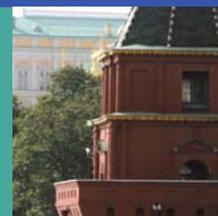


Weekly Update on Russian Legislation

9 – 22 May 2011



Securities

Register of Securities' Owners

On 5 April 2011 the Federal Service for Financial Markets ("FSFM") issued Order No. 11-9/pz-n amending FSFM Regulation No. 10-49/pz-n on licensing requirements with respect to organizations maintaining registers of securities' owners ("registrars") and to depositaries of 20 July 2010.

The Order was registered with the Ministry of Justice on 18 May 2011.

The Order provides, in particular, that registrars are now required to have: (i) a formed board of directors; (ii) a system of measures for risk management of activity on maintaining the register; and (iii) electronic document management between the registrar and the FSFM, the registrar's separate subdivisions, and the nominee holders of securities. At the same time, the Order eliminated the licensing requirement on entering a certain number of agreements on maintaining the register with major issuers within 6 months after obtaining a license by the registrar. Registrars are to bring their activity into compliance with the requirements of the Order within six months from the date it comes into force.

The Order will enter into force on 10 June 2011.

Foreign Securities

On 16 May 2011 the Government adopted Resolution No. 801-r allowing securities of the European Investment Bank ("EIB") to be placed and publicly traded in Russia.

The Securities Market Law entitles the Government to approve the list of international financial organizations whose securities are allowed to be placed and publicly traded in Russia. The Resolution now qualifies the EIB as one of those organizations. Until recently, only securities of the International Financial Corporation, the European Bank of Reconstruction and Development and the Eurasian Development Bank were included in the above list.

The Resolution entered into force on 16 May 2011.

Pledges

On 5 April 2011 the Federal Service for Financial Markets issued Order No. 11-10/pz-n approving the "Procedure for Entry into Registers of Pledges over Registered Securities and Amendments on the Transfer of Rights to Pledged Securities."

The Order was registered with the Ministry of Justice on 6 May 2011.

The Order reproduces the previously effective rules on registering pledges over securities and introduces some novelties related to registering termination of pledges and transfer of title to securities upon extra-judicial enforcement. A pledge order submitted by the pledgor to the registrar for recording a pledge shall from now on specify the documents to be submitted to the registrar by the pledgeholder at the time of extra-judicial enforcement. Such documents may include, among others, a sale and purchase agreement, minutes of public sales,

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or the pledgeholder's notice to the pledgor on acquiring the pledged securities. The registrars will need to bring their activities into compliance with this Order within three months from the date it comes into force.

The Order entered into force on 31 May 2011 and replaced FSFM Resolution No. 13/ps of 22 April 2002 on the same issue.

Anti-Corruption Practices

On 4 May 2011 the President signed Federal Law No. 97-FZ amending the Criminal Code and the Administrative Offences Code.

The Law amends the Criminal Code's provisions on bribery, commercial bribery and mediation in bribery. In particular, it increases the amount of fines for these crimes up to one-hundredfold amount of a bribe or commercial bribe (but no more than RUB 500 million). To diversify the penalties imposed for bribery, the Law introduces the following types of bribes: (i) ordinary bribe – bribe in an amount of up to RUB 25,000; (ii) bribe of substantial value – bribe in an amount of up to RUB 150,000; (iii) bribe of large value – bribe of up to RUB 1 million; and (iv) bribe of extremely large value – bribe exceeding RUB 1 million. In addition, the Law provides for bribery mediation as a separate type of offense. Further, it establishes liability for bribery with respect to a foreign officer or an officer of an intergovernmental organization.

The Law entered into force on 17 May 2011.

Licensing

On 4 May 2011 the President signed Federal Law No. 99-FZ on licensing of certain types of activities.

The Law, in particular, establishes: (i) a uniform procedure for licensing certain types of activities (including the procedure for application filing, adopting decisions on issuing of licenses, as well as organizing licensing control); (ii) an unlimited validity term for issued licenses (currently, licenses may not be issued for less than five years); (iii) a reduced list of licensed activities; and (iv) obligation of the licensing authorities to establish an open and publicly available informational resource containing data of the licenses register, provisions on licensing of certain types of activities and technical regulations.

The Law (save for certain provisions) will enter into force on 3 November 2011 and replace Federal Law No. 128-FZ of 8 August 2001 on the same issue.

Electronic Signature

On 6 April 2011 the President signed Federal Laws Nos. 63-FZ and 65-FZ on electronic signature.

The Laws replace the currently existing regulations on electronic digital signature and extend the sphere of application of electronic signatures. In particular, they envisage the following types of electronic signatures: simple and enhanced. Enhanced electronic signature may also be of two types: (i) unqualified (which, in particular, makes it possible to find out whether the electronic document was changed after signing); and (ii) qualified (which, in particular, means that the key for checking the signature is indicated in the qualified certificate). Information

This update is a general summary of recent legislative developments and should not be treated as legal advice. Readers should seek the advice of legal counsel on any specific question. All translations of terminology in this update are unofficial.



signed by a qualified electronic signature is considered analogous to a paper document signed in person, unless the law stipulates otherwise. Simple or unqualified electronic signature confirms that the relevant electronic document is executed by a particular person and is analogous to a paper document in those cases envisaged by the law or an agreement between the parties to electronic documents turnover.

The Laws specify that several documents may be signed by one electronic signature. In addition, the Laws envisage that electronic signatures created under foreign law and international standards are recognized in Russia if they fall under the statutory definition of electronic signature.

Law No. 63-FZ and Law No. 65-FZ entered into force on 8 and 19 April 2011, respectively. Federal Law No. 1-FZ on electronic digital signature of 10 January 2002 will cease to be in force as of 1 July 2012.

Energy

On 25 April 2011 the Government adopted Resolution No. 318 on enforcement of organizations' compliance with legislative requirements on energy saving and energy efficiency.

Pursuant to the Law on Energy Saving and Increasing Energy Efficiency, the Resolution establishes the procedure for implementing state control over organizations' compliance with legislative requirements on energy saving and energy efficiency. State control is executed by means of scheduled and non-scheduled inspections carried out by the relevant federal or regional authorities. The Resolution envisages in particular the procedure for conducting inspections, as well as the rights and obligations of the officials.

The Resolution will enter into force on 29 June 2011.

Subsoil

On 27 December 2010 the Federal Forestry Agency ("Rosleskhoz") issued Order No. 515 on the use of forests for conducting geological exploration and production of natural resources.

The Order was registered with the Ministry of Justice on 10 May 2011.

Rosleskhoz is now empowered to establish the procedure for using forests with respect to subsoil use (previously, the Ministry of Natural Resources ("MNR")). The Order specifies: (i) the requirements and procedure for reviewing applications for conducting geological exploration and production of natural resources on forest land without granting a forest plot, and (ii) the activities which are prohibited or allowed during the use of forests for specified purposes.

The Order entered into 31 May 2011 and replaced Order of the MNR No. 109, dated 24 April 2007, on the same issue.

Oil Export Duty

On 26 May 2011 the Government adopted Resolution No. 422 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 of the Customs Union.



The Resolution increased 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, Kyrgyzstan and Tajikistan). The new rate is set at USD 462,1 per ton (the previous rate was USD 453,7).

The new rate applies as of 1 June 2011.

First Reading: Banking

Insurance of bank deposits

On 18 May 2011 the State Duma adopted in the first reading Draft Law No. 544335-5 amending the Federal Law "On the Insurance of Individual Bank Deposits in the Russian Federation."

The Law sets forth the list of circumstances when a bank is deemed ineligible to further participate in the system of mandatory insurance of individual bank deposits. The Central Bank prohibits such banks from attracting individual deposits. The Draft Law suggests that the bank's unsatisfactory profitability no longer serves as a sign of the bank's ineligibility, so that banks temporarily not enjoying profits, but otherwise functioning properly could continue attracting bank deposits from individuals.

Banking groups and holdings

18 May 2011 the State Duma adopted in the first reading Draft Law No. 521063-5 amending the Federal Laws "On Banks and Banking Activity" and "On the Central Bank (Bank of Russia)."

The Draft Law is aimed at the development of supervision over banking groups and banking holdings on a consolidated basis. It refines criteria for qualifying a group of companies as a banking group or a banking holding (in particular, it defines direct and indirect control and significant influence), specifies procedures for examination of banking groups and holdings and the tools available to the Central Bank to address detected violations in their activities. It also refines the definition of a group of related borrowers used for calculating the maximum exposure per single borrower or group of related borrowers' ratio, and introduces the ratio of maximum exposure per person/ entity related to a credit organization.

Insurance of export credits

On 20 May 2011 the State Duma adopted in the first reading Draft Law No. 521918-5 amending the Federal Law "On Bank for Development" and some other laws regarding insurance of export credits.

The Draft Law envisages the establishment by the Bank for Development and Foreign Trade (Vnesheconombank) of a specialized open joint stock company for insuring export credits and investments against commercial and political risks. The procedure for such insurance activities (including rules on insurance events, insurance premiums and sums, etc.) shall be approved by the Government.

The provisions of the Draft Laws will apply if adopted by the State Duma in three readings, approved by the Federation Council, signed by the President, and officially published.

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