



# Managing balances in the Treasury Single Account of the Federal Budget

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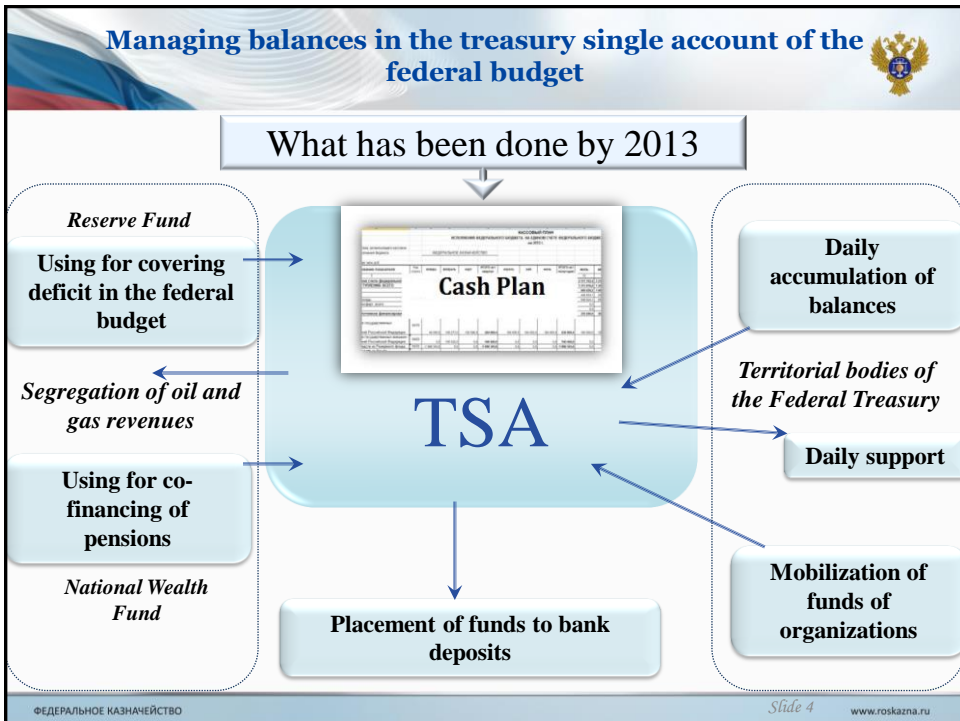
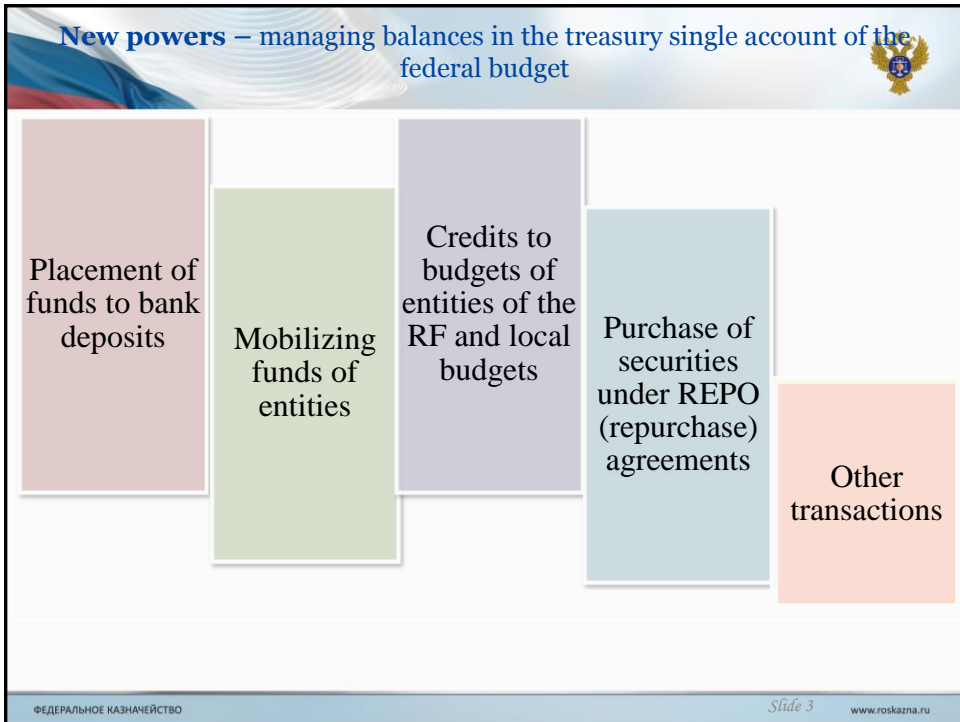


## Changes in the Budget Code of the Russian Federation

**Year 2013**

**New powers – managing balances in the treasury  
single account of the federal budget**

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## Placement of funds of the federal budget to bank deposits

**To ensure** regular and frequent placement of funds

**to guarantee** a certain minimal size of offering funds for placement

taking into consideration data on the supply and demand situation in financial markets **to bring supply closer to demand**

**to offer a varying by terms line of deposits** that are placed during a calendar month

**to offer an open mechanism** for competitive selection of bids

**to use a modern** efficient trading platform

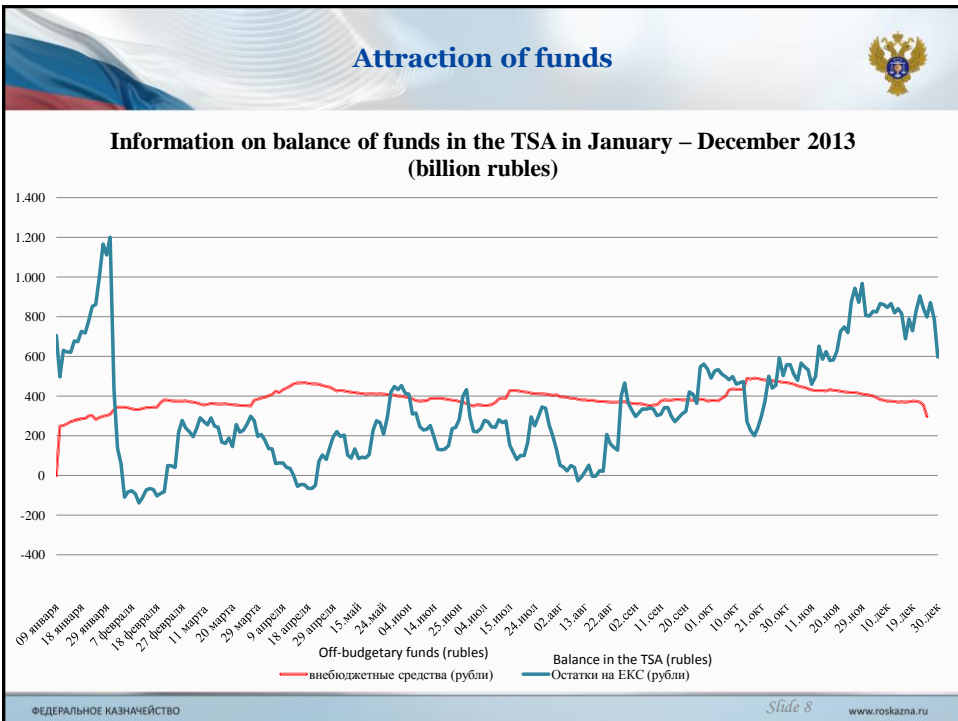
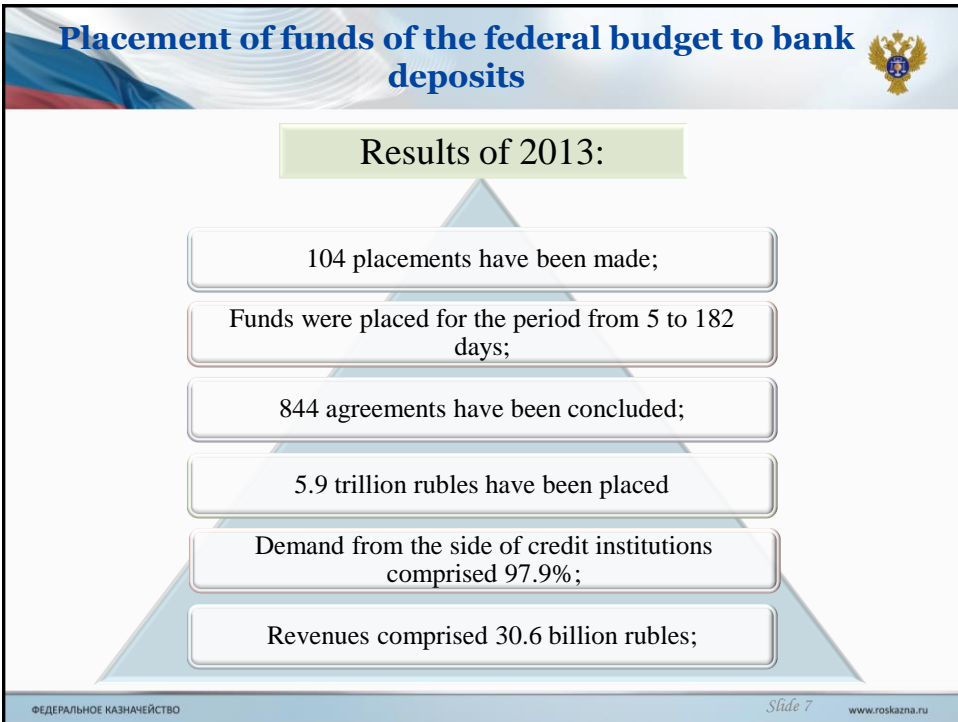
**to make deposits** of the Federal Treasury one of the “**beacons**” of the financial market

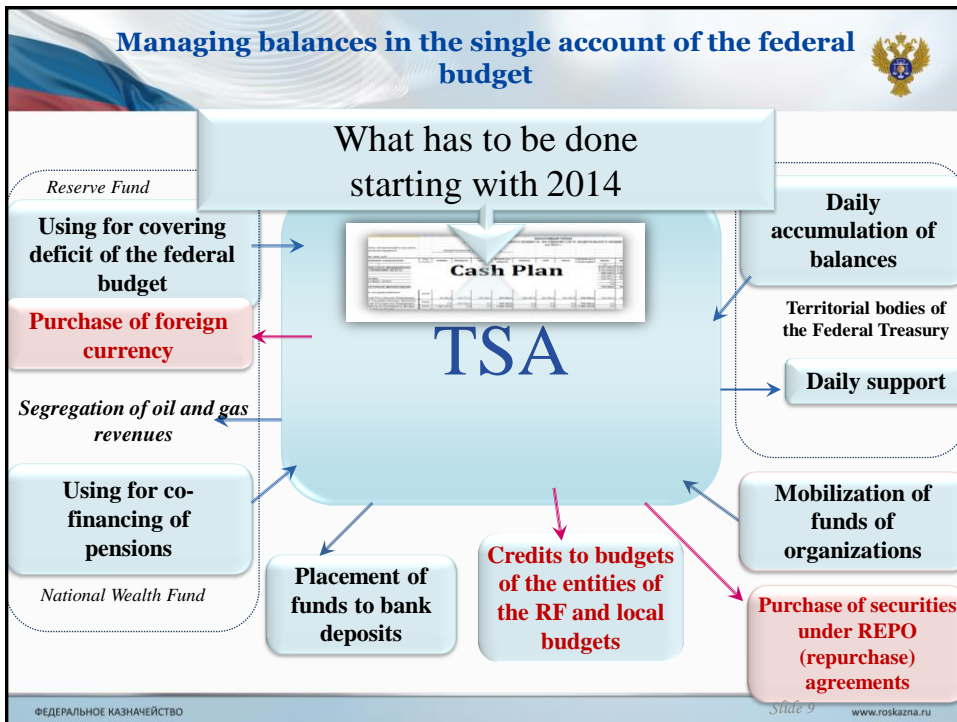
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## Placement of funds of the federal budget to bank deposits

- All necessary **regulatory and legal frameworks** have been **developed**
- **Interaction has been arranged for with chapters of the Bank of Russia** with respect to exchange of information needed to provide for placement of funds
- **Work of two Commissions** - the Interdepartmental Commission of the Ministry of Finance of Russia and the Commission of the Federal Treasury - **has been organized**
- **Two exchanges have been involved in placements** – Saint Petersburg Foreign Currency Exchange and Moscow Currency Exchange
- **36 general agreements have been concluded** with **credit institutions** in accordance with requirements set by the Government of the Russian Federation
- **Elaboration and implementation** of the necessary applied **software** have been taken care of
- Weekly, biweekly **placements of funds** of the federal budget to bank deposits have been provided for
- **Submission of the report on placement of funds** to the Ministry of Finance of Russia has been arranged for the purpose of including it in the budgetary reporting on execution of the federal budget

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- ## Main terms and conditions for granting budgetary loans to replenish balances of funds on accounts of budgets of entities of the RF (local budgets)
- 
1. Budget loans to replenish balances of funds on accounts of budgets of entities of the RF (local budgets) are granted by the Russian Federation to an entity of the RF (municipal unit formation) on the basis of **an agreement** concluded with a territorial body of the Federal Treasury.
  2. The loan is granted at the expense of balances of funds in the treasury single account of the federal budget.
  3. The loan is granted in the amount not exceeding **one twelfth of the budget revenues**, except for subsidies, subventions and other inter-budget transfers for designated use.
  4. The interest **rate** is one fourth of the key interest rate (**2.06 % per annum**).
  5. **The term** of the loan should not exceed **30 days**, provided it is repaid **not later than** November 25.
  6. For the purpose of getting a loan a **Loan Agreement** is concluded (**4 working days** from the date of application until receipt of funds).
  7. Only **one loan** is granted at a time.
  8. A loan **is not granted** in case there are placed budgetary funds in bank deposits.
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## Results of granting budget loans for replenishing balances of funds on accounts of entities of the RF (local budgets) in 2014.



Name of the indicator	2014
Application concerning conclusion of an agreement on granting budget loans for the purpose of replenishing balances of funds on accounts of budgets of entities of the Russian Federation	44
Conclusion of Agreements on granting budget loans to replenish balances on accounts of budgets of entities of the Russian Federation	40
Termination of Agreements on granting budget loans to replenish balances on accounts of budgets of entities of the Russian Federation	0
The number of signed additional agreements to the agreement on granting budget loans to replenish balances on accounts of budgets of entities of the Russian Federation	39
The amount of granted budget loans (million rubles)	71 396.98
Amount of paid interests (million rubles)	67.03
Cases of untimely repayment of budget loans or payment of interest	-

## Purchase of Foreign Currency



Purchase (sale) of foreign currency is done by the Federal Treasury **within the limits of balances of funds in the single account** of the federal budget **in the amount of additional oil and gas revenues** of the federal budget subject to be used for establishment of the Reserve Fund and/or National Wealth Fund.



Purchase (sale) of foreign currency is done by the Federal Treasury **from the Central Bank of the Russian Federation at the official exchange rate** of the Central Bank of the Russian Federation as of the date of settlement.



Purchased foreign currency is **placed** by the Federal Treasury **to the bank accounts** in foreign currencies opened for the Federal Treasury **in the Central Bank** of the Russian Federation.



**Interest is paid** on **balances of monetary funds** placed to bank deposits in a foreign currency in accordance with terms and conditions of the bank account agreement .

## The procedure for calculation of interests for accounts in foreign currencies



### The interest rate used for calculation of interests on accounts

The Bank pays interest on use of monetary funds deposited in accounts based on rates determined in accordance with the Procedure for calculation of interests of the bank account agreement:

$$R_{j,t-1} = \max(0; RR_{j,t-1} - 0.35\%),$$

$\max()$  - function of choosing the maximal value;

$RR_{j,t-1}$  - the basic interest rate for the account in  $j^{\text{th}}$  foreign currency shown as interest per annum and valid as of Day  $t-1$ .

The value of the interest rate set by the relevant central bank for the purpose of exercising influence on the level of interest rates in the economy is used as a basic interest rate.

On US dollars the basic interest rate of the Federal Reserve System (%) is since 16.12.2008 – 0.25

The rate for calculation of interest earnings (%)  
 $0.25 - 0.35 = 0$

On Euro the basic interest rate of the European Central Bank (%) is since 13.11.2013 - 0.25

The rate for calculation of interest earnings (%)  
 $0.25 - 0.35 = 0$

On Pound Sterling the basic interest rate of the Bank of England (%) is since 05.03.2009 – 0.50

The rate for calculation of interest earnings (%)  
 $0.50 - 0.35 = 0.15$