

Federal Law No. 131-FZ of October 30, 2002 amended this Federal Law. The amendments shall enter into force as of January 2, 2003

FEDERAL LAW
NO. 115-FZ OF AUGUST 7, 2001
ON COUNTERING THE LEGALISATION OF ILLEGAL EARNINGS
(MONEY LAUNDERING)
AND THE FINANCING OF TERRORISM

(with the Amendments and Additions of July 25, October 30, 2002, July 28, 2004)

Adopted by the State Duma July 13, 2001

Approved by the Federation Council July 20, 2001

On Summing Up the Practice of Application of the present Federal Law, see:

Informational Letter of the Central Bank of the Russian Federation No. 8 of August 31, 2005,

Information Letter of the Central Bank of Russia No. 7 of February 21, 2005,

Information Letter of the Central Bank of Russia No. 4 of August 29, 2003,

Information Letter of the Department of Foreign Currency Regulation and Foreign Currency Control of the Central Bank of Russia No. 6 of June 15, 2004

Chapter I. General Provisions

Article 1. The Goals of the Present Federal Law

The present Federal Law is aimed at protecting the rights and lawful interests of citizens, society and the state by means of building up legal mechanism to counter the legalisation of illegal earnings (money laundering) and the financing of terrorism.

Article 2. The Applicability of the Present Federal Law

The present Federal Law shall govern the relationships of citizens of the Russian Federation, foreign citizens and persons without citizenship having permanent abode in the Russian Federation, organisations accomplishing transactions in amounts of money or other property and also state bodies responsible for exercising control on the territory of the Russian Federation over the conduct of transactions in amounts of money or other property, for the purpose of preventing, detecting and putting an end to actions relating to the legalisation (laundering) of illegal earnings and the financing of terrorism.

In accordance with the international treaties of the Russian Federation the present Federal Law extends to natural persons and legal entities accomplishing transactions in amounts of money or other property outside the Russian Federation.

Article 3. The Basic Terms Used in the Present Federal Law

The following basic terms are used for the purposes of the present Federal Law:

"illegal earnings" means amounts of money or other property received as the result of committing an offence;

"the legalisation (laundering) of illegal earnings" means bringing a legal appearance to the possession, use or disposal of amounts of money or other property received as the result of committing an offence, except for the offences specified in Articles 193, 194, 198 and 199 of the Criminal Code of the Russian Federation in respect of which responsibility is established by these articles;

"transactions in amounts of money or other property" means the actions of natural persons and legal entities involving amounts of money or other property, irrespective of the form and method thereof, aimed at instituting, altering or terminating the civil rights and duties related thereto;

"the authorised body" means the federal executive body taking measures under the present Federal Law to counter the legalisation (laundering) of illegal earnings;

"compulsory control" means the aggregate of measures taken by the authorised body in terms of monitoring transactions in amounts of money or other property performed on the basis of information provided thereto by organisations which implement such transactions and also in terms of verifying such information under Russian law;

"internal control" means the activity of organisations accomplishing transactions in amounts of money or other property as aimed at discovering transactions subject to compulsory control and other transactions in amounts of money or other property which relate to the legalisation (laundering) of illegal earnings and the financing of terrorism.

Federal Law No. 88-FZ of July 28, 2004 amended Chapter II of this Federal Law. The amendments shall enter into force upon the expiry thirty days from the day of the official publication of the said Federal Law

Chapter II. Preventing the Legalisation of Illegal Earnings (Money Laundering) and the Financing of Terrorism

Article 4. The Measures for Countering the Legalisation of Illegal Earnings (Money Laundering) and the Financing of Terrorism

Below are the measures aimed at countering the legalisation (laundering) of illegal earnings and the financing of terrorism:

compulsory internal control procedures;

compulsory control;

a ban on informing clients and other persons about the measures taken to counter the legalisation (laundering) of illegal earnings and the financing of terrorism;

other measures taken under federal laws.

Article 5. The Organisations Accomplishing Transactions in Amounts of Money or Other Property

For the purposes of the present Federal Law the "organisations accomplishing transactions in amounts of money or other property" shall include the following:

credit organisations;

professional participants in the securities market;

insurance organisations and financial leasing companies;

the organisation of the federal postal service;

pawn shops;

the organisations buying up, purchasing or selling precious metals and gemstones, jewelry and scrap of such jewelry;

the organisations which incorporate parimutuel betting and bookmaker offices and also which organise and conduct lotteries, parimutuel betting and other gambling based on chance, in particular in electronic form;

the organisations managing investment funds or non-governmental pension funds;

the organisations which provide broker's services in the accomplishment of transactions of purchase/sale of immovable asset.

Article 6. Operations in Monetary Funds or Any Other Assets Subject to Compulsory Control

1. An operation in monetary funds or any other assets is subject to compulsory control, if the amount on which it is completed is equal to or exceeds 600,000 roubles, or exceeds it, and by its character this operation refers to one of the following types of the operation:

1) operations in monetary funds in cash:

the withdrawal of money in cash from the account of a juridical person or the entering of money in cash in the account of a juridical person unless this is stipulated by the nature of its economic activity;

On Strengthening Control over Operations in Cash, see Letter of the Central Bank of Russia No. 17-T of January 26, 2005

the purchase or sale of foreign currencies in cash by a natural person;

the acquisition by a natural person of securities cash down;

On Strengthening Control over Operations of Purchase by Natural Persons of Securities for Cash Down and of Purchase and Sale of Foreign Currency in Cash, see Letter of the Central Bank of Russia No. 12-T of January 21, 2005

the reception by a natural person of money by cheque to bearer, issued by a non-resident;

the exchange of banknotes of one denomination for banknotes of another denomination;

the deposition by a natural person of money in cash to the authorised or investment capital;

2) the entry of money to an account or the transfer of money to an account, the credit extension or the receipt of credit (loan), transactions in securities when at least one of the parties is a natural or juridical person having registration, place of residence or place of stay in the state (territory), which does not take part in international cooperation in the sphere of the counteraction against the legalisation (laundering) of incomes derived in a criminal way and against the financing of terrorism, or one of the parties is the person possessing an account in the bank registered in the said state (territory). The list of such states (territories) shall be determined in the order prescribed by the Government of the Russian Federation on the basis of the lists approved by international organisations counteracting the legalisation (laundering) of criminally derived incomes and the financing of terrorism. This list shall be subject to publication;

3) transactions via bank accounts (deposits):

the placement of money on a deposit with drawing up documents certifying the deposit to bearer;

the opening of a deposit in favour of third persons with the placement of money in cash on this deposit;

the transfer of money abroad to the deposit opened for an anonymous holder and the receipt of money from abroad from the account or the deposit opened for an anonymous holder;

the entry of money to the account or the deposit of a juridical person or the write off of money from the account or the deposit of a juridical person, whose period of activity does not exceed three months since the day of its registration, or the entry of money to the account or the deposit of a juridical person or the entry of money to the account or the deposit of a juridical person or the write-off of money from the account or the deposit of a juridical person, unless transactions via the said account or the deposit were made since its opening;

4) other transactions in movable property:

the placement of securities, precious metals, gunstones, jewelry and scrap of jewelry or any other valuables in a pawn-shop;

the payment to a natural person of insurance indemnity or the receipt of a life insurance premium from him or an insurance premium from other types of accumulated insurance and pension coverage;

the reception or the granting of assets under a contract of financial lease (leasing);

the transfers of money by non-credit organisations by order of a client;

the buying up, purchase and sale of precious metals gemstones, jewelry and scrap of such jewelry;

the receipt of amounts of money as payment for participation in a lottery, parimutuel betting or other gambling based on chance, in particular, in electronic form, as well as the disbursement of amounts of money as a prize received from participation in said gambling;

the provision by juridical persons not deemed credit organisations of non-interest bearing loans to natural persons and/or other juridical persons and also the receipt of such a loan.

1.1. A transaction with immovable asset shall be subject to compulsory control if the amount thereof is equal to or exceeds 3,000,000 roubles or is equal to a sum of foreign currency equivalent to 3,000,000 roubles or exceeds it.

2. An operation in money or any other assets is subject to compulsory control, if at least one of the parties is the organisation or the natural person, about which there is information received in the order established in accordance with the present Federal Law to the effect that they participate in extremist activities, or the juridical person, which is directly or indirectly owned or controlled by such organisation and/or such person, or the natural or juridical person acting on behalf of such organisation or the person or according to their instruction.

The procedure for determining and bringing to the notice of the organisations carrying out operations in money or any other assets and for establishing the list of such organisations and persons shall be introduced by the Government of the Russian Federation.

The grounds for including an organisation or a natural person in the said list are as follows:

the valid decision of the court of the Russian Federation on the liquidation or the prohibition of the organisation's activity in connection with its extremist activities;

the valid decision of the judgement of the court of the Russian Federation on the recognition of a natural person as guilty of committing a terrorist offence;

the decision of the Procurator-General of the Russian Federation or of a subordinate procurator on the suspension of the organisation's activity in connection with his application to the court of law with a statement on calling to account for terrorist activities;

the ruling of an investigator or a procurator on the initiation of criminal proceedings against the person who has committed a terrorist offence;

the lists of the organisations and natural persons connected with terrorist organisations or terrorists, which are made out by international organisations fighting against terrorism or by their authorised bodies, the lists recognised by the Russian Federation;

the judgements or decisions of the courts and the decisions of other competent bodies of foreign States in relation to the organisations or natural persons carrying out terrorist activities, the judgements and decision recognised in the Russian Federation in accordance with the international agreements of the Russian Federation and with federal laws.

3. If an operation in money or any other assets is realised in foreign currency, its amount in Russian roubles shall be determined at the official exchange rate of the Central Bank of the Russian Federation that is in effect on the date of the completion of such operation.

4. Information about operations in money or any other assets subject to compulsory control shall be submitted directly to the authorised body by the organisations carrying out operations in money or in any other assets.

Article 7. The Rights and Duties of the Organisations Carrying out Operations in Money or Any Other Assets

1. The organisations accomplishing transactions in amounts of money or other assets shall:

1) identify the person who is serviced by the organisation which accomplishes transactions in amounts of money or other assets (of a client) and it shall establish the following details:

On the evidence of identification when buying (purchasing) foreign currency, see Regulations of the Central Bank of Russia No. 262-P of August 19, 2004

as concerning natural persons: surname, first name and patronymic (except as otherwise ensuring a law or ethnic custom), citizenship, personal identity document details, data of migration card, document confirming the foreign citizen's or stateless person's right to stay (reside) in the Russian Federation, residential (registration) address or whereabouts, taxpayer identification number (if any);

as concerning juridical persons: the name, taxpayer identification number or code of the foreign organisation, state registration number, place of state registration and whereabouts;

On the Procedure for the Supply to Credit Institutions of Information Contained in the State Registers, see Order of the Federal Tax Service No. SAE-3-09/325 of July 15, 2005

2) take substantiated and possible in the given circumstances measures for establishing and identifying beneficiaries;

3) on a regular basis update information on clients and beneficiaries;

4) keep documentary record of and provide the following information to the empowered body not later than on the working day following the date of the transaction on the transactions in amounts of money or other assets which are subject to compulsory control:

the type of the transaction and the grounds for the accomplishment of the transaction;

the date of the transaction in amounts of money or other assets and the amount of the transaction;

the information required to identify the natural person who accomplishes the transaction in amounts of money or other assets (the details of the passport or another personal identity document), the data of a migration card, a document confirming the foreign citizen's or stateless

person's right to stay (reside) in the Russian Federation, taxpayer identification number (if any), residential address or whereabouts thereof;

the name, taxpayer identification number, state registration number, place of state registration and whereabouts of the juridical person which accomplishes the transaction in amounts of money or other assets;

the information required to identify the natural or juridical person on whose behalf and in whose name the transaction in amounts of money or other assets is accomplished, the data of an immigration card, a document confirming the foreign citizen's or stateless person's right to stay (reside) in the Russian Federation, taxpayer identification number (if any), residential address or whereabouts of the natural or juridical person respectively;

the information required to identify a representative of the natural or juridical person, the attorney, agent, commission agent, trustee who accomplishes the transaction in amounts of money or other assets in the name or in the interests or on the account of another person as being empowered under a power of attorney, contract, law or paper of state body or local self-government body authorised to give such powers, the data of a migration card, a document confirming the foreign citizens' or stateless person's right to stay (reside) in the Russian Federation, taxpayer identification number (if any), residential address or whereabouts of the representative of the natural or juridical person respectively;

the information required to identify the beneficiary under the transaction in amounts of money or other assets and/or his representative, in particular, the data of a migration card and a document confirming the foreign citizen's or stateless person's right to stay (reside) in the Russian Federation, taxpayer identification number (if any), residential address or whereabouts of the beneficiary and/or representative thereof if there is a provision to this effect in the rules of accomplishment of this transaction;

5) provide the empowered body on written requests of the body the information specified in Subitem 4 of the present item both on the transaction subject to compulsory control and the transactions specified in Item 3 of the present article. The procedure for the empowered body to forward said requests shall be determined by the Government of the Russian Federation in agreement with the Central Bank of the Russian Federation.

On the written inquiries for presentation of information and documents see Order of the Financial Monitoring Committee of the Russian Federation No. 102 of December 24, 2002

The empowered body is not entitled to demand the provision of documents and information on transactions which had been accomplished prior to the entry into force of the present Federal Law, except for the documents and information provided under an applicable international treaty of the Russian Federation;

2. To prevent the legalisation (laundering) of illegal earnings and the financing of terrorism organisation accomplishing transactions in amounts of money or other property shall elaborate internal control rules and programs for the implementation thereof, appoint special officials responsible for observance of these rules and implementation of these programs and also take other organisational measures for these purposes.

The internal control rules of an organisation pursuing transactions in amounts of money or other property shall include a procedure for documenting the necessary information, an information non-disclosure procedure, qualification criteria for cadre training and also criteria for detecting extraordinary deals and the features of such deals with due regard to the peculiarities of the organisation's activities.

On the Job Specifications for Special Officials Responsible for the Observance of the Rules for Internal Control With the Aim of Counteracting the Legalisation (Laundering) of Criminally Obtained Incomes and the Financing of Terrorism and Programmes of Its Realisation in Credit Organisations, see Direction of the Central Bank of Russia No. 1486-U of August 9, 2004

On the Demands Made on the Preparation and Training of the Personnel in Credit Institutions, see Direction of the Central Bank of Russia No. 1485-U of August 9, 2004

On the procedure for the approval of the rules for internal control in organisations performing operations with monetary funds or other property see Decision of the Government of the Russian Federation No. 6 of January 8, 2003

Organisations accomplishing transactions in amounts of money or other property in keeping with internal control rules shall document the information received as the result of application of these rules and implementation of the programs aimed at implementing the internal control rules and safeguard the non-disclosure of information.

Below are the grounds for documenting information:

a confusing or extraordinary nature of a deal which does not make obvious economic sense or have an obvious lawful goal;

a discrepancy between the deal and the goals of the organisation's activities set out in its constituent documents;

the discovery of repeated transactions or deals which by their nature provide grounds to believe that their goal is an evasion of the compulsory control procedures stipulated by the present Federal Law;

other circumstances giving grounds to believe that the deals are implemented legalise (launder) illegal earnings or the financing of terrorism.

The rules for internal control shall be worked out with account of the recommendations approved by the Government of the Russian Federation, and for credit organisations - by the Central Bank of the Russian Federation and shall be confirmed in keeping with the order established of the Government of the Russian Federation.

See the Methodological Recommendations for Credit Organisations to Elaborate Internal Control Rules for the Purpose of Countering the Legalisation of Incomes Received through Crime (Money Laundering) and the Financing of Terrorism, given by Letter of the Central Bank of the Russian Federation No. 99-T of July 13, 2005

The qualification standards applicable to the special officials who are responsible for the observance of internal control rules and the programmes of implementation thereof and also the standards governing the preparation and training of personnel, client and beneficiary identification shall be determined in accordance with the procedure established by the Government of the Russian Federation, and for credit organisations, by the Central Bank of Russian Federation. Identification standards may differ depending on the degree (level) of risk of the client's accomplishing a transaction for the purpose of legalising incomes received by the way of crime (money laundering) and financing terrorism.

See Recommendations on Particular Provisions of the Rules for Internal Control, Worked out by the Organisations Handling Operations in Money or Any Other Assets, for the Purpose of Counteracting the Legalisation (Laundering) of Incomes Received in a Criminal Way and the Financing of Terrorism, approved by Order of the Financial Monitoring Committee of the Russian Federation No. 104 of August 11, 2003

See Regulations on the Internal Control over a Professional Securities Market Maker endorsed by Decision of the Federal Commission for Security Market No. 03-34/ps of August 13, 2003

On the formulation by credit organizations of the rules for internal control with the aim of counteracting the legalization (laundering) of criminally derived incomes, see Direction of the Central Bank of Russia No. 137-T of November 28, 2001

3. If the employees of an organisation pursuing transactions in amounts of money or other property have suspicions on the basis of implementation of the internal control programs specified in Item 2 of the present article, that certain transactions are accomplished for the purpose of legalising (laundering) illegal earnings or the financing of terrorism this organisation not later than on the working day following the date of detection of such transactions, shall send information about such transactions to the authorised body, irrespective of their being classified as the transactions specified in Article 6 of the present Federal Law.

On the Procedure for the Presentation by Credit Institutions to the Authorized Body of Information on the Cases of Refusal from Concluding a Bank Account (Deposit) Contract with a Natural or a Legal Person and from Carrying Out a Transaction with Monetary Funds or with the Other Property, see Direction of the Central Bank of Russia No. 1519-U of November 26, 2004

4. Documents confirming the information mentioned in this article and also copies of documents required for personal identification shall be preserved for five-years at least. The said term for copies of the documents required for personal identification purposes shall be counted from the day when relations with the client were terminated.

5. Credit organisations are hereby prohibited from:

opening an account (deposit) for anonymous holders, i.e., without the show by the natural or juridical person which opens the account (deposit) of the documents required to identify the person;

opening an account (deposit) for natural persons without the attendance in person of the person which opens the account (deposit) or his representative;

establishing and maintaining relations with non-resident banks which do not have permanent managerial bodies in the territories of the states where they are registered.

5.1. Credit organisations shall take measures aimed at averting the establishment of relations with the non-resident banks in respect of which information is available to the effect that their accounts are used by the banks which do not have permanent managerial bodies in the territories of the states where they are registered.

5.2. In the below cases credit organisations are entitled to refuse concluding a contract of bank account (deposit) with a natural or juridical person:

if the following are not available at their addresses: the juridical person, its permanent managerial body, another body or person entitled to act in the name of the juridical person without a power of attorney;

if the natural or juridical person fails to present documents confirming the information specified in the present article or present unreliable documents;

if information is available on hand to the effect that the natural or juridical person is involved in terrorist activity, such information having been received in accordance with the present Federal Law.

6. The employees of organisations providing relevant information to the authorised body shall not inform their clients and other persons about it.

7. The procedure for providing information to the authorised body shall be established by the Government of the Russian Federation, and for credit organisations, by the Central Bank of the Russian Federation.

On the procedure for submitting by credit institutions to an authorized body information, stipulated in this Federal Law, see Regulations of the Central Bank of Russia No. 207-P of December 20, 2002

8. The submission to the authorised body by the workers of the organisations carrying out operations in money or any other assets of information and documents on these operations for the purposes and in the order provided for by the present Federal Law shall not be a violation of service, banking, tax and commercial secrecy and the secrecy of communication (in respect to information about postal transfers of money).

9. The observance of the present Federal Law by natural persons and legal entities in as much as it concerns documenting, storing and providing information on the transactions subject to compulsory control and also the organisation of internal control shall be monitored by relevant supervisory bodies within their competence and in compliance with the procedure established by the legislation of the Russian Federation and also the authorised body if there are no supervisory bodies in the field of activity of specific organisations pursuing transactions in amounts of money or other property.

On the Methodological Recommendations for Carrying Out Verification and Assessment of the Organisation of Internal Control in Credit Organisations, see Letter of the Central Bank of the Russian Federation No. 47-T of March 24, 2005

On Methodological Recommendations in Respect of Conducting Inspections of Credit Organisations' Compliance with the Requirements of this Federal Law, see Letter of the Central Bank of Russia No. 56-T of April 6, 2005

On the Exercise of Control by the Central Bank of Russia over the Implementation by Credit Organisations or Their Branches of the present Federal Law, see Operative Direction of the Central Bank of Russia No. 103-T of August 19, 2004

In the absence of supervising bodies in the sphere of individual organisations carrying out operations in money or any other assets, such organisations shall be registered with the authorised body in the order prescribed by the Government of the Russian Federation.

See Regulations on the Submission for Approval of the Rules for Internal Control of Organisations Performing Operations with Monetary Funds or Other Property in Whose Sphere of Activity There Are No Supervisory Bodies, approved by Order of the Committee of the Russian Federation for Financial Monitoring No. 15 of February 7, 2003

See the Form of Chart of the Placement on the Records in the Committee of Russia for Financial Monitoring of the Organisations Which Handle Operations in Monetary Funds and Other Assets and in the Sphere of Which Activity There Are No Supervisory Bodies approved by Order of the Committee of the Russian Federation for Financial Monitoring No. 9 of January 31, 2003

10. The organisations carrying out operations in money and any other assets shall hold up such operations, except for operations in the charge of money received on the account of a natural or juridical person for two working days from the date when the orders of clients on their realisation shall be fulfilled and at the latest on the working day that follows the day of the suspension of the operations; these organisations shall present information about them to the authorised body, if at least one of the parties is the organisation or the natural person, in relation to which there is information received in accordance with Item 2 of Article 6 of the present Federal Law that they participate in terrorist activities, or the juridical person that is directly or indirectly owned or controlled by such organisation or such person, or the natural or juridical person acting on behalf of such organisation or such person or on their instruction.

In case of the non-receipt during the said period of time of the decision of the authorised person on the suspension of the corresponding operation for an additional term on the basis of the third part of Article 8 of the present Federal Law the organisations shall carry out the operation in money or any other assets by order of a client, unless a different decision is taken in keeping with the legislation of the Russian Federation to limit its realisation.

11. Organisations carrying out operations in money or any other assets shall have the right to refuse to fulfil the client's order on the completion of the operation, except for the operation in the charge of money received on the account of a natural or a juridical person, for which no documents were submitted, which are necessary for fixing information in accordance with the provisions of the present Federal Law.

12. The suspension of operations in keeping with Item 10 of this Article shall not be a ground for the rise of the civil-law liability of the organisations carrying out operations in money or any other assets for the violation of the terms of relevant contracts.

13. Credit organisations shall keep documented record of and provide the empowered body with information on the cases of refusal, on the grounds specified in the present article, to conclude a contract of bank account (deposit) with a natural or juridical person and/or to accomplish transactions, within the term ending on the working day following the date of the actions, in the procedure established by the Central Bank of the Russian Federation in agreement with the government of the Russian Federation.

Article 7.1. The Rights and Duties of Other Persons

1. The requirements applicable to client identification, internal control organisation, information recording and storage established by Subitem 1 of Item 1, Items 2 and 4 of Article 7 of the present Federal Law shall extend to barristers/solicitors, notaries and persons pursuing entrepreneurial activities in the area of provision of legal or accountancy services in cases when they prepare or accomplish the following transactions in amounts of money or other assets in the name or on behalf of their clients:

transactions in immovable assets;

the management of funds, securities or other client's assets;

the management of bank accounts or securities accounts;

fund-raising for the purpose of forming organisations, maintaining their operations or managing them;

the formation of organisations, maintenance of their operations or management thereof as well as the purchase/sale of organisations.

See Letter of the Ministry of Finance of the Russian Federation No. 07-03-01/647 of June 27, 2005

2. If a barrister/solicitor, notary, a person who pursues entrepreneurial activity in the area of provision of legal or accountancy services has any grounds to believe that the transactions or financial transactions specified in Item 1 of the present Article are being accomplished or can be accomplished for the purpose of legalising incomes received by the way of crime (money laundering) or financing terrorism they shall be obliged to inform the empowered body accordingly.

The barrister/solicitor and the notary are entitled to pass on this information either on their own or via a chamber of barristers/solicitors or notaries if the chamber has an agreement on cooperation with the empowered body.

3. The procedure for barristers/solicitors, notaries, persons pursuing entrepreneurial activities in the area of provision of legal or accountancy services to pass information on the transactions or financial transactions specified in Item 2 of the present article shall be established by the Government of the Russian Federation.

4. The barrister/solicitor and the chamber of barristers/solicitors, the notary and the chamber of notaries, the persons pursuing entrepreneurial activities in the area of provision of legal or accountancy services shall not be entitled to disclose the fact that they have provided the information specified in Item 2 of the present Article to the empowered body.

5. The provisions of Item 2 of the present Article shall not extend to the information subject to the requirements of the legislation of the Russian Federation on the observance of the barrister's/solicitor's secret.

Chapter III. Organisation of Countering the Legalisation (Laundering) of Illegal Earnings and the Financing of Terrorism

Article 8. The Authorised Body

The authorised body designated by the President of the Russian Federation shall be a federal executive body for which the tasks, functions and powers in the field of countering the legalisation (laundering) of illegal earnings and the financing of terrorism are established under the present Federal Law.

Decree of the President of the Russian Federation No. 1263 of November 1, 2001 formed a Financial Monitoring Committee of the Russian Federation and established that the Financial Monitoring Committee of the Russian Federation is a federal executive body authorised to take measures for counteracting legalisation of illegal incomes (money laundering) and to co-ordinate the activities of other federal executive bodies in this field

Decree of the President of the Russian Federation No. 314 of March 9, 2004 reorganized Committee of the Russian Federation for Financial Monitoring into the Federal Service on Financial Monitoring by transferring its functions of adopting normative legal acts within the established purview to the Ministry of Finance of the Russian Federation

Where there are sufficient reasons to believe that a transaction or a deal relates to the legalisation (laundering) of illegal earnings or with the financing of terrorism the authorised body shall forward relevant information and materials to law-enforcement bodies in compliance with their competence.

The authorised body shall pass a decision on the suspension of operations in money or any other assets, indicated in Item 2 of Article 6 of the present Federal Law, for a period of five working days, if information received by it in keeping with Item 10 of Article 7 of the present Federal Law was recognised by it as substantiated according to the results of a preliminary inspection.

See the Regulations for the Issue by the FCM of Russia of a Decision on the Suspension of a Transaction(s) in Monetary Funds or Any Other Assets in Cases Stipulated by the present Federal Law, approved by FMC Order No. 72 of June 16, 2003

When employees of the authorised body perform under the present Federal Law they shall observe the principle of non-disclosure of the information classified as service, banking, tax commercial secret or a secret of communication came to their knowledge in connection with the activity of the authorised body and they shall be answerable under Russian law for the disclosure of such information.

Harm inflicted to natural persons and legal entities by unlawful activities of the authorised body or the employees thereof in connection with the authorised body's performing its functions shall be reimbursable from the federal budget funds in keeping with the legislation of the Russian Federation.

Federal Law No. 88-FZ of July 28, 2004 amended Article 9 of this Federal Law. The amendments shall enter into force upon the expiry thirty days from the day of the official publication of the said Federal Law

Article 9. Provision of Information and Documents

The governmental bodies of the Russian Federation, the governmental bodies of the Russian regions and local government bodies shall provide information and documents to the authorised body as may be required for it to pursue its functions (except for information concerning citizens' private lives) in the manner established by the Government of the Russian Federation.

The Central Bank of the Russian Federation shall provide information and documents to the authorised body as may be required for it to pursue its functions, in the manner agreed upon by the Central Bank of the Russian Federation and the authorised body.

The provision of information and documents on the request of the authorised body by governmental bodies of the Russian Federation, governmental bodies of Russian regions, local government bodies and the Central Bank of the Russian Federation for the purposes and in the manner specified in the present Federal Law shall not be deemed a breach of service, banking, tax commercial secrecy and a secrecy of communication (in respect to information about postal transfers of money).

The provisions of the present Article shall not apply to information and documents, which in accordance with Articles 6 and 7 of the present Federal Law may not be requested by the authorised body from the organisations carrying out operations in money or any other assets, or shall be submitted by these organisations directly to the authorised body.

The federal executive governmental bodies, acting within their jurisdiction and in the procedure they have agreed upon with relevant supervisory bodies, shall provide the organisations pursuing transactions in amounts of money or other assets with the information contained in the comprehensive state register of juridical persons, the consolidated state register of the foreign companies' representative offices located in the territory of the Russian Federation as well as information on lost and invalid passports, on the passports of deceased persons lost passport forms.

Chapter IV. International Co-Operation in the Field of Countering the Legalisation (Laundering) of Illegal Earnings and the Financing of Terrorism

Article 10. Information Exchange and Legal Assistance

The governmental bodies of the Russian Federation carrying out activities relating to countering the legalisation (laundering) of illegal earnings and the financing of terrorism in compliance with international treaties of the Russian Federation shall co-operate with competent bodies of foreign states at the stages of information gathering, preliminary investigation, litigation and execution of court decisions.

The authorised body and other governmental bodies of the Russian Federation carrying out activities relating to countering the legalisation (laundering) of illegal earnings and the financing of terrorism shall provide relevant information to competent bodies of foreign states at their request or on their own initiative in the manner and on the grounds set out in international treaties of the Russian Federation.

The transfer of information to competent bodies of a foreign state in connection with the detection, seizure and confiscation of incomes received illegally shall be effected in the event it does not harm the interests of national security of the Russian Federation and if it can allow the competent bodies of that state to commence an investigation or formulate a request.

Information relating to the detection, seizure and confiscation of incomes received illegally shall be provided at the request of a competent body of a foreign state on the condition that it is not going to be used without preliminary consent of the relevant governmental bodies of the Russian Federation which furnish this information, for purposes other than those specified in the request.

The governmental bodies of the Russian Federation carrying out activities relating to countering the legalisation (laundering) of illegal earnings and the financing of terrorism shall forward requests for the provision of the necessary information to competent bodies of foreign states and shall reply to requests received from these competent bodies, in the manner stipulated by international treaties of the Russian Federation.

The governmental bodies of the Russian Federation carrying out activities relating to countering the legalisation (laundering) of illegal earnings and the financing of terrorism shall ensure the non-disclosure status of the information furnished and shall use it only for the purposes specified in the request.

Under the international treaties of the Russian Federation and federal laws the governmental bodies of the Russian Federation carrying out activities relating to countering the legalisation (laundering) of illegal earnings shall meet requests received from competent bodies of foreign states for confiscation of illegal earnings and also for the performance of certain proceedings relating to cases of searching for illegal earnings,

seizure of property, confiscation of property, in particular, perform expert examination, interrogation of suspects, defendants, witnesses, victims and other persons, search, document seizure, transfer evidence, apprehend property, effect the delivery and dispatch of documents.

The expenses incurred in connection with performance under these requests shall be reimbursed under international treaties of the Russian Federation.

Article 11. Recognition of a Verdict (Decision) of a Court of a Foreign State

Under the international treaties of the Russian Federation and federal laws the verdicts (decisions) issued by the courts of foreign states and which have become final in respect of persons having illegal earnings shall be recognised.

Under the international treaties of the Russian Federation verdicts (decisions) issued by the courts of foreign states and which have become final concerning the confiscation of earnings located on the territory of the Russian Federation and received illegally or property equivalent thereto shall be recognised and executed.

Under an applicable international treaty of the Russian Federation confiscated earnings which have been received illegally or property equivalent thereto may be transferred in full or in part to the foreign state whose court has issued a confiscation decision.

Article 12. Extradition and Transit Transportation

The decision to extradite to a foreign state persons who have committed offences relating to the legalisation (laundering) of illegal earnings shall be made on the basis of the Russian Federation's obligations ensuing from an international treaty of the Russian Federation. The decision to transport the said persons on the territory of the Russian Federation shall be made in the same manner.

If the Russian Federation does not have a relevant treaty with the foreign state that has filed an extradition request the said persons may be extradited for offences relating to the legalisation of illegal earnings and the financing of terrorism, given the observance of the mutuality principle.

Chapter V. Concluding Provisions

Article 13. Liability for a Breach of the Present Federal Law

Where organisations accomplishing transactions in amounts of money or other property and acting under a license are in breach of the provisions of Articles 6 and 7 of the present Federal Law, except for Item 3 Article 7 of the present Federal Law, this may cause revocation (annulment) of the license in the manner envisaged by Russian law.

The persons guilty of breaching the present Federal Law shall be liable under the administrative, civil and criminal law of the Russian Federation.

According to Direction of Operational Character of the Central Bank of Russia No. 120-T of October 7, 2004, the territorial institutions of the Bank of Russia, in case of disclosure of violations of requirements of normative acts of the Bank of Russia, adopted in execution of the present Federal Law, committed by authorised banks in the period from June 18, 2004 to November 1, 2004, shall be recommended to apply to authorised banks only preventive measures of pressure

Article 14. The Prosecutor's Supervision

The Prosecutor General of the Russian Federation and the prosecutors reporting thereto shall be responsible for supervision over the observance of the present Federal Law.

Article 15. Appealing the Actions of the Authorised Body and Its Officials

A person concerned may apply to the court claiming the protection of the person's violated or disputed rights and lawful interests in the manner established under law.

Article 16. Entry into Force of the Present Federal Law

The present Federal Law shall come into force as of February 1, 2002.

Article 17. Bringing Regulatory Legal Acts in Line with the Present Federal Law

Regulatory legal acts of the President of the Russian Federation and the Government of the Russian Federation, laws and other regulatory acts of the Russian regions shall be brought in line with the present Federal Law before it enters into force.

President

of the Russian Federation

V. Putin