



# Russian regulatory capital regime

AMENDMENTS AFFECTING RUSSIAN CREDIT INSTITUTIONS

**Changes to Russia's Banking Act affect the regulatory capital regime for Russian credit institutions. In particular, these changes modify the charter capital and own funds (capital) requirements that banks should meet in order to operate lawfully.**

There have been amendments to Russia's Federal Law No 395-1 dated 2 December 1990 'On Banks and Banking Activity' (the Banking Act). These amendments, made by Federal Law No 28-FZ dated 28 February 2009 (the Amendments), introduce certain changes to the regulatory capital regime for Russian credit institutions.

The Amendments establish new minimum charter capital requirements which credit institutions must meet when filing an application for state registration and relevant banking licences. The new minimum charter capital amounts are set at the following levels:

- for newly registered banks – RUB180m;
- for newly registered non-banking credit institutions applying for a licence to make settlements between legal entities (including banks) – RUB90m; and
- for other newly established non-banking credit institutions – RUB18m.

The minimum amount for the bank's own funds (capital) has also been set at RUB180m. There is still an exemption for banks whose own funds (capital) stood at less than RUB180m as at 1 January 2007. Such banks will be allowed to continue their business provided that their capital has not fallen below the level it was at on 1 January 2007. However, from 1 January 2010, such banks must have at least RUB90m in capital, and from 1 January 2012, RUB180m.

The Amendments also lay down stricter requirements for credit institutions applying for a general banking licence, ie one that entitles credit institutions to enter

into transactions in roubles and foreign currency and to take roubles and foreign currency deposits from legal entities and individuals. Such a licence may only be issued to institutions with capital of at least RUB900m on the first day of the month in which an application for such a licence is filed with the Central Bank of Russia (the CBR).

Moreover, subject to certain other conditions set out in the Banking Act, a bank may only take deposits from individuals if its own funds (capital) or charter capital is RUB3,600m or more.

Where a bank had capital of RUB180m or more on 1 January 2007 and this has now fallen below the required amount due to changes in the banks' capital calculation technique, such bank must, within 12 months, increase its own funds (capital) to at least RUB180m (calculated pursuant to such new technique). Banks with own funds (capital) under RUB180m on 1 January 2007 must ensure that, within 12 months, their capital is increased to the higher of:

- their capital as at 1 January 2007, calculated pursuant to such new technique; or
- the minimum capital required for such banks under the Amendments (RUB90m from 1 January 2010 and RUB180m from 1 January 2012).

The Amendments also modify provisions on the revocation of banking licences, bringing them in line with the amended capital requirements discussed above.

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