

ClientInsight

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Russian Legislation Update

Corporate

On 18 July 2011 the President signed Federal Law No. 228-FZ “On Amendments to Certain Legal Acts of the Russian Federation regarding the Revision of the Means of Protecting the Rights of Creditors when Decreasing Charter Capital, and regarding the Change of the Requirements for Business Entities in case of Disparity between Charter Capital and Net Assets”.

The Law relates to the decrease in the charter capital of Russian LLCs. An LLC is now obliged to notify the Unified State Register of Legal Entities about any decrease of its charter capital within three days (instead of 30 days as was previously the case) after making such a decision. It also has to publish this information twice in the Journal (*Vestnik*) of State Registration. After that, it is not necessary to notify each creditor.

In case of a decrease of an LLC’s charter capital, the Law grants creditors the right to demand earlier performance of the obligations within 30 days from the date of the last publication (provided that the creditor’s claim arose prior to the first publication). If early performance is impossible, a creditor may demand the termination of the LLC’s obligations and compensation for damages. The court may reject the claims of creditors if the decrease of the LLC’s charter capital does not violate creditors’ rights and the security provided is sufficient for the proper performance of the LLC’s obligations.

If the value of the LLC’s net assets is less than its charter capital as of the end of the accounting period that follows the second accounting period (or each following) where value of net assets became less than charter capital, the LLC is obliged to decrease its charter capital to the value of its net assets or liquidate the company.

The Law also requires LLCs and JSCs to provide any interested person with access to information regarding its net assets value. LLCs shall now include data regarding their net assets value in the annual report of the company. JSCs are released from obligation to provide state registration authority with information on their net assets value every quarter.

The Law envisages the establishment of the Unified State Register of Information about the Facts of Legal Entities Activity as of 1 January 2013 and sets forth a list of information required to be included into the Register (the company – operator of the Register will be determined by the Government later). A part of this register will be formed by the Unified State Register of Information on Bankruptcy of Legal Entities. All information about legal entities that has to be included into the Register is public and will be available on the Internet.

The Law will enter into force on 1 January 2012.

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Insurance of Export Credits

On 18 July 2011 the President signed Federal Law No. 236-FZ amending the Federal Law "On Bank for Development" and some other laws regarding insurance of export credits.

The 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. This special company will insure export credits and investments against commercial and political risks of Russian exporters, Russian investors investing abroad, their foreign counterparties, as well as Russian and foreign banks financing the relevant deals. The procedure for such insurance activities (including rules on insurance events, insurance premiums and sums, etc.) is yet to be approved by the Government.

The Law also provides that Russian exporters will not be held liable for violating the repatriation requirement, which is set by the Currency Control Law, if they receive insurance compensation for the counterparty's default under a foreign trade contract (provided the insurance event and the insurance compensation meet the criteria established by the Government as noted above).

The Law will enter into force on the date of its official publication.

Subsoil

On 18 July 2011 the President signed Federal Law No. 222-FZ "On Amendments to the Federal Law "On Subsoil" and Article 8(2) of the Federal Law "On Enactment of the Russian Forestry Code".

The boundaries of a land plot which was provided for use, can now be changed on a fee basis, to ensure the fullness of a geological exploration, rational use and conservation of mineral resources. The procedure and fees are to be determined by the Russian Government.

The Law introduces the rules on provision and withdrawal of land plots, forest plots and water objects for conducting works related to the subsoil use. The state and municipal land plots necessary for conducting such works shall be provided to the subsoil users without the bidding procedures (in case the users have the license on subsoil use and geological and/or mining claim).

A land plot can be withdrawn from the owner, the user and the lessee for state and municipal needs on the basis of a decision of withdrawal issued upon the application of the subsoil user. The procedures of preparation and consideration of such applications, as well as adopting the decisions, are to be set out by the Government.

It is now possible to raise, reconstruct and operate the capital construction objects connected with the geological exploration and field development on the outstanding forests and on the specially protected forest plots, if the subsoil use licenses on such plots were obtained before 31 December 2010. It is possible only during the validity period of such licenses.

The amendments to the Forestry Code entered into force on 22 July 2011; the amendments to the Subsoil Law will enter into force on 18 January 2012.

Real Estate

On 18 July 2011 the President signed Federal Law No. 215-FZ "On Amendments to the Russian Town Planning Code and Certain Legislative Acts".

The Law introduced the definitions of "reconstruction of capital construction objects"; "reconstruction of linear objects"; "capital repair of capital construction objects" and "capital repair of linear objects", which up to now were used in different legislative acts, but were not officially defined.

The Law entered into force on 22 July 2011, save for certain provisions.

On 18 July 2011 the President signed Federal Law No. 243-FZ "On Amendments to the Russian Town Planning Code of RF and Certain Legislative Acts".

Now there is no need to prepare the project documentation to receive construction permits and permits for putting the object in operation when conducting capital repair of capital construction objects that affects structural and other safety and surety characteristics. The Law states that only separate sections of project documentation have to be prepared by order of the builder or the customer, depending on the scope of work when conducting capital repair of such objects. In relation to such sections of project documentation state inspection is not conducted (except for the capital repair of freeways). The state construction supervision is not conducted during the capital repair.

The permit for construction and for reconstruction of linear objects shall certify that the documentation complies with the development and land survey plan.

The Law also states the cases when it is necessary to conduct industrial safety inspection.

The Law entered into force on 22 July 2011.