



Admission of foreign bank branches

2024

Admission conditions

Obtaining a licence from the Bank of Russia, which allows a foreign bank (FB) to operate in the Russian Federation through its branch (hereinafter, the 'FBB')

Accreditation of the FBB (FBs from the EAEU member states must pay a state fee of ₴4,000, and FBs from other countries must pay a state fee of ₴120,000)

Conclusion of an agreement in an internationally accepted form about exchanging supervisory information between the Bank of Russia and a foreign regulator concerned

Absence of a ban on opening branches of Russian credit institutions in the territory of a foreign state concerned

The FB must have an official website of its branch in Russian and with the Russian country code domain

Requirements for a foreign bank

Authorisation to conduct banking operations and their actual conduct for at least three years, as well as the authorisation to work with foreign currency

Consent of the regulator of the country where the FB is located to open a branch in the Russian Federation (if obtaining the consent is provided for by the legislation of the country where the FB is located)

The FB's credit rating (not lower than the level to be established by the Bank of Russia Board of Directors)

Compliance of the FB's sole executive body (SEB), of the persons holding more than 10% of the FB's shares (stakes), of the persons controlling such shareholders (members), and of the SEBs of such persons with the requirements of a foreign state (to be confirmed by the foreign regulator) as well as with Russian laws (absence of disqualification and pending or unserved sentences, absence from the list of persons involved in extremist activities and terrorism)

The FB's financial stability and solvency must be confirmed by the foreign regulator

The FB must disclose the information regarding the persons who control or have significant influence over the FB to the Bank of Russia in a manner similar to the Bank of Russia requirements for disclosure of this information by credit institutions

Security deposit (SD):

Minimum guarantee deposit is ₪1 billion.

The total SD amount is equal to the minimum SD and the estimated SD and shall ensure that the FBB complies with the mandatory requirements established by the Bank of Russia.

The FBB SD includes funds deposited to a correspondent account in Russian rubles with the Bank of Russia, investments in federal government bonds or securities issued by the Bank of Russia.

Qualification and business reputation requirements are established as regards to: the manager, his/her deputy, chief accountant, head of risk management, head of internal control, AML/CFT/CFP compliance officer of the FBB.

Preliminary approval by the Bank of Russia: the FBB's manager, deputy manager, and chief accountant must be approved by the Bank of Russia.

The **FB** may establish only one branch in the Russian Federation and is not permitted to open internal structural units. The FBB may not be located at the addresses of embassies (consulates) and representative offices of foreign states.

Foreign citizens and stateless persons shall account for no more than 50% of the total number of FBB employees.

Software and hardware for processing FBB's information must be located in the Russian Federation.

Accounting records must be maintained in accordance with the accounting requirements established by the Bank of Russia for credit institutions.

Record-keeping must be in Russian.



Banking operations with legal entities

- 1) opening and maintaining bank accounts;
- 2) conducting money transfers as ordered by legal entities, including correspondent banks, via their bank accounts;
- 3) collecting cash, bills of exchange, payment and settlement documents, and providing cash services;
- 4) buying and selling foreign currency, both in cash and cashless forms.

Banking operations with individuals

- 1) making money transfers without opening bank accounts, including e-money transfers (except for postal remittances);
- 2) buying and selling foreign currency, both in cash and cashless forms, but the latter only for the purpose of making money transfers without opening bank accounts, including e-money transfers (except for postal remittances).

Transactions

- 1) issuing guarantees for third parties, ensuring the fulfilment of their monetary obligations;
- 2) acquiring monetary claims on third parties;
- 3) leasing out special premises or safe deposit boxes located therein to individuals and legal entities to store documents and valuables;
- 4) leasing transactions;
- 5) providing advisory and information services;
- 6) issuing bank guarantees;
- 7) other transactions (except for trust management of cash or other property, and transactions with precious metals, finished natural diamonds, as well as numismatic and commemorative coins).

- Banking transactions are conducted in rubles or, subject to an appropriate licence, in rubles and foreign currency.
- The FB is not allowed to engage in manufacturing, trade, and insurance through its branch (with certain exceptions).
- The FB is entitled to carry out professional activity in the securities market through its branch (except for trust management of securities or funds intended for securities transactions and/or concluding derivatives contracts).



Operational parameters	Foreign bank subsidiary	Foreign bank branch
1. Banking operations and transactions	All banking operations and transactions specified in Article 5 of the Federal Law 'On Banks and Banking Activities'	Certain banking operations and transactions specified in Article 5 of the Federal Law 'On Banks and Banking Activities' (see more details on Slide 4)
2. List of persons subject to qualification and/or business reputation requirements under Russian legislation and Bank of Russia regulations	<ol style="list-style-type: none"> 1) Members of the Board of Directors (Supervisory Board) 2) Sole executive body 3) Deputy sole executive body 4) Members of the collective executive body 5) Chief accountant 6) Deputy chief accountant 7) Branch manager 8) Branch chief accountant 9) Head of internal control 10) Head of internal audit 11) Head of risk management 12) AML/CFT/CFP compliance officer 	<ol style="list-style-type: none"> 1) Branch manager 2) Deputy branch manager 3) Branch chief accountant 4) Head of risk management 5) Head of internal control 6) AML/CFT/CFP compliance officer
3. Minimum authorised capital/security deposit	<p>₽1 billion for a bank with a universal licence</p> <p>₽300 million for a bank with a basic licence</p> <p>₽3.6 billion for a newly registered bank with a universal licence to receive individuals' deposits</p>	Minimum security deposit is ₽1 billion
4. Making a decision on state registration and licence issuance	Up to 6 months	Up to 60 business days from the date of the submission of all documents (with an option to suspend this period to address violations but for no more than 30 days)



5. Grounds for a refusal to grant a banking licence to a foreign bank to operate in the Russian Federation through its branch

<p>Reaching the maximum percentage of foreign capital participation in the banking system of the Russian Federation</p>	<p>Non-compliance of candidates for the positions of a manager, deputy manager, chief accountant of the FBB as well as a number of officials with the qualification and/or business reputation requirements</p>
<p>Submission of documents in violation of the established deadline, and/or submission of an incomplete document package, and/or documents containing inaccurate information and/or not complying with the established requirements</p>	<p>The number of FBB employees who are foreign citizens and stateless persons must not exceed 50% of the total number of FBB personnel</p>
<p>Non-compliance with the requirements for the FB's operations in the Russian Federation through its branch</p>	<p>Non-compliance of the FBB's minimum security deposit amount and formation procedure with the established requirements</p> <p>There are grounds to believe that the opening of the FBB will pose a threat to the stability of the banking system of the Russian Federation</p>

Federal Law No. 275-FZ, dated 8 August 2024, 'On Amending the Federal Law 'On Banks and Banking Activities' and Certain Laws of the Russian Federation' establishes the right to extend the following regulations of the Bank of Russia to FB branches

As regards the procedure for approving candidates for the positions of managers and officials of a FBB

Bank of Russia Regulation No. 625-P, dated 27 December 2017, 'On the Procedure for the Bank of Russia's Approval of Candidates' Appointment (Election) to Positions in a Financial Institution; for Notifying the Bank of Russia About Electing (Terminating Authorities), Appointing (Releasing from Office) Top Managers, Other Officials in Financial Institutions; for Assessing Compliance with the Qualification and/or Business Reputation Requirements for Top Managers, Other Officials and Founders (Shareholders, Members) of Financial Institutions; for Forwarding Information to the Bank of Russia by a Member of a Financial Institution's Board of Directors (Supervisory Board) on Voting (Abstention from Voting) Against a Decision Made by the Board of Directors (Supervisory Board) of a Financial Institution; for Requesting Information from the Bank of Russia and the Bank of Russia's Response Regarding the Availability (Non-availability) of Information in Databases Stipulated by Articles 75 and 76.7 of Federal Law No. 86-FZ, Dated 10 July 2002, 'On the Central Bank of the Russian Federation (Bank of Russia)'; and on the Procedure for Maintaining Such Databases'

Federal Law No. 275-FZ, dated 8 August 2024, 'On Amending the Federal Law 'On Banks and Banking Activities' and Certain Laws of the Russian Federation' establishes the right to extend the following regulations of the Bank of Russia to FBBs

As regards the procedure for disclosing information on the structure and composition of shareholders (members) of a FB, as well as on persons who control or have significant influence over it

Bank of Russia Regulation No. 622-P, dated 26 December 2017, 'On the Procedure for Disclosing Information on Persons Exercising Control or Having Significant Influence over the Banks Participating in the Compulsory Household Deposit Insurance System of the Russian Federation, and on the Procedure for Disclosing and Submitting to the Bank of Russia Information on the Structure and Composition of Shareholders (Members) of Non-governmental Pension Funds, Insurance Companies, Management Companies, Microfinance Companies, Including Persons Exercising Control or Having Significant Influence over Them'

As regards the procedure for disclosing information on managers and officials by FBBs

Bank of Russia Ordinance No. 3639-U, dated 19 May 2015, 'On the Procedure for Disclosing Information by a Credit Institution on the Qualifications and Work Experience of Members of the Board of Directors (Supervisory Board) of a Credit Institution, Persons Holding the Position of the Sole Executive Body, Its Deputies, Members of the Collective Executive Body, Chief Accountant, Deputy Chief Accountant of a Credit Institution, as well as the Manager and Chief Accountant of a Credit Institution Branch, on the Official Website of the Credit Institution'

Federal Law No. 275-FZ, dated 8 August 2024, 'On Amending the Federal Law 'On Banks and Banking Activities' and Certain Laws of the Russian Federation' extends the following regulations of the Bank of Russia to FBBs

As regards anti-money laundering, countering the financing of terrorism and proliferation of weapons of mass destruction (AML/CFT/CFP)

Bank of Russia Regulation No. 375-P, dated 2 March 2012, 'On the Requirements for Internal Control Rules of a Credit Institution for the Purpose of Countering the Legalisation (Laundering) of Criminally Obtained Incomes and the Financing of Terrorism'

Bank of Russia Regulation No. 499-P, dated 15 October 2015, 'On the Identification by Credit Institutions of Customers, Customer Representatives, Beneficiaries and Beneficiary Owners in Order to Counter the Legalisation (Laundering) of Criminally Obtained Incomes and the Financing of Terrorism'

Bank of Russia Ordinance No. 5861-U, dated 15 July 2021, 'On the Procedure for Credit institutions to Submit Information to the Authorised Body in Accordance with Articles 7 and 7.5 of the Federal Law 'On Countering the Legalisation (Laundering) of Criminally Obtained Incomes and the Financing of Terrorism'

Bank of Russia Regulation No. 764-P, dated 15 July 2021, 'On the Procedure and Timeframe for Providing Information Received from a Competent Authority in Accordance with Clause 13.2 of Article 7 of the Federal Law 'On Countering the Legalisation (Laundering) of Criminally Obtained Incomes and the Financing of Terrorism' and on the Amount Thereof by the Bank of Russia to Organisations Conducting Transactions with Monetary Funds and Other Property, Listed in Article 5 of the Said Federal Law and Regulated, Controlled and Supervised by the Bank of Russia in Accordance with the Legislation of the Russian Federation'

Federal Law No. 275-FZ, dated 8 August 2024, 'On Amending the Federal Law 'On Banks and Banking Activities' and Certain Laws of the Russian Federation' extends the following regulations of the Bank of Russia to FBBs

As regards anti-money laundering, countering the financing of terrorism and proliferation of weapons of mass destruction (AML/CFT/CFP)

Bank of Russia Regulation No. 600-P, dated 20 September 2017, 'On Submitting Information on Customer Transactions, Beneficial Owners of Customers and Movement of Funds on Customer Accounts (Deposits) by Credit Institutions at the Request of the Federal Financial Monitoring Service'

Bank of Russia Ordinance No. 1485-U, dated 9 August 2004, 'On the Requirements for Training Personnel in Credit Institutions'

Bank of Russia Ordinance No. 5075-U, dated 22 February 2019, 'On the Requirements for Internal Control Rules of Credit Institutions and Non-bank Financial Institutions in Order to Counter the Financing of the Proliferation of Weapons of Mass Destruction'

Bank of Russia Ordinance No. 1486-U, dated 9 August 2004, 'On Qualifying Requirements for Special Officials Responsible for Ensuring Compliance with Internal Control Rules for the Purpose of Countering the Legalisation (Laundering) of Criminally Obtained Incomes and the Financing of Terrorism, and the Programmes for Its Implementation in Credit Institutions'

In addition, from the effective date of Federal Law No. 275-FZ, dated 8 August 2024, 'On Amending the Federal Law 'On Banks and Banking Activities' and Certain Laws of the Russian Federation', the following Bank of Russia regulation applies to FBBs as organisations conducting transactions with monetary funds and/or other property, which are regulated, controlled and supervised by the Bank of Russia in accordance with the legislation of the Russian Federation

As regards implementing special economic and coercive measures

Bank of Russia Ordinance No. 6670-U, dated 15 January 2024, 'On the Timeframe and Procedure for Submitting Information on Taking Special Economic Measures Against Blocked Persons, Aimed at Prohibiting (Restricting) Financial Transactions and/or Freezing (Blocking) Funds and/or Other Property Belonging to Blocked Persons, and Financial Transactions Conducted on Behalf of and/or in Favour of Blocked Persons, to the Central Bank of the Russian Federation by Organisations Conducting Transactions with Monetary Funds and/or Other Property, Which Are Regulated, Controlled and Supervised by the Central Bank of the Russian Federation in Accordance with the Legislation of the Russian Federation, as well as on the Content and Format of This Information'

In addition, from the effective date of Federal Law No. 275-FZ, dated 8 August 2024, 'On Amending the Federal Law 'On Banks and Banking Activities' and Certain Laws of the Russian Federation', the following regulatory issues, among others things, apply to FBBs as financial market participants

As regards foreign exchange control

Bank of Russia Instruction No. 111-I, dated 30 March 2004, 'On the Mandatory Sale of Part of Foreign Currency Revenues in the Domestic Foreign Exchange Market of the Russian Federation'

Bank of Russia Ordinance No. 1412-U, dated 30 March 2004, 'On Establishing the Amount of a Money Transfer from the Russian Federation Allowed to be Made by a Resident Individual Without Opening Bank Accounts'

Bank of Russia Instruction No. 136-I, dated 16 September 2010, 'On the Procedure for Authorised Banks (Branches) to Conduct Certain Types of Banking Transactions with Foreign Cash and Transactions with Cheques (Including Traveller's Cheques) Denominated in Foreign Currency with the Participation of Individuals'

Bank of Russia Instruction No. 181-I, dated 16 August 2017, 'On the Procedure for Submitting Supporting Documents and Information When Conducting Foreign Exchange Transactions by Residents and Non-residents to Authorised Banks, on Single Accounting and Reporting Forms Related to Foreign Exchange Transactions, and the Procedure and Timeframe for Their Submission'

Bank of Russia Ordinance No. 4498-U, dated 16 August 2017, 'On the Procedure for Authorised Banks, State Corporation Bank for Development and Foreign Economic Affairs (Vnesheconombank) to Pass Over to Foreign Exchange Control Agencies Information About Violations of Russian Foreign Exchange Legislation and Acts of Foreign Exchange Regulatory Bodies by Entities Conducting Foreign Exchange Transactions'

Bank of Russia Ordinance No. 1425-U, dated 28 April 2004, 'On the Procedure for Conducting Foreign Exchange Transactions Between Authorised Banks'

Bank of Russia Ordinance No. 1868-U, dated 20 July 2007, 'On the Submission of Documents Related to Certain Foreign Exchange Transactions to Authorised Banks by Individuals – Residents'

In addition, from the effective date of Federal Law No. 275-FZ, dated 8 August 2024, ‘On Amending the Federal Law ‘On Banks and Banking Activities’ and Certain Laws of the Russian Federation’, the following regulatory issues, among others things, apply to FBBs as financial market participants

As regards foreign exchange control

Bank of Russia Ordinance No. 4512-U, dated 30 August 2017, ‘On the Scope and Procedure for Authorised Banks Operating as Foreign Exchange Control Agents to Submit Information to Foreign Exchange Control Agencies’

Bank of Russia Regulation No. 788-P, dated 20 January 2022, ‘On the Procedure for Submitting Information on Bills of Entry to Authorised Banks by Resident Legal Entities Participating in International Exhibitions When Crediting Cash Funds Received from the Sale of Exhibition Samples of Jewellery at the Venues of International Exhibitions and Imported into the Russian Federation to Their Bank Accounts, the Procedure and Timeframe for Exchanging Information on Bills of Entry Between Authorised Banks and the Bank of Russia After Crediting Such Funds to the Bank Accounts of Resident Legal Entities Participating in International Exhibitions, as well as the Procedure and Timeframe for Providing Information on Crediting Such Funds to Bank Accounts of Resident Legal Entities Participating in International Exhibitions to a Federal Executive Customs Authority by Authorised Banks’

As regards the procedure for the interaction between the Bank of Russia and credit institutions through the use of information resources published on the Bank of Russia website, including by providing access to a personal account

Bank of Russia Ordinance No. 6655-U, dated 9 January 2024, ‘On the Procedure for the Bank of Russia to Cooperate with Credit Institutions, Non-bank Financial Institutions, Persons Providing Professional Services in the Financial Market and Other Parties to Information Exchange When Using Bank of Russia Information Resources, Including Personal Accounts, as well as the Procedure and Timeframe for Sending a Notification on the Use of a Personal Account and a Notification of a Refusal to Use a Personal Account’

Please be informed that the regulatory framework for the admission of FBBs and supervision over FBBs is currently being developed and will be published by the Bank of Russia by the end of 2024



Банк России

THANK YOU FOR YOUR ATTENTION.

Department for Market Access and Activity Termination of
Financial Institutions

Postal address: 12 Neglinnaya Street, Moscow, 107016

Website: www.cbr.ru