

FAQ - peculiarities of work with special C-type accounts

Dear customers and partners!

We would like to draw your attention to the recent [clarifications issued by the Central Bank of Russia](#) (hereinafter referred to as the "Central Bank") regarding the relevant changes in legislation in accordance with the Presidential Decrees.

On 05.03.2022, [Presidential Decree](#) No. 95 "On the temporary procedure for meeting obligations to certain foreign creditors" (hereinafter referred to as Decree No. 95) was issued. Decree No. [737](#) of 15.09.2022 also introduces additional restrictions on payments to foreign residents - in particular, it concerns the implementation of payments to the participant in case of liquidation or reduction of shared capital (entered into force on 15.10.2022).

For which purposes it is compulsory to open a type C special account:

For payments in excess of 10 million rubles (or the equivalent in a foreign currency) per calendar month to "unfriendly" foreign counterparties, as well as to "friendly" foreign creditors, if the rights of claim on obligations passed to them from unfriendly foreign creditors after March 1, 2022 (Item 8 of Decree № 95) for:

- total liabilities of the debtor (including loan repayment and interest on it) on loans and borrowings, as well as payment of dividends/distribution of profits of Limited Liability Companies
- loans, borrowings, and financial instruments (including securities) of Joint Stock Companies
- fulfillment of obligations under concluded agreements which are derivative financial instruments
- purchase of real estate from "unfriendly" individuals
- Disbursement of funds by residents due to reduction of shared capital, liquidation or bankruptcy proceedings of resident legal entities (or permission obtained - Decree № 737 of 15.09.2022).

Who, where and in what currency should a type C account be opened:

- A resident sends an application to a credit institution in the name of a foreign creditor for a C-type account, whereby a bank account agreement does not need to be concluded.
A foreign creditor cannot open a C-type account on its own initiative ([Letter of the Bank of Russia](#) No. 019-12-4/2759 dated 06.04.2022).
- The C-type account is kept in rubles, is not opened in a foreign currency and cannot be opened in a foreign credit institution (clauses 3,5 of Decree No. 95).
- A bank account previously opened in the ordinary course of business will not be suitable for use as a C-type account, but depo accounts opened in the name of a foreign creditor before 24.03.2022 can be used.

When is a special account NOT needed?

- C-type accounts are not used if the aggregate amount of **all debtor's liabilities to all foreign creditors** mentioned in Clause 1 of Decree No. 95 in a calendar month does not exceed 10 million rubles or its equivalent in foreign currency (at the official exchange rate of the Bank of Russia set as of the first day of the respective calendar month) or there is a permit from the Government Commission.
- If the obligation stipulated by Decree No. 95 is performed to a person who is not "unfriendly" (at the same time meeting the requirements set out in clause 12 of Decree No. 95 that the ultimate beneficiaries are the Russian Federation, its legal entities or individuals, and this information is disclosed to the tax authorities in an appropriate manner)

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What is allowed when using a Type C account:

- It is possible to use a C-type account opened to a non-resident upon application of one resident for performance of obligations by other residents to the same non-resident and not to open a new C-type account.
- Transfer of funds to a non-resident to a C-type account opened with a bank different from the bank where the resident is serviced.
- Transfer of rubles from a C-type account opened in favour of a non-resident legal entity of an "unfriendly" state in one credit institution to a C-type account of the same legal entity opened in another credit institution.
- There are no restrictions on residents using several C-type bank accounts for different obligations (contracts, products) in favour of one non-resident or applying one C-type account.

Limitations and specifics of the Type C account:

- Funds in the C-type account opened in the name of a foreign creditor belong to the foreign creditor from the moment the account is credited and until an agreement is concluded with the foreign creditor.
- **The bank where the C-type account was opened may not unilaterally close such account due to the absence of the foreign creditor's application.**
- **A resident is not entitled to dispose of or request refund from a C-type bank account,** except in case the funds were mistakenly credited to a C-type account.
- Transfer by the client from a C-type bank account to another non-resident bank account (opened both in the Russian Federation and abroad) is currently not possible (without authorisation).

For which purposes money can be written off:

- payment of taxes, duties, fees and other mandatory payments payable to the budget
- transfers for the purchase of federal loan bonds
- transfers to current accounts of non-residents in the currency of the Russian Federation, as stipulated by the permit
- transfers for other transactions provided for by the permit
- payment of commissions to the authorised bank servicing the account

We will be happy to answer your questions!

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