

Weekly Update on Russian Legislation

6 – 19 June 2011



Foreign Investments

On 23 March 2011 the Federal Antimonopoly Service ("FAS") issued Order No. 201 approving the form for a strategic company's business plan.

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

The Law on foreign investments in business sectors of strategic importance, dated 29 April 2008, in particular, sets out the list of documents that must be submitted by a foreign investor to the FAS to obtain a prior or retrospective consent from the Government Commission for Control over Making Foreign Investments in the Russian Federation for the acquisition of control over strategic companies. The Order introduces a new form for a strategic company's business plan, which must be submitted to the FAS among these documents. Compared to the previously established form, the new form, in particular, does not require an analysis of the market situation of the relevant sector as well as provide a detailed marketing strategy and production plan of the project.

The Order will enter into force on 3 July 2011 and replace FAS Order No. 308 of 13 August 2008 on the same issue.

Banking

On 17 May 2011 the Central Bank issued Directive No. 2638-U amending its Instruction No. 135-I "On the Procedure for the Adoption by the Bank of Russia of Decisions on the State Registration of Credit Organizations and on the Issuance of Banking Licenses."

The Directive was registered with the Ministry of Justice on 15 June 2011.

The Directive, among other things, introduces a new type of banking license, which will allow banks to conduct operations with companies' funds, but will not allow them to provide cash services to clients. This novelty is aimed at reducing investors' costs when establishing and operating the banking business.

Further, it introduces rules allowing the Central Bank to request removal of a bank's senior officer, who was previously approved by the Central Bank if it is discovered afterwards that there are grounds for not granting the approval for the senior position.

The Directive will enter into force on 3 July 2011.

Employment/ Foreign Citizens

On 27 May 2011 the Ministry of Public Health and Social Development ("MHSD") issued Order No. 433n on the apportioning of the 2011 quota for foreign citizens' invitations to enter Russia for employment among Russia's regions.

The Order was registered with the Ministry of Justice on 15 June 2011.

The Order amends MHSD Order No. 1081n dated 8 December 2010. It changes

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the quota for invitations to foreign citizens to enter Russia for employment purposes for certain Russian regions. In particular, the respective quota is increased for Moscow from 40,764 to 44,633 invitations and for Moscow Region – from 10,114 to 10,465 invitations. The national 2011 quota reserve (i.e., the number of invitations that may be issued in addition to the above quota) is reduced to 133,802 invitations.

The Order will enter into force on 5 July 2011.

Oil Export Duty

On 22 June 2011 the Government adopted Resolution No. 494 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 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, Kyrgyzstan and Tajikistan). The new rate is set at USD 445,1 per ton (the previous rate was USD 462,1).

The new rate applies as of 1 July 2011.

First Reading

Energy

On 31 May 2011 the State Duma adopted in the first reading Draft Law No. 497896-5 amending the Law on Electric Power Industry.

The Draft Law seeks to improve the mechanisms for state regulation in relation to the pricing of electric power (capacity) and payment procedure on the wholesale electric power (capacity) market. It also specifies the procedure for cooperation between JSC Federal Grid Company of Unified Energy System, the unified national (all-Russia) electric grid manager ("JSK FGC EUS"), and companies owning or holding other legal title to facilities which are a part of the Unified national (all-Russia) power grid ("UNPG"). In particular, it seeks to specify the pricing procedure under agreements on the use of facilities which are a part of UNGP and secure JSK FSK EUS's preemptive right to purchase such facilities.

Environmental

On 15 June 2011 the State Duma adopted in the first reading Draft Law No. 529927-5 in relation to state ecological monitoring.

The Draft Law seeks to increase the effectiveness of state ecological monitoring management. It suggests the unification of all existing types of monitoring in the sphere of environmental protection into a single state ecological monitoring system. Information support for the system will be achieved through the introduction of a single state monitoring database. The database will contain all data concerning the condition of the environment and the results of state and industrial environmental control and state registration of facilities adversely affecting the environment. Such data may be provided to, among others, legal entities for planning and implementing business activities. The Draft Law also aims to improve management and implementation of monitoring of the radiation

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.

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environment in Russia.

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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