

Financial Regulator Could Merge with Central Bank by End of 2013

By [Howard Amos](#)

September 27, 2012



Alexei Ulyukayev, deputy chairman of the Central Bank, having a private conversation during a Renaissance Capital conference. **Denis Grishkin**

The financial markets watchdog could be fully absorbed into the Central Bank by the end of next year, deputy Central Bank chairman Alexei Ulyukayev said Thursday.

The creation of a "super regulator" to oversee the financial sector is an old political ambition, but the project has received new momentum since the relevant agencies were ordered to formulate an official position on the issue.

"We proposed that the laws be introduced in the fourth quarter of this year," Ulyukaev said in an interview with RIA-Novosti. "Toward the end of the first half of 2013, the legal work will be completed and the responsibilities of the Federal Service for Financial Markets transferred to the Central Bank."

The Federal Service for Financial Markets, or FSFM, headed by former Deputy Finance Minister Dmitry Pankin, looks after most areas of financial regulation, including stock markets, insurance, brokerages and microfinance.

The significant exceptions to its portfolio are banking and auditing, which fall under the province of the Central Bank.

"We are waiting for a political decision," Ulyukayev said.

Regulatory consolidation has been discussed by the government for more than a decade, but it was given new impetus by Prime Minister Dmitry Medvedev's drive to overhaul Moscow's financial infrastructure and transform the capital into an international financial center. The plan was unveiled in 2008.

Deputy Prime Minister Igor Shuvalov, who answers for financial regulation in the Cabinet, has recently convened several meetings on the subject and is pushing for consolidation. Finance Minister Anton Siluanov said earlier this month that his ministry was in favor of a unified regulator based on the current structure of the Central Bank.

Some countries, including Britain and Germany, have unified financial regulators, but the phenomenon is not universal. There are multiple watchdogs in the United States, for example.

The Federal Securities Commission evolved into the FSFM in 2004, and in 2011 it absorbed the Federal Service for Insurance Industry Supervision. But the process toward a "super regulator" has not been smooth.

The former head of the FSFM, Oleg Vyugin, resigned in 2008 after the government failed to grant the body independence and a mandate for full control over financial activity in the country.

The current head, Pankin, is in favor of the FSFM becoming a subsidiary of the Central Bank and has said that a single watchdog is needed because the reach of banking giants like Sberbank and VTB means they cannot be properly monitored by multiple organizations.

Some brokerages, however, are opposed to the proposed changes because of increased bureaucracy, Vedomosti reported Thursday. And Pankin has warned that simply dissolving the FSFM would be a dangerous move.

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