

**BANK OF RUSSIA CONTROL ENVIRONMENT AND  
ANTI-CORRUPTION MEASURES APPLIED TO  
ADMINISTERING THE RUONIA RATE**

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## **1. General provisions**

In order to ensure proper quality of RUONIA, the Bank of Russia has developed a control system for the production and publication of this benchmark. The system comprises measures ensuring that the indicator is produced correctly and on time, as well as anti-corruption measures, including those aimed at preventing conflicts of interest.

## **2. Controls of data quality and production of RUONIA**

2.1. Data used for calculating RUONIA is provided by credit institutions within their reporting under Form 0409701 “Reporting on Operations in the FX and Money Markets” (“Form 0409701”) in accordance with the Procedure for Compiling and Submitting Reports under Form 0409701 (the “Procedure”), as set out by Bank of Russia Ordinance No. 4927-U, dated 8 October 2018, “On the list, forms and procedure for compiling and submitting credit institutions’ reporting forms to the Central Bank of the Russian Federation”.

If a credit institution systematically violates the Procedure, the Bank of Russia uses enforcement measures as stipulated by Russian legislation.

2.2. Quality control of the information provided by credit institutions is performed at every stage of processing and examining the reporting.

When a credit institution submits its reports, data quality control is executed through automated examination of the data provided under Form 0409701 in terms of its compliance with the control rules based on the Procedure’s requirements. If the data submitted is not in line with the control rules, the reports are not accepted and the credit institution is automatically notified that the submission has been rejected, with the error in question described in the message. Automated control of the reports’ proper completion is regulated by Section 5.4 of the Procedure.

During the next processing stage, report acceptance records are compiled. These documents contain information on whether there any errors in the reports and are

transferred to the Bank of Russia function in charge of examining the correctness of the information provided by credit institutions.

At the stage of examining the correctness of the information submitted, the Bank of Russia analyses report acceptance records containing information on errors, as well as verifies whether the RUONIA participants have collected the reports in full and whether the information provided by the two credit institutions (counterparties to a transaction) aligns. If the information provided does not align, steps are taken to clarify the information, and the credit institution behind the inaccurate data provides corrected reports. Replacing the reports is regulated by Section 5.3 of the Procedure. When corrected information is submitted, the control procedures described above are applied again.

After RUONIA has been calculated and before it is published, calculation results control is performed by the duly authorised Bank of Russia employee. Afterwards, information on RUONIA is sent from dedicated email addresses to the auto uploading bot, which publishes RUONIA on the Bank of Russia website, and to external users that have signed non-disclosure agreements on RUONIA with the Bank of Russia. The employee sending information on RUONIA notifies the employee in charge about sending it, and together they ensure that the information is published on the Bank of Russia website on time and correctly.

2.3. For the purposes of RUONIA production control, the Bank of Russia function in charge of supporting the administering of RUONIA is tasked with:

- ensuring that the information on RUONIA is published on time and in full;
- conducting sample quality control of the available data on RUONIA;
- testing the RUONIA calculation processes and examining whether the databases of RUONIA calculation results have been filled in correctly;
- evaluating the representativeness of the available data on RUONIA;
- assessing and monitoring the interbank lending market to evaluate whether RUONIA's methodology remains up-to-date;

- assessing and monitoring the financial situation of credit institutions in the money market to check if it is necessary to update the list of the RUONIA participants.

2.4. RUONIA production control is performed by the Committee for RUONIA Supervision, whose mandate includes the following functions:

- approving RUONIA's definition, calculation methodology and list of participants, procedure for publishing RUONIA and storing the data;
- evaluating how representative the market data used to calculate RUONIA is, monitoring the calculation and publication of RUONIA, and monitoring critical situations;
- analysing information provided by the Bank of Russia Internal Audit Department in respect of compliance with the requirements applying to RUONIA;
- initiating measures aimed at preventing any possible conflict of interest with regard to administering RUONIA;
- initiating external audit inspections of the Bank of Russia's compliance with the IOSCO Principles for Financial Benchmarks with regard to RUONIA, as well as initiating the review of the auditor's report;
- ensuring coordination of efforts with international institutions in respect of the Bank of Russia's administering of RUONIA, and with foreign regulators regarding use of RUONIA.

### **3. Anti-corruption measures, including measures to prevent conflicts of interest**

3.1. Anti-corruption prohibitions, restrictions and obligations for the Bank of Russia employees are established by the following federal laws:

- Federal Law No. 86-FZ, dated 10 July 2002, “On the Central Bank of the Russian Federation (Bank of Russia)”;
- Federal Law No. 273-FZ, dated 25 December 2008, “On Countering Corruption” (the “Law on Countering Corruption”);
- Federal Law No. 230-FZ, dated 3 December 2012, “On Monitoring the Consistency between the Expenditures and Incomes of Public Servants and Other Persons”.

Based on these federal laws, the Bank of Russia has published regulations aimed at ensuring its employees’ compliance with the prohibitions, restrictions and obligations established by the federal laws in question.

3.2. In order to ensure the integrity and independence of RUONIA’s production, the Bank of Russia takes the following anti-corruption measures, in particular aimed at identifying, preventing, detecting and settling conflicts of interest.

3.2.1. In order to counter corruption, in particular to prevent potential conflicts of interest, increase the transparency of operations of the Bank of Russia functions and clearly delineate the responsibilities of different Bank of Russia functions as well as of employees of the Bank of Russia Head Office functions, the Bank of Russia internal documents and the documents of the Bank of Russia Head Office functions regulate the distribution of responsibilities with regard to receiving and transferring data required for calculating RUONIA, the calculation and publication of RUONIA, and the methodological support of administering RUONIA, as well as determine the procedure for registering queries from RUONIA users and monitoring responses to such queries.

Pursuant to the existing distribution of responsibilities, a Bank of Russia employee may be involved in no more than one of the following stages of producing RUONIA:

- collection and primary processing of data required for calculating RUONIA;

- examining the information received from credit institutions, calculating and publishing RUONIA, and monitoring the publication of the rate on the Bank of Russia website;
- developing and improving the methodology for calculating RUONIA, adding credit institutions to the list of RUONIA participants, designing primary data control algorithms, and ensuring follow-up control of the rate published;
- registration and primary processing of users' queries, and monitoring the responses to such queries.

In order to prevent any conflict of interest, the process of calculating RUONIA is fully automated. Moreover, the rate is published on the Bank of Russia website automatically via an automatic upload bot.

Compiling instructions with algorithmic protocols for the employees to follow significantly reduces the risk of possible conflicts of interest.

3.2.2. In accordance with Article 11.1 of the Law on Countering Corruption, all Bank of Russia employees must report if any persons attempt to engage them in corruption, and if any personal interest emerges with regard to performing their professional obligations that results in or may result in a conflict of interest, and take measures to prevent any potential conflict of interest.

The procedure for executing the Bank of Russia employees' obligation to report any attempts to engage them in corruption is set out by Bank of Russia Ordinance No. 3336-U, dated 22 July 2014, "On the procedure for notifying the employer about attempts to engage Bank of Russia employees in corruption, registering such notifications and examining the information provided therein".

The procedure for executing the Bank of Russia employees' obligation to report any personal interest emerging is set out by Bank of Russia Ordinance No. 4509-U, dated 30 August 2017, "On the procedure for Bank of Russia employees to report if any personal interest emerges with regard to performing their professional obligations that results in or may result in a conflict of interest, and to take measures to prevent any potential conflict of interest".

3.2.3. The Bank of Russia Human Resources Department records all notifications from Bank of Russia Head Office employees on attempts to engage Bank of Russia employees in corruption and on cases of personal interest emerging.

The consideration of these notifications is obligatory and a resolution must be made on each of them.

Notifications on personal interest emerging may be submitted to the Commission for ensuring compliance with professional conduct requirements for the Bank of Russia employees and settling the conflicts of interest at the Bank of Russia Head Office (the “Commission”), which is authorised to identify whether a Bank of Russia employee has faced a conflict of interest. 25% of the Commission’s members (i.e., 3 persons) are not employed by the Bank of Russia.

If the Commission identifies a potential case of a conflict of interest emerging and the Bank of Russia employees not taking any measures to settle it, for instance failing to notify the employer about their personal interest, the Commission may recommend that the employer should apply respective enforcement measures as stipulated by applicable legislation. Pursuant to Article 81, Part 1, Section 7.1 of the Labour Code of the Russian Federation, if an employee fails to take measures to settle a conflict of interest that they are a part to, this creates grounds for a loss of trust in the employee, and so their employment contract may be terminated.

3.2.4. The membership of the Committee for RUONIA Supervision (the “Supervision Committee”) is formed in such a way that allows to prevent possible conflicts of interest among its members.

The Supervision Committee members are not appointed based on their positions but rather on their professional competence. They contribute to the Supervision Committee’s activities in person and may not delegate their powers to other persons. They are not being remunerated for participating in the Supervision Committee’s activities.



Employees engaged in collecting and processing data for RUONIA, calculating RUONIA or publishing it may not be members of the Supervision Committee. Besides, employees of the Bank of Russia functions whose key business processes (such as devising and implementing the monetary policy) involve RUONIA are also prohibited from being the Supervision Committee members. Finally, the employees of the credit institutions participating in RUONIA may not become the Supervision Committee's external members.

External members of the Supervision Committee sign a non-disclosure agreement with regard to information received in the context of participating in the Supervision Committee.

The Supervision Committee members are appointed by an order of the Governor of the Bank of Russia. The membership remains valid until the order is reissued following a proposition by the Supervision Committee's Chair, First Deputy Governors or Deputy Governors of the Bank of Russia, or Heads of Bank of Russia functions.

3.2.5. In accordance with Article 22 of the Labour Code of the Russian Federation, when executing its obligation to introduce its employees to the newly adopted local regulations directly affecting their professional activities (which the employees sign for upon familiarization), the Bank of Russia also introduces the employees to the Bank of Russia regulations that establish the procedures for complying with (or executing) prohibitions, restrictions and obligations imposed on the Bank of Russia employees by federal laws for the purposes of countering corruption.

Pursuant to Article 68 of the Labour Code of the Russian Federation, during the hiring process (before signing the employment contract), an employee studies and signs for the rules of internal professional conduct and other local regulations directly affecting their professional activities, including the Bank of Russia regulations that establish the procedures for complying with (or executing) prohibitions, restrictions and obligations imposed on the Bank of Russia employees by federal laws for the purposes of countering corruption.

3.2.6. In accordance with the information security policy, every year the employees must undergo training on countering corruption and ensuring the confidentiality of information, where they are informed on their obligation to report any attempts to engage Bank of Russia employees in corruption and any cases of personal interest emerging. Moreover, newly re-employed persons must complete this training before they assume their functions. Information on undergoing the training is recorded in the Journal for Training on Confidentiality and Conflicts of Interest and is stored for at least 5 years.

3.2.7. In April 2019, the Bank of Russia adopted its Anti-Corruption Policy, which sets out the key principles of its anti-corruption activities, as well as the measures and tools used for this purpose. Moreover, a dedicated Bank of Russia order has introduced the list of Bank of Russia functions, the performance of which creates the biggest corruption risks.

3.2.8. In order to identify, detect and prevent any conflicts of interest, the Bank of Russia is developing the Map of corruption risks emerging when employees implement functions related to administering RUONIA (the “Corruption Risk Map”).

The Corruption Risk Map is being developed in compliance with the Recommendations on the procedure for assessing corruption risks in institutions (approved by the Ministry of Labour and Social Protection of the Russian Federation on 18 September 2019) and with the Methodological recommendations on assessing corruption risks in federal executive authorities performing monitoring and supervisory functions (approved by the Minutes of the Project Committee of the Ministry of Labour and Social Protection of the Russian Federation No. 47(7), dated 13 July 2017)<sup>1</sup>, and is to be reviewed periodically.

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<sup>1</sup> These recommendations as well as other materials on countering corruption are available on the Russian-language official website of the Bank of Russia under section “About the Bank of Russia \ Countering Corruption \ Methodological Materials”.

For the employees involved in administering RUONIA, studying the Corruption Risk Map is a part of their training on countering corruption and ensuring the confidentiality of information.

3.2.9. The Bank of Russia provides a Helpline service (+7 800 250 48 83), through which individuals and legal entities may submit information on:

- indications of corruption in the actions of Bank of Russia employees;
- conflicts of interest in the professional activities of Bank of Russia employees; and
- Bank of Russia employees' failure to comply with prohibitions, restrictions and obligations established by Russian legislation and Bank of Russia regulations to counter corruption.

The service is automatic and available 24/7. Information about the Helpline is available on the Russian-language official website of the Bank of Russia under section "About the Bank of Russia \ Countering Corruption \ Reporting Cases of Corruption".

Information on the facts described above can also be sent in an electronic format via the Bank of Russia Online Reception; for the Russian-language version, please set the complaint's topic as "General issues", problem type as "Other", and problem as "Reporting cases of corruption".

One can also submit the same kind of complaint via the Russian-language website of the Bank of Russia under section "About the Bank of Russia \ Countering Corruption \ Reporting Cases of Corruption \ Report Corruption".

Moreover, the Bank of Russia employees can report corruption cases or any conflicts of interest emerging directly by calling the Human Resources Department employees in charge of preventing corruption and other illicit activities.

3.2.10. Measures (procedures) aimed at countering corruption, in particular at preventing conflicts of interest and ensuring confidentiality of information at the Bank of Russia, are analysed at least once a year and are updated as necessary.

3.2.11. Pursuant to decisions of the Supervision Committee, the Bank of Russia discloses information on identifying conflicts of interest or a lack thereof in the Supervision Committee's semi-annual report.