

Insight

2 – 15 March 2015

Russian Legislation Update

Civil Code Reform

Contracts and Obligations

On 8 March 2015 the President signed Federal Law No. 42-FZ “On Amending Part I of the Civil Code of the Russian Federation.”

In particular, the amendments introduce into Russian law the following new concepts: (i) independent guarantee; (ii) security deposit; (iii) indemnity; (iv) framework contract; (v) option agreement; (vi) representations; and (vii) pre-contractual negotiations. The amendments further develop the principles applicable to a debtor’s liability in case of non-performance /improper performance of an obligation and amend the provisions relating to suretyships and tender auctions.

The amendments also regulate in detail (i) the unilateral refusal to perform a b2b contract; (ii) the payment of damages upon contract termination; (iii) the consequences of the termination of obligations; (iv) failure to perform a contract or refusal to exercise the rights thereunder; and (v) the institution of the performance of an obligation by a third party.

The Law will enter into force on 1 June 2015.

We will issue the detailed alert in due course.



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This update is a general summary of recent developments in Russian legislation 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.

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New Development Bank BRICS

On 8 March 2015 the President signed Federal Law No. 29-FZ ratifying the Agreement on the New Development Bank.

The Law ratifies the Agreement signed in the city of Fortaleza on 15 July 2014, providing for the establishment by the so-called BRICS countries (Brazil, Russia, India, China and South Africa) of the New Development Bank. The Bank is established to support infrastructure and sustainable development projects in the BRICS countries and other emerging-market economies and developing countries.

The headquarters of the Bank will be in Shanghai.

The Law will enter into force on 20 March 2015. The Agreement shall enter into force when the instruments of acceptance, ratification or approval have been deposited by all participating countries.

Employment/Foreign Citizens

On 8 March 2015 the President signed Federal Law No. 56-FZ changing the criterion for the calculation of the salary of a highly-skilled foreign employee.

Pursuant to Federal Law No. 115-FZ "On Legal Status of Foreign Citizens in Russia" (Article 13.2), companies operating in Russia may employ foreign highly-skilled specialists by a simplified procedure (e.g., work permits and visa invitations for such personnel and their family members are issued irrespective of the relevant quotas). The amount of salary (remuneration) is the main criterion for the categorization as a *highly-skilled foreign specialist*.

The amendments now change the calculation method for the salary criteria for highly-skilled specialist; it must now be calculated on a monthly (rather than annual) basis. As a general rule, for commercial companies and accredited branches of foreign entities in Russia, such criterion is set to be no less than RUB 167,000 per month (approx. US\$2700) (before the amendments, the criterion was set at no not less than RUB 2 million per year).

The amendments will enter into force on 24 April 2015.

Securities

Bondholders

On 21 October 2014 the Central Bank issued Directive No. 3420-U "On Additional Requirements for the Preparation, Convocation and Holding of the General Meeting of Bondholders."

The Directive was registered with the Ministry of Justice on 19 February 2015.

The Directive defines additional requirements for the preparation, convocation and holding of the general meeting of bondholders, which is held in the form of a meeting or absent voting.

In particular, the Directive clarifies the procedure for issuance of the notice of the meeting; specifies the contents of the notice of the meeting and of the voting ballot; sets forth the scope of information to be provided to the participants of the meeting. The Directive also addresses the issues of personal participation in the meeting; participation by sending the completed voting ballots (including ballots in electronic form); registration of participants; voting; and preparation of the minutes of the meetings.

Requirements of the Directive also apply to persons who exercise their rights under the bonds on a lawful basis.

The Directive does not, however, clarify the procedure for the voting at the general meeting of bondholders for persons who are not included in the list of persons entitled to attend the meeting, e.g., new purchasers of bonds. It appears that in practice this issue can be resolved by the seller of the bonds providing to the new purchaser a proxy to vote at a general meeting of bondholders.

The Directive entered into force on 3 March 2015.

Information Disclosure

On 30 December 2014 the Central Bank adopted Regulation No. 454-P “On the Disclosure of Information by Issuers of Securities.”

The Regulation was registered with the Ministry of Justice on 12 February 2015.

The Regulation determines the scope, procedure and terms of the mandatory disclosure of information by the issuer of securities.

The Regulation applies to all issuers, including foreign issuers, inter alia, international financial institutions, whose securities are placed and (or) circulate in Russia (with exception to the Central Bank, issuers of state and municipal securities).

The Regulation establishes disclosure requirements regarding the following matters:

- information on the issue (additional issue) of securities;
- information presented in the form of the securities prospectus;
- issuer’s consolidated financial statements;
- issuer’s quarterly reports;
- information on the material facts in the issuer’s activity; and
- other information on the fulfilment by the issuer of its obligations and implementation of rights under the placed securities (or securities to be placed).

The Regulation replaces the October 2011 FSFM Order No. 11-46/pz-n on the same issue.

The Regulation enters into force on 16 March 2015.