

EVOLUTION (1)

Central Bank of Russia (CBR): founded in 1990

- 1990 – Law on banks and banking activities
– Law on Central bank of RSFSR
- 1992 – Russia becomes an IMF member
- 1995 – Law on Central bank of RSFSR: amendments
- 1996 – CBR becomes a BIS member

- 2001 – Law on AML/CFT
- 2002 – Law on the Central Bank of the Russian Federation
- 2003 – Russia becomes a FATF member
– Start of the IFRS reporting project
– Law on deposit insurance
- 2005 – Introduction of corridor for USD&EUR basket within the exchange rate policy framework
- 2009 – CBR becomes a BCBS member
– CBR becomes a CPMI member
- 2010 – Introduction of floating exchange rate corridor
- 2011 – Law on National Payment System

- 2013 – CBR becomes an IAIS member as well as IOSCO member
- 2014 – Inflation targeting regime with 4% medium-term target rate
– Introduction of a floating exchange rate regime
– Approval of a new corporate governance code
– National Card Payment System Joint-Stock Company (AO NSPK) established
- 2015 – Signing of the IOSCO Multilateral Memorandum of Understanding
– National payment system “Mir” established and “Mir” card issue started
- 2016 – Banking regulation in Russia assessed as compliant with Basel II, Basel 2.5 and Basel III (RCAP)
- 2017 – Introduction of proportional regulation in banking sector
– Introduction of new financial rehabilitation mechanism
- 2018 – CBR joins MMoU IAIS
- 2020 – Sustainable finance working group within CBR is established



- 1992 – MICEX established
– Law on insurance business
- 1995 – RTS exchange established
- 1996 – Law on securities market
- 1996 – Law on joint-stock companies
- 1999 – Law on protection of rights of securities market investors

- 2002 – First edition of the Russian corporate conduct code
- 2003 – Law on mortgage-backed securities
- 2011 – Law on insider trading
– MICEX and RTS merge into the Moscow Exchange
– FISS joins FFMS and the latter becomes insurance market regulator
- 2012 – National Settlement Depository obtains status of the Central Securities Depository (CSD) of Russia
- 2013 – National Clearing Center obtains status of the first qualified Central Counterparty (CCP) in Russia

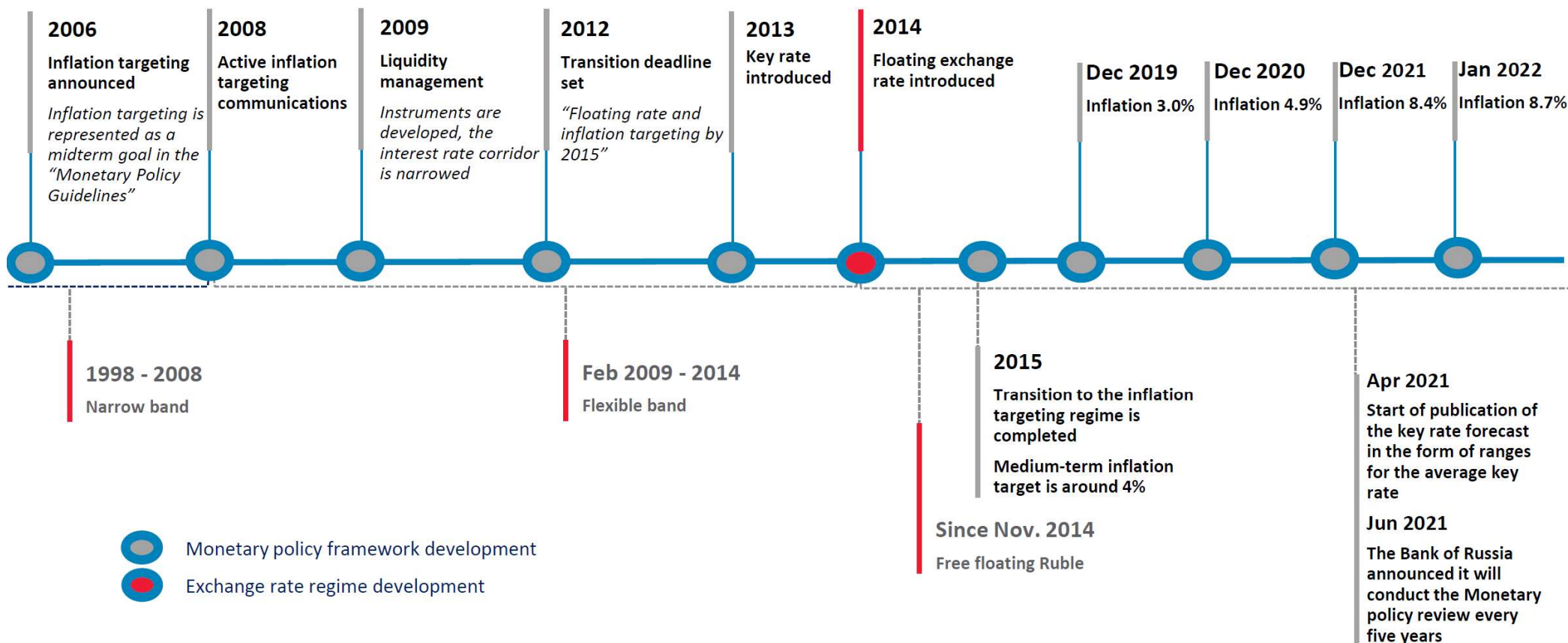
Focus on Russian financial market development

2013
CBR becomes the megaregulator of the Russian financial sector

Federal Financial Markets Service (FFMS): founded in 1993

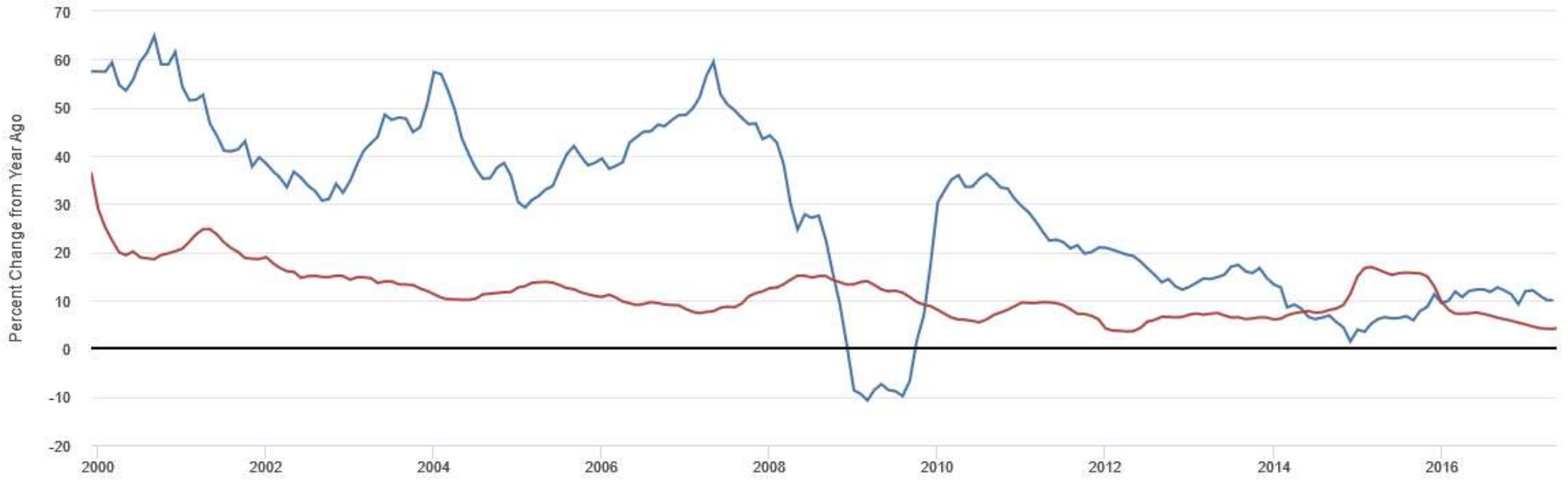
EVOLUTION (2)

Monetary policy framework development





— M2 for Russian Federation
— Consumer Price Index: All Items for Russian Federation



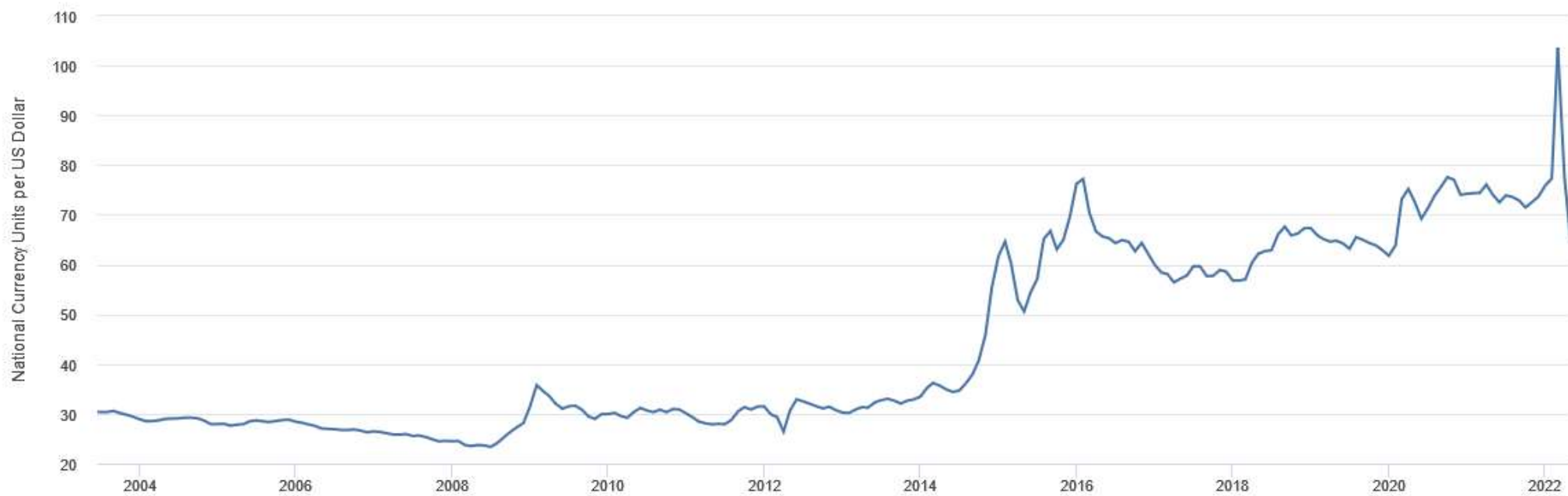
Sources: IMF; OECD

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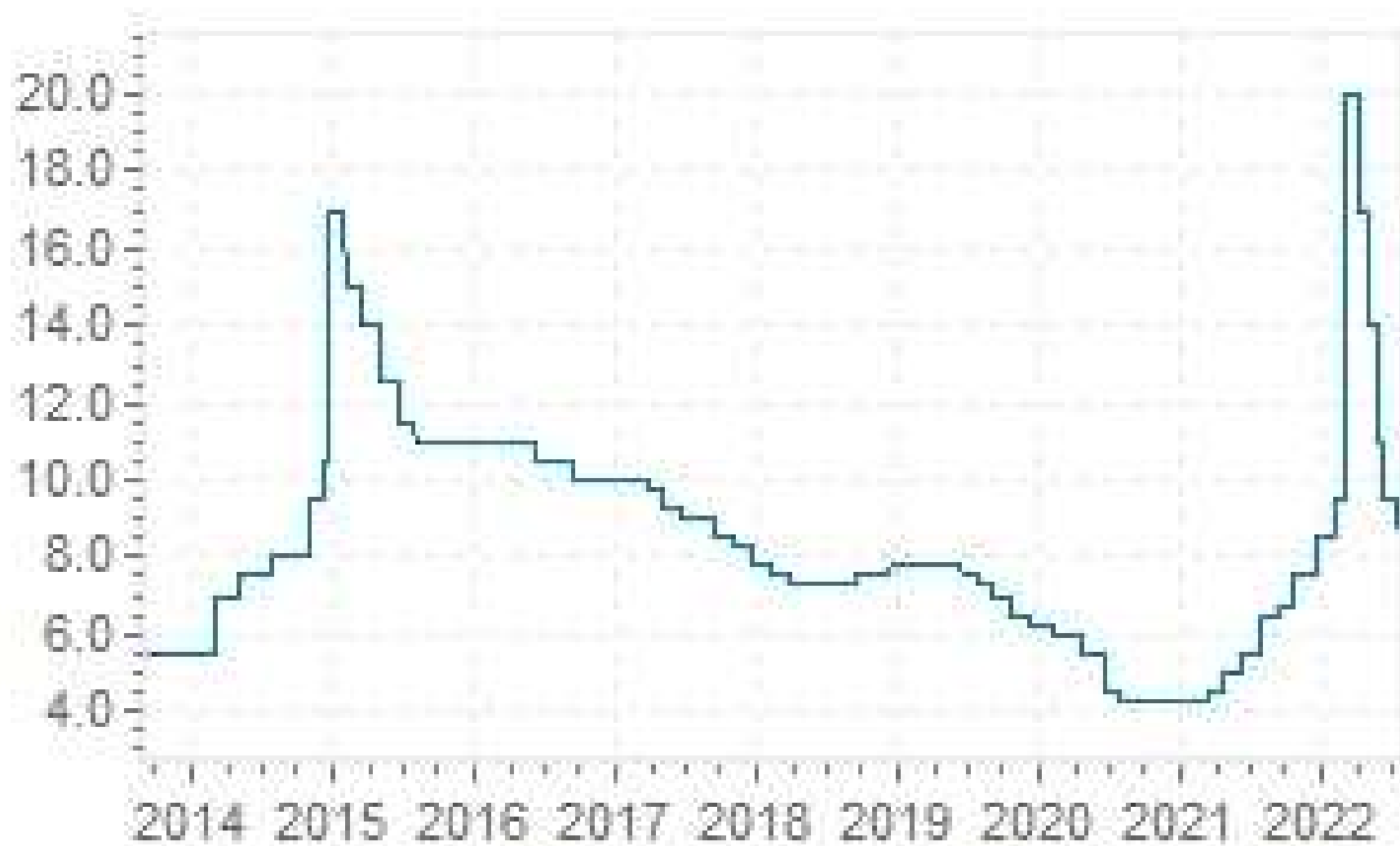


— National Currency to US Dollar Exchange Rate: Average of Daily Rates for the Russian Federation



Source: Organization for Economic Co-operation and Development

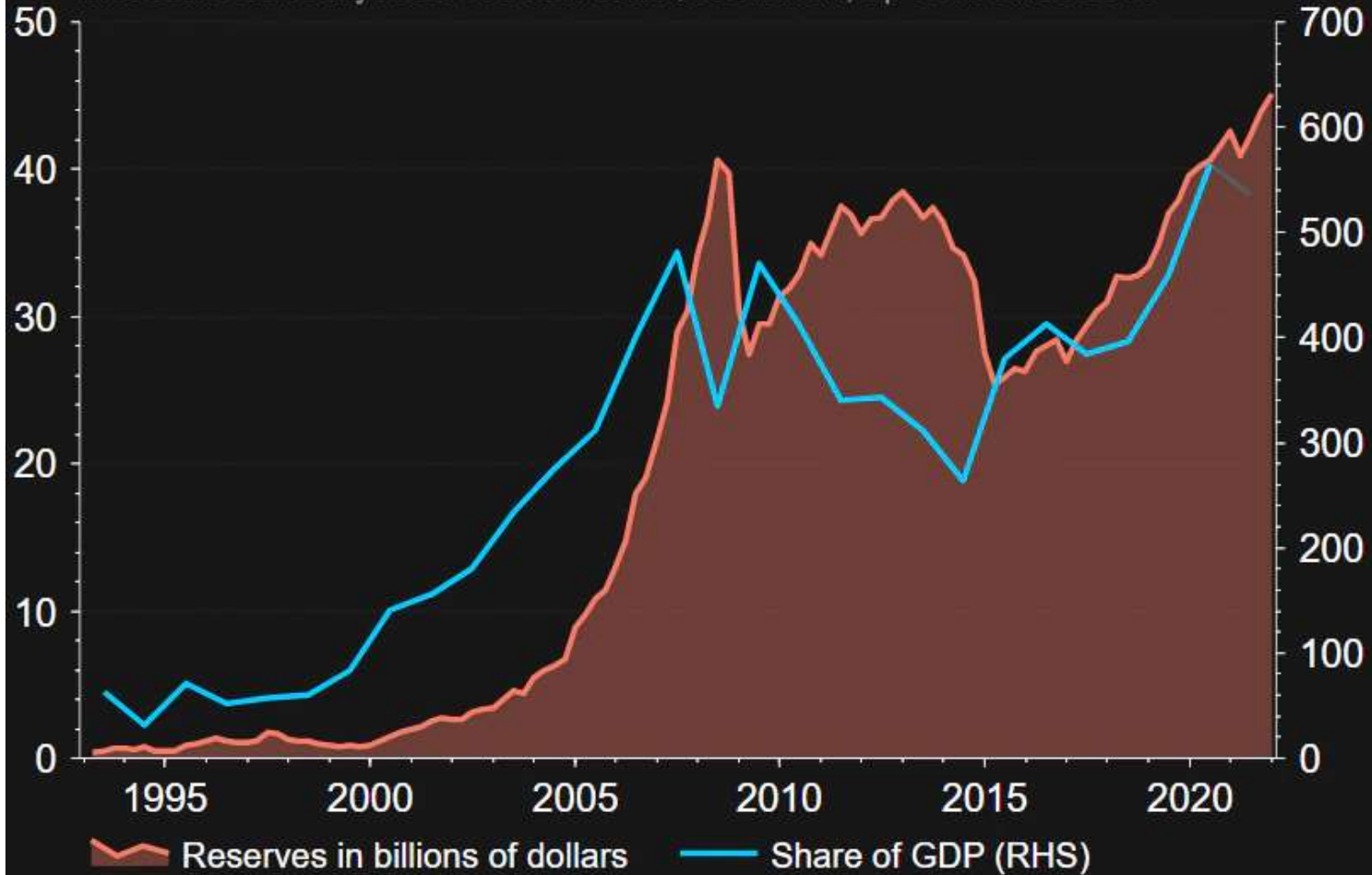
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'Fortress Russia' built on reserves

Moscow's currency reserves now total \$630 billion, up 75% since 2015

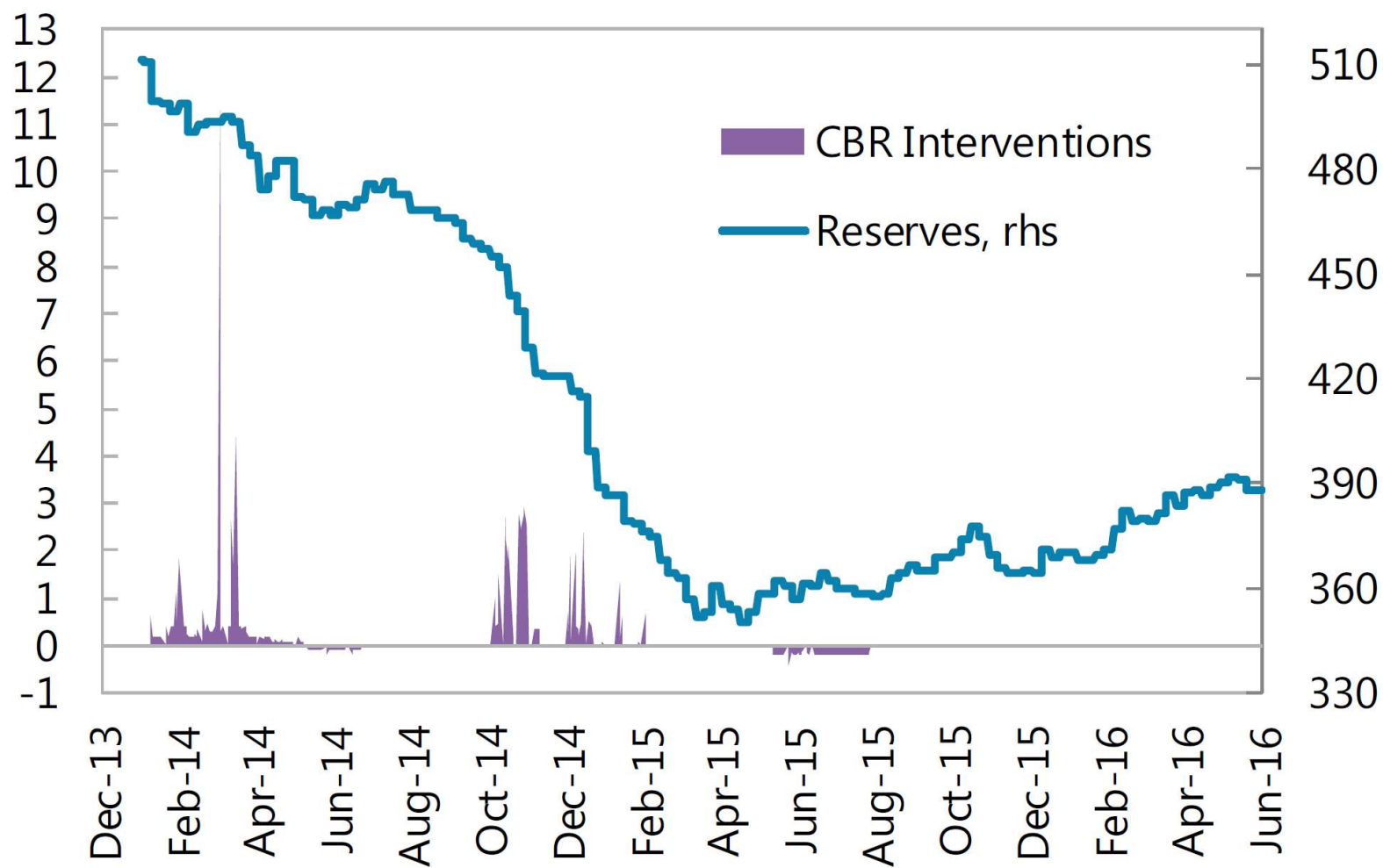
USD billions

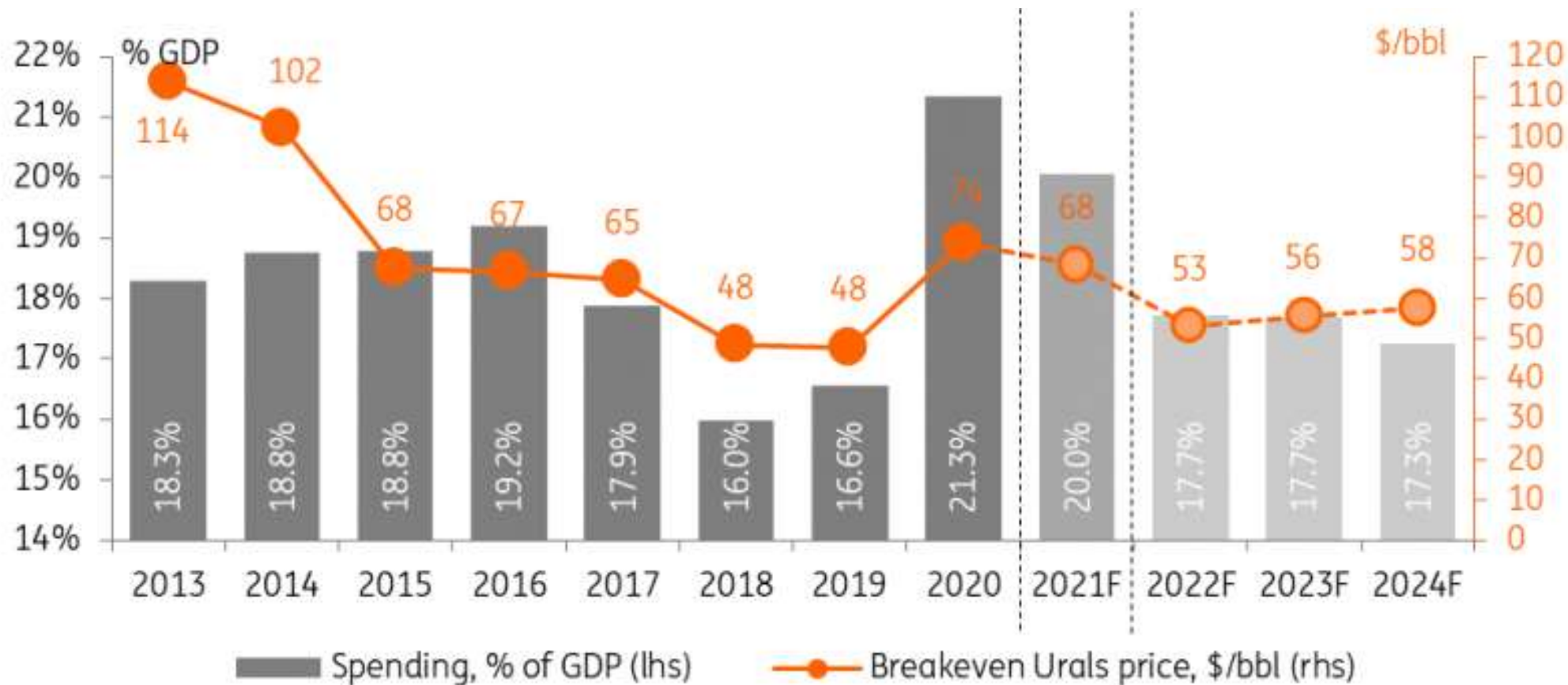


Source: Refinitiv Datastream | Marc Jones @marcjonesrtrs / Fathom Consulting

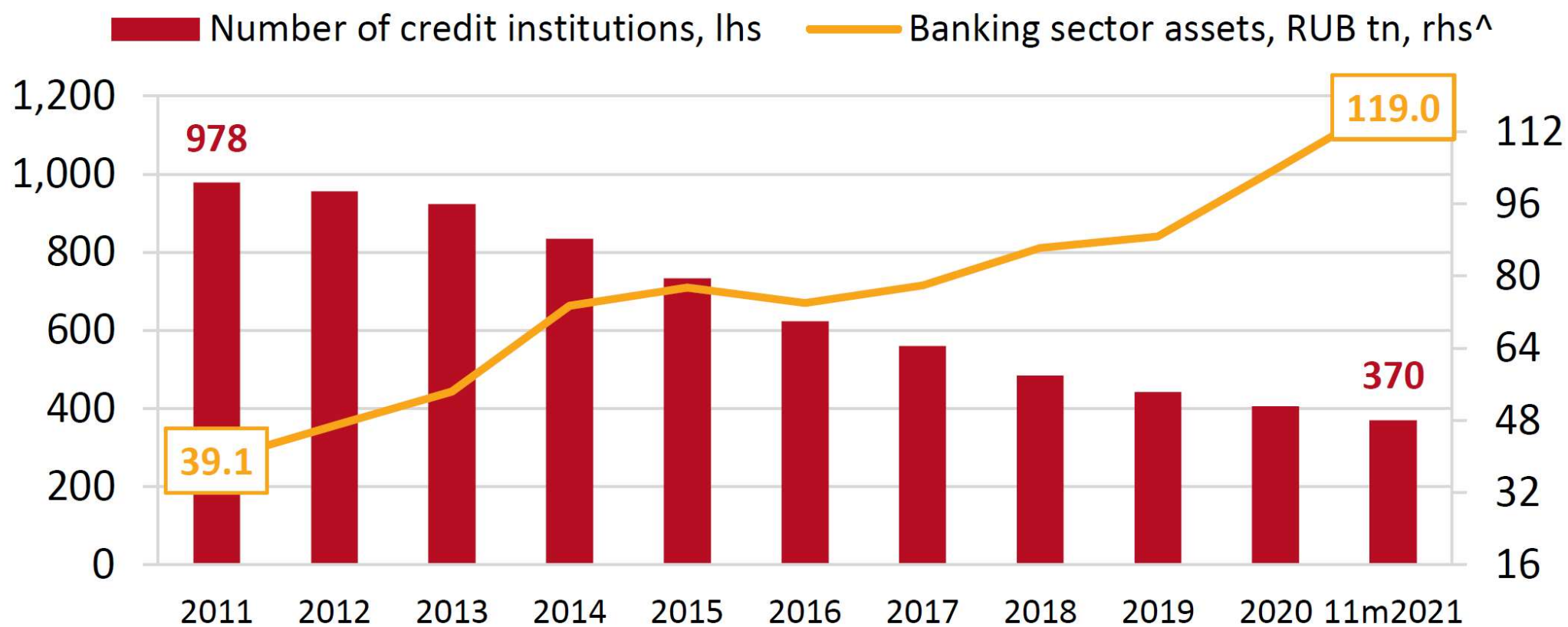
International Reserves and CBR Net Interventions

(In billions of U.S. dollars)





Source: [ING](#)



**335 banks and 35 non-banking credit organisations*

REFORMS

Promoting price and financial stability, fair competition, cutting edge technologies and best practices



Monetary policy

Inflation targeting regime adopted with a 4% medium-term target rate pursued using conventional monetary policy instruments



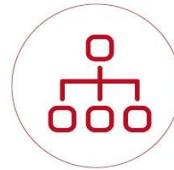
Banking regulation and supervision

- Banking sector rehabilitation in progress, new bank resolution mechanism introduced
- Proportional regulation introduced and an advanced IRB approach for the largest banks gradually phased in
- Banking regulation compliant with the Basel II, Basel 2.5 and Basel III standards, maintaining AML/CFT supervision of credit and non-credit financial institutions (according to the Regulatory Consistency Assessment Program (RCAP) 2016)
- New macroprudential regulation mechanism in force – risk-weight add-ons are introduced and set by the Bank of Russia Board of Directors
- Setting up a national rating industry - only credit ratings of Russian national agencies may be used for regulatory purposes



FinTech development

- Concept of Digital Ruble – based on a two-tier retail model – approved



Market infrastructure

- Benefits from infrastructure put in place, tax and regulatory reforms (T+2, CSD and access of ICSDs, up-to-date CCP, Individual Investment Accounts)
- Marketplace project infrastructure – personal finance platform 'Finuslugi' launched in October 2020



Corporate governance

JS companies segregation into public and non-public, corporate actions reform, new corporate governance code adopted in 2014, listing rules based on the new corporate governance code, listing committees established



Payment infrastructure

- Russian payment system infrastructure developed and currently in use by all leading international payment systems
- MIR National Payment System card issuance launched in 2015
- System for transfer of financial messages (SPFS) has been developed
- The Faster Payments System launched in January 2019



Pension system

- Guarantee fund mechanism introduced
- Investment horizon for non-state pension funds extended to 5 years
- Introduction of new voluntary personal pension plan (simple and standard) is being discussed



COMPLIANCE WITH INTERNATIONAL STANDARDS

Russia complies with or implements key international standards and best practices



Russia's Anti-Money Laundering system is **compliant with FATF Recommendations**



Banking regulation is **compliant with Basel II, 2.5 and Basel III (RCAP 2016)**



High FSAP grades in all surveyed segments, including securities market, insurance and payment infrastructure



Bank for International Settlements, IAIS and IOSCO **Principles for financial market infrastructures (PFMI)** are being implemented
Upon monitoring the implementation of the **PFMI**, the CPMI gave Russia the highest-possible **'4' rating**
The BoR payment system fully complies with **the PFMI**.



Russia rose to **#45 in the IMD World Competitiveness Center Ranking 2021** (#50 in 2020)



National Settlement Depository is **eligible for custody arrangements under Rule 17f-7** of the US Investment Company Act of 1940



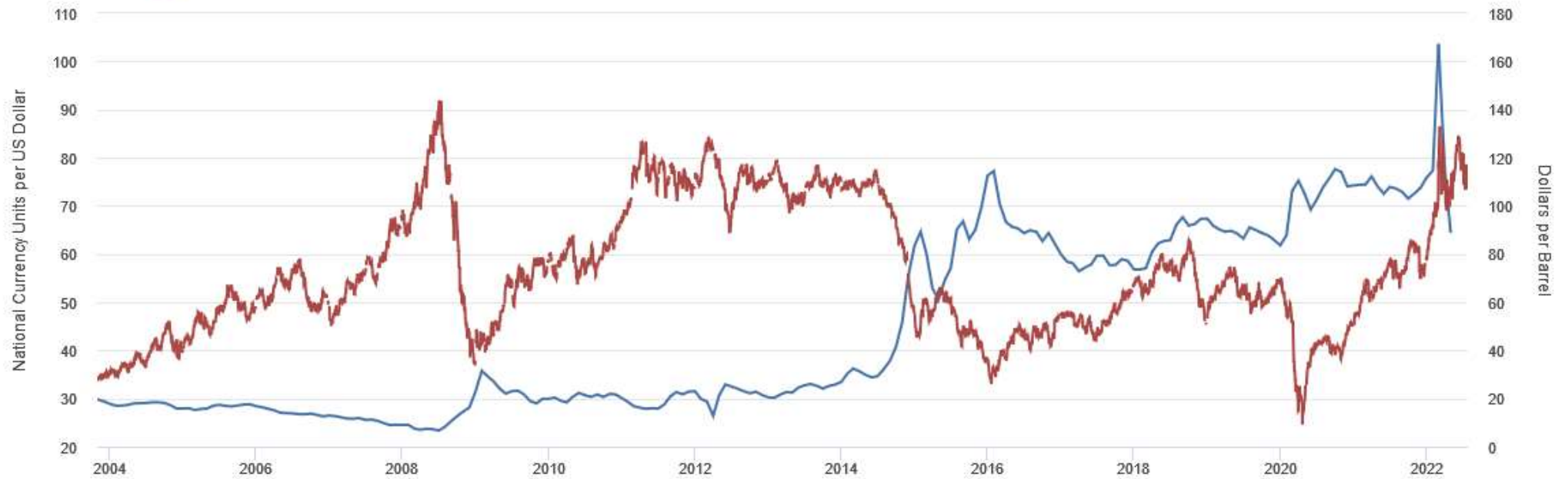
Russia is a party to the Articles of Agreement of the IMF and **upholds free movement of capital**



Insurance sector has **started implementing Solvency II** European principles

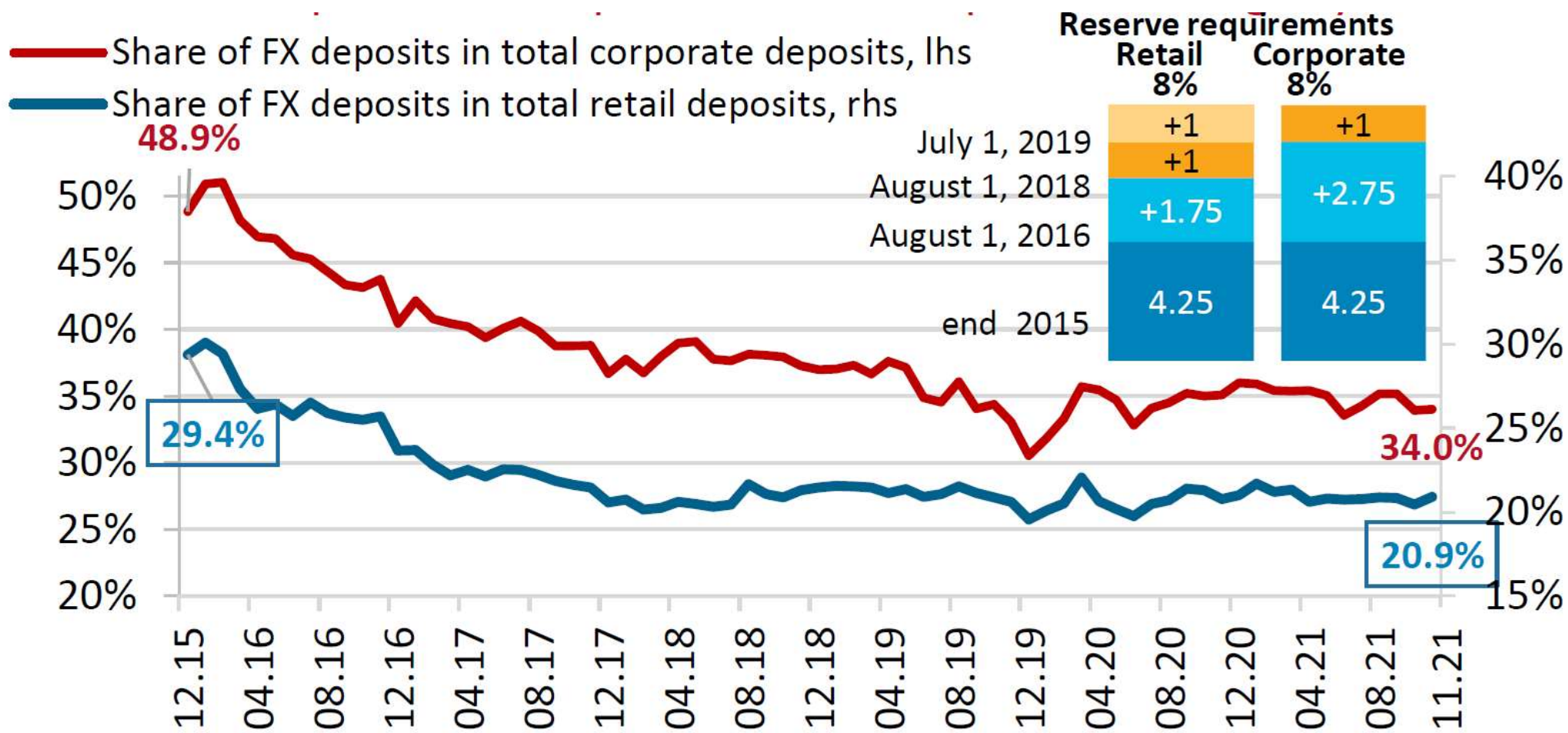
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— National Currency to US Dollar Exchange Rate: Average of Daily Rates for the Russian Federation (left)
— Crude Oil Prices: Brent - Europe (right)



Sources: OECD; EIA

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Source: Bank of Russia