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Putin Bans Officials From Owning Foreign Assets Via Third Parties

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Dmitry Grishkin / Vedomosti

Russian President Vladimir Putin has signed a law banning state officials from owning "foreign financial instruments" through third parties.

The text of the new law – which applies to members of parliament, government officials, and law enforcement officers – was published on an official government legal website.

The document defines foreign financial instruments as securities other financial assets that are located or registered abroad, either in the name of an organization or a physical individual.

The document was developed as part of the new National Anti-Corruption Plan, and applies to a broad group of state officials who are forbidden by a 2013 law from having bank accounts abroad.

In the last several years, Russia has taken a series of measures to encourage the elite to de-

offshore their assets. However, having bank accounts abroad – including through third parties – is widely believed to remain a common practice.

In 2016, the so-called Panama Papers leak of information about offshore entities brought the subject of foreign accounts and third party ownership to public prominence. The massive leak revealed a complex trail of transactions leading from Bank Rossiya, a Russian bank on the EU and U.S. sanctions list, to various countries, including Switzerland and Panama.

The funds were reportedly then shuffled back into the pockets of Putin's close associates through a series of complex financial transactions, making them millions of dollars.

The exposé identified cellist Sergei Roldugin – one of Putin's close friends and his daughter's godfather – as the key figure in helping to channel the funds back to Russia.

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