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New bank resolution legislation becomes effective

Central Bank of Russia
New bank resolution legislation becomes effective

19 June 2017

New legal provisions stipulating bank resolution procedures came into effect in June. They create a new regulatory framework allowing for the Bank of Russia’s direct participation in the equity of organisations under resolution.

The new framework is outlined in the presentation.

This new framework is aimed at, among other things, reducing Bank of Russia's financial turnaround costs, while making control over resolution processes more efficient and the resolution regime itself more transparent. Under the new legislation, banks under resolution, alongside other market participants, will be obliged to comply with prudential requirements following capital top-up.

The Bank of Russia is currently involved in preparations for the rollout of this new bank resolution mechanism. There are plans to establish a management company and to approve a large package of regulations which will specify decision making processes and interactions between the regulator, the management company and the bank under resolution.

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