

Russia adopts law on financial marketplaces

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On 20 July 2020, laws governing the activities of financial marketplaces came into force, namely, [Federal Law](#)* No. 211-FZ "On Concluding Financial Transactions Using a Financial Platform" dated 20 July 2020 and [Federal Law](#)* No. 212-FZ "On Amendments to Certain Legislative Acts of the Russian Federation Concerning the Conclusion of Financial Transactions Using a Financial Platform" dated 20 July 2020 (the "**Laws**").

Information on the Laws at their adoption stage can be found in this [eAlert](#).

The Laws establish the procedure under which operators of financial platforms (marketplaces), which provide an opportunity for consumers to conclude certain financial transactions through information systems, can operate.

Financial platform operators

According to the Laws, which introduce the following requirements for financial platform operators, an operator must:

- be a Russian legal entity in the form of a joint-stock company;
- be included by the Bank of Russia in the register of financial platform operators;
- have a minimum amount of equity capital of RUB 100m (EUR 1.2m);
- not combine its activities with those of a credit institution or a non-banking financial institution, except for conducting activities as a trade organiser, depository, specialised depository or registrar;
- implement an internal control system and a risk management system;
- be in legal possession of a hardware and software complex located in Russia;
- comply with information protection requirements established by the Bank of Russia; and
- comply with qualification requirements for members of its management bodies and for individual employees, and with requirements for shareholders of the marketplace operator (e.g. a shareholder with more than 10% of voting shares cannot be a company registered in an offshore zone).

The marketplace operator will also be required to disclose certain information on its website, including service fees and technical failures that have occurred.

When making insurance transactions through a platform, the operator will not be recognised as an insurance agent or insurance broker, which eliminates the risks of having its activities regulated by insurance legislation.

Transactions that can be concluded on a financial platform

Financial marketplaces can be used to conclude transactions between consumers (individuals) and financial institutions or issuers.

The following transactions can be made over a financial platform:

- for the provision of banking services;
- for the provision of insurance services;
- for the provision of services in the securities market; and
- for the provision of other services of a financial nature, with the exception of bank account (deposit) agreements for entrepreneurial activities.

Marketplace rules

The rules of a financial platform must include provisions established by the Laws, such as requirements for persons registering on the platform, types of financial transactions, and the terms of service agreements.

The rules, as well as changes to them, are subject to mandatory registration with the Bank of Russia.

To make transactions through a financial marketplace, consumers and financial institutions or issuers must adhere to the agreement on the provision of financial platform services posted by the operator in the financial platform rules.

Under a service agreement, the operator provides the parties with the opportunity to conclude a financial transaction on the marketplace, and also provides information services. In addition, the operator may provide additional consumer identification services for financial institutions in order to comply with anti-money laundering legislation.

Settlements under transactions entered into in a financial marketplace will be carried out using a special account for the marketplace operator or, if provided by the platform rules, using the fast payment service of the Bank of Russia.

Comments

Given the popularity of classic goods marketplaces in the Russian market, the creation and development of financial marketplaces certainly has significant consumer potential.

Given the absence of transitional provisions for clarifying the procedure for applying the Laws to existing financial marketplaces, with the adoption of the new regulation, existing financial services marketplaces should be included in the register of financial platform operators and ensure compliance with the new requirements. New companies wishing to create such a platform must also take into account the requirements enacted for the relevant activity.

When creating new marketplaces, insurance companies, banks and other financial organisations can benefit from new online means to promote and sell their services.

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