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Russia Drops Right to Limit Banks From OECD Countries

By The Moscow Times

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President Vladimir Putin ratified a law Tuesday under which the Central Bank's right to limit the activities of Russian branches of foreign banks will no longer apply if the bank in question is from a member country of the Organization for Economic Cooperation and Development, or OECD.

The move represents the abandonment of the "principle of reciprocity" — meaning, in this case, that Russia could respond to the imposition of restrictions on Russian banks or banks with Russian investments located in foreign countries, by imposing similar restrictions on foreign or foreign-funded banks on Russian territory.

Russia agreed to modify its legislation during negotiations regarding Russia's accession into the OECD, Interfax reported. The change brings brings the country's legislation closer to the norms applied in the organization.

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