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**Mihael Malinovskiy**  
*Partner*

This Legal Alert is prepared by the team of our partner Mihael Malinovskiy. Any questions and comments related to the topic of this Legal Alert please refer to Mihael at: [mihael.malinovskiy@lecap.ru](mailto:mihael.malinovskiy@lecap.ru).

## **Draft Guidance of the Bank of Russia ‘On the procedure for calculation of own funds (capital) of credit institutions in accordance with Basel III’.**

*The Bank of Russia placed on its official web-site the Draft Guidance of the Bank of Russia ‘On the procedure for calculation of own funds (capital) of credit institutions in accordance with Basel III’ (hereinafter – the ‘Draft’) in order to collect comments and recommendations for its further adoption. The Draft is to replace the current regulation (‘Regulation on the procedure for calculation of own funds (capital) of credit institutions’ approved by the Bank of Russia on February 10, 2003 N 215-P).*

One of the main goals of introduction of Basel III provisions in Russia is to bring the banking regulation and supervision of the Russian Federation to the international standards.

According to the text of the Draft the Regulation will come into force on April 1, 2013, except for paragraph 2.5 of the Draft that will take effect on January 1, 2015.

Subordinated notes. The Basel Committee prepared new requirements to banks’ 1st tier capital, which also includes subordinated loans and subordinated bonds. One of the innovations of the Draft is the obligatory provision on the conversion of subordinated bonds into ordinary shares in case of the risk of inability of a credit institution to fulfill its obligations to other creditors.

According to the effective Russian law, convertible bonds can be converted into shares subject to the special resolution of the shareholders general meeting.

After the final version of the Draft is introduced, Legal Capital Partners will prepare a special alert on the initiative of the Bank of Russia to implement standards of Basel III.

## **Decree of the President of the Russian Federation as of September 11, 2012 N 1285 'On measures for protection of the interests of the Russian Federation in the course of external economic activity of Russian legal entities'**

The Decree sets limitations on delivery of information and certain activities of Russian legal entities included into the list of strategic enterprises and strategic joint-stock companies approved by the Decree of the President of the Russian Federation N 1009 as of August 04, 2004 and subsidiaries of such entities if such information is required by any agency or other public authority of a foreign state or an international organization.