

Insight

29 December 2014 – 18 January 2015

Russian Legislation Update

Financial System Stability

On 29 December 2014 the President signed Federal Law No. 451-FZ amending the Deposit Insurance Law and the Law on the Bank of Russia.

The Law increases twofold the maximum amount of the state compensation for individuals' deposits payable if a banking license is revoked, from RUB 700,000 to RUB 1.4 million.

It also provides that for the purposes of supporting stability of the banking system and protection of interests of depositors and creditors, the Bank of Russia is entitled to grant subordinated loans (deposits, bond loans) to Sberbank in an amount not exceeding its net worth (capital) as of 1 January 2015.

In addition, the Deposit Insurance Agency is entitled to take measures aimed at increasing capitalization of other banks by way of (i) a transfer of federal loan bonds as subordinated loans and/or (ii) a payment by such federal loan bonds of banks' subordinated bond loans. The total nominal value of the federal loan bonds should not exceed the relevant bank's net worth (capital) as of 1 January 2015.

The Law entered into force on 29 December 2014.

On 29 December 2014 the President signed Federal Law No. 461-FZ amending, among others, the Deposit Insurance Law.

For the purposes of supporting financial stability of the deposit insurance system the Deposit Insurance Agency is now entitled to acquire shares (participation interests) in banks that are members of the deposit insurance system.

The Law entered into force on 29 December 2014, save for certain provisions that will enter into force later.



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This update is a general summary of recent developments in Russian legislation and should not be treated as legal advice. Readers should seek the advice of legal counsel on any specific question. All translations of terminology in this update are unofficial.

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On 26 December 2014 the President signed Federal Law No. 448-FZ amending the Law “On Federal Budget for 2014 and Planning Period of 2015 and 2016.”

For the purposes of increasing capitalization of Russian banks the Government is entitled to make a property investment – up to RUB 1 trillion – in the form of the federal loan bonds to the Deposit Insurance Agency (this contribution was then approved by Government Directive No. 2756-r of 29 December 2014).

The Law entered into force on 27 December 2014.

On 26 December 2014 the President signed Federal Law No. 449-FZ introducing amendments to the Budget Code.

For the purpose of the financing of self-sustaining infrastructure projects (according to the list approved by the Government) up to 10% of the National Wealth Fund can be placed in Russian credit organizations as subordinated deposits or subordinated bonds of credit organizations. This opportunity is available for credit organizations whose net worth (capital) is no less than RUB 100 billion.

The Law entered into force on 27 December 2014.

On 29 December 2014 the Government adopted Resolution No. 1592 amending its Resolution No. 18 regarding the placement of funds of the National Wealth Fund.

The amendments set forth the requirements for the placement of funds of the National Wealth Fund as subordinated deposits and subordinated bonds of credit organizations for the purposes of the financing of self-sustaining infrastructure projects. In particular, the term of the placement should not exceed 30 years; the placement is intended for the financing of projects at interest rates equal to the interest rate on subordinated instruments.

The Resolution entered into force on 4 January 2015.

On 24 December 2014 the Bank of Russia published information regarding a new refinancing instrument.

The Bank of Russia introduced a new instrument – foreign currency loans secured by a pledge of claims under foreign currency loans. This opportunity is available for credit organizations whose net worth (capital) was no less than RUB 100 billion as of 1 December 2014. The instrument will be effective until 1 January 2018.

The information is available at the Central Bank’s website www.cbr.ru.

Payment System

On 16 December 2014 the Bank of Russia issued Directive No. 3493-U “On Organization of Interaction and Receipt of Operational and Payment Clearing Services for Transfers with the Use of International Payment Cards.”

The Directive was registered with the Ministry of Justice on 30 December 2014.

The Directive sets forth terms and conditions for the organization of interaction with operational and payment clearing centers of the National System of Payment Cards (NSPC).

Credit organizations that are members of payment systems of international payment cards, as well as operators of payment systems of international payment cards must arrange for such interaction (i) by 31 March 2015 – with respect to payment systems recognized as “important”; and (ii) by 31 December 2015 – with respect to payment systems which are not recognized as “important”.

The Directive entered into force on 11 January 2015.

Banking

On 18 December 2014 the Bank of Russia issued Directive No. 3496-U amending its Regulation No. 254-P regarding the formation of provisions to cover potential losses pursuant to loans.

The Directive was registered with the Ministry of Justice on 26 December 2014.

The amendments allow banks to refrain from increasing, for two years (previously one year), provisions for loans granted to individuals and companies whose financial position or service of debt worsened due to an emergency situation.

The amendments also allow banks not to form, for two years (previously one year), provisions for loans granted for investment projects, payments under which are absent or insignificant.

The Directive entered into force on 31 December 2014.

On 16 December 2014 the Bank of Russia issued Directive No. 3490-U amending its Instruction No. 139-I “On Mandatory Economic Ratios.”

The Directive was registered with the Ministry of Justice on 24 December 2014.

The Directive, among other things, amends the procedure for calculating liquidity ratios. The amendments also rectify the procedure for calculation of the ratio of maximum exposure per single borrower or group of related borrowers (N6) and introduce a new ratio – maximum permitted exposure to related parties (group of related parties) of a bank (N25).

The Directive entered into force on 1 January 2015, save for some provisions regarding N6 ratio and provisions relating to N25 ratio, which will enter into force on 1 January 2016 (the relevant legislative provisions on these ratios will also enter into force on 1 January 2016 – Federal Law No. 432-FZ of 22 December 2014).

On 2 December 2014 the Bank of Russia issued Directive No. 3468-U amending Directive No. 2332-U on reporting forms of credit organizations.

The Directive was registered with the Ministry of Justice on 22 December 2014.

The Directive amends a number of reporting forms for credit organizations and procedures and/or terms for their completion and submission (in particular, a report on foreign operations, data on assets and liabilities by currencies and countries, data on mandatory reserves and leverage ratio).

The Directive entered into force on 31 December 2014, save for some provisions entering into force on different dates.

Anti-Money Laundering

On 29 December 2014 the President signed Federal Law No. 484-FZ amending a number of laws regarding combating money laundering.

The amendments, among other things, aim to provide clearer regulation in respect of banks' liability for breaches of anti-money-laundering legislation. Now, as a general rule, such breaches should entail the application of measures established by the Law on the Bank of Russia, rather than administrative liability under the Administrative Offences Code (save for in a limited number of cases).

The amendments also relate to bank accounts of strategic companies (as per Federal Law No. 213-FZ of 21 July 2014). Now banks are required to notify Rosfinmonitoring (the anti-money laundering body) not only each time an account is opened or a bank account (deposit) agreement is signed in respect of such company, but also about any changes in requisites, the closing of accounts and the amendment/ termination of the bank account (deposit) agreement. Similar reporting obligations were imposed on the strategic companies to notify Rosfinmonitoring about their accounts in overseas banks.

The amendments also entitle Rosfinmonitoring to request from the strategic companies the information about their operations (transactions) with funds and other assets, their nature and purposes.

The Law entered into force on 29 December 2014.

Subsoil

On 31 January 2014 the President signed Federal Law No. 533-FZ amending the Town-Planning Code of the Russian Federation.

The adopted changes simplify the procedure for the (re-) construction of drilling wells for geological study and the exploration and production of natural resources. In particular, the changes remove the requirement to conduct an expert review of project documentation and the need to obtain a permit for the (re-) construction of drilling wells if their (re-)construction is part of an already approved technical project for subsoil deposit development or part of other project documentation for conducting subsoil related activities.

The Law entered into force on 11 January 2015.

Personal Data

On 31 December 2014 the President signed Federal Law No. 526-FZ changing the effective date of Federal Law No. 242-FZ dated 21 July 2014.

Federal Law No. 242 obliges so-called operators of personal data to carry out processing of Russian citizens' personal data by using databases located in Russia.

The amendment now accelerates the entry into force and changes the effective date of Federal Law No. 242 to **1 September 2015** (previously – 1 September 2016).¹

The Law entered into force on 31 December 2014.

¹ Refer to our [client insight](#) for 23 June – 20 July 2014.

Corporate

Notarial

On 29 December 2014 the President signed Federal Law No. 457-FZ "On Amending Certain Legislative Acts of the Russian Federation."

The Law amends, in particular, the Notarial Fundamentals of the Russian Legislation (the "Fundamentals"), the Federal Law "On the State Registration of Legal Entities and Individual Entrepreneurs" (the "Registration Law") and the Federal Law "On Insolvency (Bankruptcy)" (the "Bankruptcy Law").

The amendments among other things, affect the notarial certification of the adoption of a decision by a company's participants at a general meeting.² Now the Fundamentals require that *to establish the fact of the adoption of a decision*, a notary must verify (i) the company's legal capacity; (ii) the competence of the participants to adopt the decision at the general meeting; (iii) the quorum; and (iv) the occurrence of the required number of votes for its adoption. The notary will dismiss the certification of the fact of the adoption of the decision if the nullity of the decision was obvious to the notary. *To confirm the list of the participants present at the meeting*, the notary will identify them and their powers and verify their right to participate in the general meeting.

The notary *will not* verify compliance with the procedure required for convening the general meeting of the participants.

The amendments entered into force on 1 January 2015.

Pursuant to the amendments to the Registration Law and the Bankruptcy Law, a notary may now make entries in the Unified Federal Register of Factual Data on Legal Entities Activity and the Unified Federal Register of Bankruptcy Data. These amendments aim at simplifying and making cheaper for the entrepreneurs the mechanism of making entries in these registers.

The amendments will enter into force on 1 July 2015.

Accreditation of Representative Offices and Branches of Foreign Companies

On 22 December 2014 the Financial Tax Service (the "Tax Service") issued Order No. MMV-7-14/668@ on accrediting branches and representative offices of foreign legal entities.

Under the law,³ the Russian Government has authorized the Tax Service to accredit branches and representative offices of foreign companies (except for representative offices of foreign credit organizations). The Order now establishes that, starting 1 January 2015, Tax Inspectorate No. 47 of Moscow ("Inspectorate No. 47") will perform these functions.

The Russian Chamber of Commerce and Industry and the State Registration Chamber under the Ministry of Justice of the Russian Federation, which used to perform the accreditation functions, must hand over the files of branches and representative offices of foreign companies whose accreditation has not expired as at 1 January 2015, to Inspectorate No. 47 by 1 February 2015.

The Order and detailed information are placed on the official web-site of Inspectorate No. 47 <http://nalog.ru/rn77/>

² Refer to our [client insight](#) for 1 – 28 December 2014.

³ Refer to our [client insight](#) for 14 April – 25 May 2014.