

# Insight

21 May – 3 June 2012

## Russian Legislation Update

### Securities

#### Central Depository

**On 13 April 2012 the Ministry of Finance issued Order No. 46n on approval of the procedure for the granting of the status of a central depository.**

*The Order was registered with the Ministry of Justice on 23 May 2012.*

The Order is issued according to Federal Law No. 414-FZ "On the Central Depository" dated 7 December 2011 (please see our legal update of 26 December 2011 – 15 January 2012) and specifies the procedure for the granting of the status of a central depository by FSFM.

According to the Order, the decision on the granting of the status will be made if an entity meets the following requirements: (i) is a joint stock company; (ii) is a nonbanking lending institution; (iii) has an operative license of a depository; (iv) at the time of the filing of the application had been exercising the functions of a central depository for at least three years, and (v) the amount of the entity's own funds is at least RUB 4 billion.

The Order also provides for a list of documents to be submitted to FSFM for obtaining the status of a central depository. Further, the Order specifies a procedure and terms for considering the documents and taking a decision by FSFM, reasons for refusal to grant the status, and a procedure for the posting of information about the entity that has obtained the status.

*The Order will enter into force ten days after the date of its official publication.*



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**On 10 April 2012 the Federal Service for Financial Markets ("FSFM") issued Order No. 12-25/pz-n approving the requirements to an internal document of a central depository specifying rates for the central depository's services.**

*The Order was registered with the Ministry of Justice on 24 May 2012.*

According to the Securities Market Law, fee rates for a central depository's services are to be set by way of an internal document of the central depository if such services relate to operations with securities with respect to which (i) a nominee holder account is opened with the central depository or (ii) the central depository performs mandatory centralized storage of securities. The Order now specifies requirements to the contents of such internal document. In particular, the internal document is to contain the amount of payment for the services, the payment date and procedure, and an exhaustive list of the services.

*The Order will enter into force ten days after the date of its official publication.*

#### Foreign Securities

**On 6 March 2012 the Federal Service for Financial Markets ("FSFM") issued Order No. 12-10/pz-n approving a procedure for registering foreign securities' prospectuses and providing consent for access of foreign securities to the Russian market.**

*The Order was registered with the Ministry of Justice on 18 May 2012.*

According to the Securities Market Law, foreign securities that meet the established eligibility criteria but cannot be admitted to public circulation by a Russian stock exchange may be admitted to public placement and (or) public circulation in Russia by FSFM.

Now the Order regulates the registration of prospectuses of bonds of international financial institutions and admission of international financial institutions' bonds to placement and (or) public circulation in Russia.

Also, it sets out a procedure for decision-making on the registration of foreign securities' prospectuses and on the admission of foreign securities to the Russian market, and provides for a list of documents to be submitted to FSFM for this purpose. The decisions on the registration of the prospectus and on the admission of foreign securities are to be approved by FSFM simultaneously, within 30 days of the date of receipt of the required documents.

*The Order will enter into force ten days after the date of its official publication and replace FSFM Order No. 10-20/pz-n of 23 March 2010 on the same matter.*

#### Banking

**On 9 April 2012 the Central Bank issued Directive No. 2805-U amending its Directive No. 2181-U on the procedure for submission by lending organizations of information to the Central Bank's representatives.**

*The Directive was registered with the Ministry of Justice on 18 May 2012.*

According to the Law on the Central Bank, the Central Bank is authorized to appoint its representatives to monitor lending organizations that received state support. The Central Bank's representatives are entitled to obtain certain information and documents from such lending organizations.

The Directive specifies that, upon request, a lending organization shall provide the Central Bank's representative with certain information related to security for loans obtained from the Central Bank, as well as information on the lending organization's counter claims against its debtors.

*The Directive entered into force on 5 June 2012.*

**On 28 April 2012 the Central Bank issued Directive No. 2808-U amending its Instruction No. 110-I "On Mandatory Economic Ratios for Banks."**

*The Directive was registered with the Ministry of Justice on 18 May 2012.*

The Directive liberalizes the requirements to the assessment of credit risks for the calculation of a bank's net worth (capital ratio (N1)). These amendments are expected to facilitate lending in the market.

In particular, a "high risk multiplier" will not apply to (i) loans provided to strategic enterprises, as well as companies that paid at least RUB 100 million in taxes for a year (the loans in question are, for example, those granted for repayment of third party loans or for investments in the charter capitals of other companies); (ii) loans granted to offshore companies provided the borrower or a surety has a certain credit rating and provided the borrower's ultimate beneficiaries have been disclosed to the bank; and (iii) ruble loans to individuals of no more than RUB 50 million provided the borrower's total indebtedness to the bank does not exceed RUB 5 million (as opposed to RUB 2 million previously).

The approach to the assessment of a credit risk has also been eased with respect to bank guarantees issued to secure a claim that may arise in the future (this is relevant, for example, for tender guarantees).

*The Directive will enter into force on 1 July 2012.*

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**On 28 April 2012 the Central Bank issued Directive No. 2809-U amending its Regulation No. 215-P "On the Method of Calculation of the Net Worth (Capital) of Lending Organizations."**

*The Directive was registered with the Ministry of Justice on 18 May 2012.*

The changes relate to the procedure for the calculation of the net worth (capital) of lending organizations.

In particular, if need be, lending organizations will be able to include profits of the current year confirmed by an auditor within its core capital more often than once a quarter.

In addition, lending organizations will be obliged to adjust the calculation of their net worth (capital) amount without delay if the Central Bank requests formation of additional provisions for losses: the amount of under-formed provisions is to be taken into account for the adjusted calculation starting from the reporting date which follows the date of the Central Bank's request.

*The Directive will enter into force on 1 July 2012.*

## **Oil Export Duty**

**On 23 May 2012 the Government adopted Resolution No. 503 approving new rates of export customs duty on crude oil and crude-oil products exported beyond the borders of the Russian Federation to countries outside the Customs Union.**

The Resolution reduces the rate of customs duty payable on crude oil and crude-oil products extracted from bituminous formations (TN VED 2709 00) exported outside the countries that are members of the Customs Union (i.e., Russia, Belarus, Kazakhstan). The new rate is set at USD 419,8 per ton (the previous rate was USD 448,6 per ton).

*The new rate applies as of 1 June 2012.*