliance with the form, procedure, and deadlines fixed by the Bank of Russia consolidated reports on its operations and operations of subsidiary banks, including consolidated accounting balance sheet and consolidated report of profits and losses.

On Procedure for Compiling Consolidated Reports by Credit Organizations see [Regulations](#) of the Central Bank of Russia No. 29-P of May 12, 1998

**Article 2.** Before the Federal Law on procedure of registration of non-commercial organizations is adopted, registration of unions and associations of credit organizations shall be done by law enforcement bodies in compliance with procedure set forth for public associations.

**Article 3.** In the period before January 1, 1996, subsidiaries of foreign banks, as well as credit organizations with more than 50% of foreign capital in their registered capital, which do not have licenses for banking operation as of January 1, 1995, shall provide banking operations only to [non-resident](#) natural persons and legal entities.

**Article 4.** The Government of the Russian Federation and the Bank of Russia shall work out and submit to the State Duma as a legislative initiative within three months from the day of coming into effect of the present Federal Law a draft federal law on mandatory insurance of deposits of citizens.

**Article 5.** Credit organizations shall carry out their professional activities at securities market in compliance with the license of the Bank of Russia before this issue is resolved in the Federal Law on securities market.

**Article 6.** The effect of [Part 3 of Article 36](#) of the Federal Law on Banks and Banking Activities shall not apply to operations of banks which attracted resources of citizens to deposits on the day when the present Federal Law came into effect.

**Article 7.** Trusteeship operations for monetary resources under agreements with natural persons and legal entities may be provided by non-credit organizations only on the basis of a license issued in compliance with procedure envisaged in the Federal Law.

[Federal Law No. 137-FZ of July 8, 1999](#) reworded Article 8 of this Federal Law  
[See the previous text of the Article](#)

**Article 8.** The accomplishment of specific banking transactions by the federal postal communication service, the state corporation "Credit Organization Restructuring Agency" shall be governed by special federal laws.

**Article 9.** The present Federal Law shall come into effect from the day of its official publication.

President  
of the Russian Federation  
Moscow, the Kremlin

Boris Yeltsin