

ClientInsight

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Russian Legislation Update

Corporate

On 27 March 2012 the Federal Service for Financial Markets (“FSFM”) issued Information Letter No. 12-DP-03/12363 “On Increasing the Charter Capital of a Joint Stock Company if Its Net Asset Value is Less than Its Charter Capital.”

According to the Federal Law “On Joint Stock Companies,” a company is to: 1) *decrease its charter capital or make a decision on the liquidation of the company* if, at the expiration of the second and each subsequent fiscal year, its net asset value is less than its charter capital but more than the minimum charter capital required under the law, and 2) *make a decision on its liquidation* if, at the expiration of the second and each subsequent fiscal year, its net asset value is less than its charter capital and less than the minimum charter capital required under the law.

The information letter clarifies that failure to comply with the above statutory requirements does not limit the company’s capacity. This means that the company may enter into transactions and make decisions aimed at improving the balance between its net asset value and charter capital (e.g. to raise additional financing). Such activities by themselves do not contradict the law. Therefore, the company’s activities to place its additional shares when its net asset value is less than its charter capital does not violate the law.

This information letter replaces FSFM information letters No. 05-OV-03 of 13 September 2005 and No. 10-VM-03/6623 of 30 March 2010 on similar matters.

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Anti-Money Laundering

On 2 March 2012 the Central Bank approved Regulation No. 375-P establishing requirements to the rules of internal control of lending organizations to combat money laundering.

The Regulation was registered with the Ministry of Justice on 6 April 2012.

The Regulation renews and consolidates the requirements to the rules of internal control in lending organizations. Lending organizations are required to bring their rules of internal control in compliance with the Regulation within one year of the date of its entry into force.

In particular, the Regulation describes in detail eight programs on the implementation of internal control intended to cover all aspects of internal control, from the organization of work to combat money laundering and identification of clients to the detection of operations that may be suspected to have money laundering purposes. It describes how to assess the risk that a client pursues money laundering purposes and provides for a comprehensive list of indicia of "unusual" transactions (generally, the list represents an extended version of a similar list contained in Central Bank Letter No. 99-T dated 13 July 2005).

The Regulation entered into force on 29 April 2012.

Banking

Insurance of Individual Bank Deposits

On 28 February 2012 the Central Bank issued Directive No. 2788-U amending its Directive No. 1379-U dated 16 January 2004.

The Directive was registered with the Ministry of Justice on 6 April 2012.

According to the Directive, banks that participate (or plan to participate) in the system of mandatory insurance of individual bank deposits are to disclose information on persons that significantly impact (directly or indirectly) decisions of the bank's governing bodies. Such information is to be posted on the Central Bank's website (www.cbr.ru) or on the bank's website.

The amendments specify that if a bank posts such information on its own website it is to follow the same format of presenting the information as if it were posted on the Central Bank's site, i.e. it is to publish a list of persons that significantly impact the bank's managerial decisions together with a flowchart showing interconnections between the bank and those persons (as set forth in Regulation 345-P). Banks are recommended to place a link to the site page where the list and the flowchart are available on the main page of their site.

The Directive entered into force on 29 April 2012.

Subsoil

On 28 March 2012 the Government issued Resolution No. 257 on licensing of underground survey activities.

Following the adoption of a new Federal Law "On Licensing of Certain Types of Activities" on 4 May 2011, the Resolution specifies the procedure for the licensing of underground survey activities. The Resolution, in particular, specifies a list of documents to be submitted by an applicant to the Federal Service for Environmental, Technological and Nuclear Supervision to obtain a license as well as licensing requirements and terms for implementing underground survey activities.

The Resolution entered into force 17 April 2012 and abolished Government Resolution No. 392 dated 26 June 2006 on the same matter.

Oil Export Duty

On 23 April 2012 the Government adopted Resolution No. 352 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 US\$ 448,6 per ton (the previous rate was US\$ 460,7 per ton).

The new rate applies as of 1 May 2012.