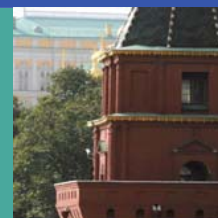


# Weekly Update on Russian Legislation

27 December 2010 – 9 January 2011



## Corporate

**On 28 December 2010 the President signed Federal Law No. 409-FZ amending the Law on Joint Stock Companies, the Law on Limited Liability Companies and the Tax Code with respect to payment of dividends.**

The amendments extend the JSC Law and LLC Law rules on payment of dividends to shareholders in joint stock companies and distribution of profits among participants in limited liability companies, respectively.

Thus, the term for payments of dividends (distributed profit) is to be specified either in the company charter or in the resolution of the general meeting of shareholders (participants) on the payment of dividends (distribution of profits) and may not exceed *60 days* from the date of the resolution. If not so specified, this term is deemed to equal 60 days from the date of the resolution on the payment of dividends (distribution of profits).

If the dividends (profits) are not paid within the required term, a shareholder (participant) may request payment from the company within *three years* thereafter (or within a longer term that may be specified in the company charter, but which may not exceed *five years*). Upon expiry of this term the unclaimed dividends (profits) shall be reinstated as part of the company's undistributed profits.

The unclaimed dividends (profits) reinstated as part of the company's undistributed profits are not subject to profit tax.

The Law entered into force on 31 December 2010.

## Trade

**On 28 December 2010 the President signed Federal Law No. 411-FZ amending the Administrative Offences Code to establish administrative liability for breaching the Law on Trade.**

According to the amendments, administrative liability may be imposed on retail chains trading in food products and their suppliers for:

- breaching the antimonopoly rules established under the Law on Trade (e.g., imposition of discriminatory conditions on companies wishing to enter the market);
- failure to disclose the criteria for choosing counterparties to food supply agreements and the material terms of such agreements; and
- inclusion in supply agreements of certain provisions prohibited under the Law on Trade (e.g., on promoting food products).

An administrative fine may be imposed on officers and legal entities and may amount to up to RUB 50,000 (approximately, USD 1,670) and RUB 5 million (approximately, USD 166,670), respectively.

The Law entered into force on 31 December 2010 (save for certain provisions that entered into force on 1 January 2011).

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## Banking

### Reporting

**On 13 December 2010 the Central Bank issued Directive No. 2539-U amending its Directive No. 2332-U dated 12 November 2009, regarding reporting forms of credit organizations.**

The Directive was registered with the Ministry of Justice on 22 December 2010.

The Directive amends a number of reporting forms to be submitted by credit organizations to the Central Bank and the terms for their submission, abolishes certain forms, and introduces a new monthly reporting form (a report on residents' and non-residents' payment settlements related to operations with derivatives).

The Directive entered into force on 1 January 2011 (save for the provisions on the new reporting form that will enter into force on 1 April 2011).

## Microfinance

**On 27 December 2010 the Government issued Resolution No. 1149 "On Measures to Implement the Federal Law 'On Microfinance Activities and Microfinance Organizations'."**

The Resolution vests the Ministry of Finance with the power to supervise microfinance activities. It is empowered to approve rules for maintaining a state register of microfinance entities, establish mandatory economic ratios and reporting forms for microfinance entities, and control their compliance with the Anti-Money Laundering Law.

The Resolution entered into force on 4 January 2011.

## Bankruptcy

**On 28 December 2010 the President signed Federal Law No. 429-FZ amending the Bankruptcy Law.**

The Bankruptcy Law provides for the establishment of a publicly accessible state register of information on bankruptcy of Russian companies. Pursuant to the amendments, the Bankruptcy Law requirements to enter information on bankruptcy in the register will apply as of 1 April 2011.

Further, the Bankruptcy Law provides that sales with respect to the debtor's certain assets and the debtor's enterprise as a whole are to be conducted in electronic form, and, normally, via an open auction. Pursuant to the amendments, the requirement regarding electronic form of sales does not apply to open auctions that are announced before 1 October 2011.

The Law entered into force on 31 December 2010.

## Employment / Foreign Citizens

### Quota for Foreigners' Work Permits

**On 8 December 2010 the Ministry of Public Health and Social Development issued Order No. 1080n on apportioning the 2011 quota for foreign citizens'**

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.



## **work permits among the Russian regions.**

**The Order was registered with the Ministry of Justice on 23 December 2010.**

The Order apportions the 2011 quota for foreign citizens' work permits among Russian regions and establishes a quota reserve. In particular, the quota for Moscow and the Moscow Region is 128,803 and 108,090 work permits, respectively. The quota reserve for 2011 is 523,751 work permits.

**The Order entered into force on 9 January 2011.**

## **Quota for Foreigners' Invitations**

**On 8 December 2010 the Ministry of Public Health and Social Development issued Order No. 1081n on apportioning the 2011 quota for foreign citizens' invitations to enter Russia for employment purposes among Russian regions.**

**The Order was registered with the Ministry of Justice on 23 December 2010.**

The Order apportions the 2011 quota for invitations to foreign citizens to enter Russia for employment purposes among Russian regions and establishes a quota reserve. In particular, the quota for Moscow and the Moscow Region is 39,553 and 9,874 invitations, respectively. The quota reserve for 2011 is 149,853 invitations.

**The Order entered into force on 9 January 2011.**

## **Forestry**

**On 29 December 2010 the President signed Federal Law No. 442-FZ on amending the Forest Code and certain other legislative acts.**

The amendments aim to increase efficiency in the prevention of forest fires and strengthen liability for fire safety violations in forests.

In particular, the amendments to the Administrative Offences Code increase the fine for breaching fire safety rules in forests, which may now amount up to RUB 100,000 (approximately, USD 3,330) for legal entities and RUB 10,000 (approximately, USD 330) for officers; the fine will be greater if the breach results in a forest fire.

Amendments to the Criminal Code increase liability for destruction of or damage to forests as a result of negligent fire handling, which may now result in a fine in an amount of up to RUB 250,000 (approximately, USD 8,330), income of the accused person for up to two years, or imprisonment for up to three years; liability will be more severe if the crime derives from arson, pollution or other negative operations or results in large-scale damage.

**The Law entered into force on 31 December 2010.**

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