

SMI Markets: **Russia**

 Date: **17 Jul 2014**

 CMIRR Markets: **Russia**

 CSDs: **NSD (Russia)**

## CBR Decreases Capital Requirements for Non-Credit Financial Institutions

The Board of Directors of the Central Bank of Russia (CBR) approved the draft guidance to lower capital requirements for non-credit financial institutions. These requirements (listed below) have been differentiated in size depending on the operations performed.

<b>Professional Activity</b>	<b>Old Capital Requirements</b>	<b>Revised Capital Requirements</b>	<b>Condition for Capital Requirement Decrease</b>
Brokers and Dealers	RUB 35 million	RUB 3 million	Do not lend their clients and do not make use of clients' fund
Prime – Brokers	RUB 35 million	RUB 15 million	Membership in a Self-Regulatory Organisation (SRO)
Securities Administrators	RUB 35 million	RUB 5 million	Membership in an SRO
Depositories	RUB 60 million	RUB 15 million	Membership in an SRO

For prime brokers, managers and securities depositories, that are not members of the SRO, the minimum requirements for equity remains at RUB 35 million and RUB 60 million respectively. The document also contains requirements for SRO membership, which allows professional market participants to reduce capital. These SROs are required to have approved standards for conducting professional activity.

The regulation will be registered by the Ministry of Justice to come on force. An official press release is available here (in Russian): [CBR Decreases Capital Requirements for Non-Credit Financial Institutions](#).

## Market Information Impact

### Russia

This information affects the data contained in the Market Entry Requirements sections of the Securities Market Information Service.

## Infrastructure Risk Ratings Impact

### Russia

Market Rating: BBB  
 Market Flash Impact: Negative

Impacted Risk Type: Counterparty Risk  
 Current Rating = BB  
 Flash Impact = Negative

Impacted Risk Type: Financial Risk

Current Rating = A-  
Flash Impact = Negative

A reduction in the minimum capital requirements for brokers, dealers and other market participants will decrease the financial strength of these institutions in particular for new comers in the market. This may in turn reduce the quality of the counterparties in Russia. In addition, reducing the minimum requirements for depositories sets lower standards for CSDs although NSD is currently well capitalised and its capital stands well above the minimum required levels.

## CSD Risk Impact

### NSD (Russia)

CSD Rating: AA-  
CSD Flash Impact: Negative

Impacted Risk Type: Counterparty Risk  
Current Rating = AA-  
Flash Impact = Negative

Impacted Risk Type: Financial Risk  
Current Rating = AA  
Flash Impact = Negative

A reduction in the minimum capital requirements for brokers, dealers and other market participants will decrease the financial strength of these institutions in particular for new comers in the market. This may in turn reduce the quality of the counterparties in Russia. In addition, reducing the minimum requirements for depositories sets lower standards for CSDs although NSD is currently well capitalised and its capital stands well above the minimum required levels.

### For further information contact:

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