

# ClientInsight

31 October – 13 November 2011

## Russian Legislation Update

### Anti-Money Laundering

**On 8 November 2011 the President signed Federal Law No. 308-FZ amending the Anti-Money Laundering Law and the Administrative Offences Code.**

The amendments aim to streamline the framework aimed at combating money laundering.

In particular, according to the amendments, transactions with immovable property worth three million rubles or more are to be reported to the Federal Service for Financial Monitoring if they entail the transfer of title to the property (before the amendments, all transactions with immovables worth as much were subject to reporting).

Further, the amendments require reporting of operations subject to mandatory control and operations that appear to have money laundering purposes within three business days of the date of the operation (as opposed to the previously required one business day following the date of the operation).

The amendments also envisage the banks' duty to provide the Federal Service for Financial Monitoring at its request with information on the cash flow in their clients' accounts (deposits).

Finally, the amendments to the Administrative Offences Code elaborate rules regarding liability for non-compliance with the money laundering regulations.

*The Law entered into force on 21 November 2011.*

### State Services

**On 24 October 2011 the Government adopted Resolution No. 861 "On Federal Information Systems for the Provision of State and Municipal Services in Electronic Form."**

Pursuant to the Resolution, web-portal [www.gosuslugi.ru](http://www.gosuslugi.ru) becomes the official unified portal for the electronic provision of state and municipal services in Russia.

The aim of the portal is to provide applicants (companies and individuals) with an easy – electronic-access to the services available from the Russian state federal and municipal authorities, such as: company registration, registration with tax authorities, registration of rights and transactions to real estate, issuance of residence permits and passports, the provision of extracts from state registers and many others. The portal allows the applicants to: 1) locate information on available services, 2) electronically submit applications and all necessary documents; and 3) obtain such services.

### In This Issue...

- **Anti-Money Laundering**
- **State Services**
- **Payment System**
- **Banking**
- **Monetary Policy**
- **First Reading: Concession Agreements**

For more information, please contact:

### Igor Ostapets

Partner

[iostapets@whitecase.com](mailto:iostapets@whitecase.com)

### Irina Dmitrieva (Tax)

Partner

[idmitrieva@whitecase.com](mailto:idmitrieva@whitecase.com)

White & Case LLC

Tel + 7 495 787 3000

Fax + 7 495 787 3001

[www.whitecase.com](http://www.whitecase.com)

The portal has been in existence since 2010 and currently contains information on all available state and municipal services. However, the procedure for applying for particular services is not always specified.

*The Resolution applies since 10 November 2011, save for a few provisions.*

## Payment System

**On 1 November 2011 the Central Bank issued Letter No. 14- 27/597 regarding the application of the Law on the National Payment System.**

The Letter was issued in response to the query of the Association of Russian Banks. It clarifies that agreements concluded by banks with so called "information-settlement centers," whereby a bank accepts funds from individuals as payment for utilities and transfers them to the center, are not compliant with the Law on the National Payment System and are subject to termination.

At the same time, if an agreement provides for transfer of funds accepted from individuals directly to the supplier of utilities or to a non-banking lending organization which then transfers them to the supplier, such agreement is deemed to be compliant with the Law.

*The Letter was published at [www.arb.ru](http://www.arb.ru) on 10 November 2011.*

## Banking

**On 29 September 2011 the Central Bank issued Directive No. 2710-U amending its Instruction No. 130-I "On the Procedure for Obtaining the Central Bank's Preliminary Consent to Acquisition and/or Receipt into Trust Management of Shares (Participation Interests) in a Lending Organization."**

*The Directive was registered with the Ministry of Justice on 3 November 2011.*

The amendments detail regulation of indirect acquisitions of shares (participation interests) in lending organizations and specify that acquisition of a controlling stake (more than 50%) in a company which owns more than 20% of shares (participation interests) in a lending organization is subject to preliminary consent.

The amendments also provide that further consent is needed if the 'total amount of the acquisition' indicated in a preliminary consent is exceeded (as opposed to the 'acquisition threshold' indicated in a previous consent, before the amendments).

In addition, the amendments introduce special rules regarding an acquisition of a lending organization's shares circulating abroad.

*The Directive entered into force on 20 November 2011.*

## Monetary Policy

**On 28 October 2011 the Central Bank Board of Directors approved "Guidelines for Unified State Monetary Policy for 2012 – 2014."**

The Guidelines provide an overview of economic development in Russia in 2011 and of plans for economic development in 2012 – 2014. The principal goals are as follows: (i) reduction of inflation rates to 4 – 5% in 2014, and (ii) maintenance of the stability of the financial system.

The Central Bank will continue developing the banking sector and banking supervision. The Central Bank's priority measures, as listed in the Guidelines, include, among others:

- Expansion of refinancing opportunities for lending organizations;
- Increased attention to timely identification and assessment of risks incurred by banks;
- Increase in the transparency of the ownership structure and operation of banking businesses;
- Implementation of international standards for banking regulation contained in Basel II and Basel III with respect to the quality of capital and capital adequacy;
- Graded supervision over different lending organizations depending on their significance, transparency, complexity of business and compliance with the banking regulations; and
- Improvement of merger and accession procedures for lending organizations.

The Central Bank also plans to take part in the implementation of an action plan to create an international financial center in Moscow and pay attention to improvements in the national payment system.

*The Guidelines are available on the Central Bank's website [www.cbr.ru](http://www.cbr.ru).*

## First Reading

### Concession Agreements

#### **On 19 October 2011 the State Duma approved in the first reading Draft Law No. 602033-5 amending the Federal Law "On Concession Agreements."**

Pursuant to the Federal Law "On Concession Agreements", under a concession agreement a concessionaire (investor) is to build and/or reconstruct a facility with its further use during the term specified in the agreement. The amendments seek to expand the scope of concession agreements to also oblige the investor to maintain the (re)constructed facility. With that, the amendments allow the grantor (e.g., the state) to assume the entire costs of the (re) construction of the facility depending on whether the investor maintains the facility in compliance with certain quality criteria. The amendments are of significant importance to transportation infrastructure facilities.

The amendments also suggest removal of the mandatory requirement for concluding concession agreements in accordance with the model agreements approved by the Government in relation to certain federal property, including transportation infrastructure facilities.

In addition, the amendments seek to expand the list of facilities held by state or municipal unitary companies (units) with respect to which concession agreements may be concluded. Now, concession agreements may be concluded with such companies (units) only for utility infrastructure systems and other public facilities (e.g., water, heat, gas and power supply facilities).

*Provisions of the Draft Law will apply if adopted by the State Duma in three readings, approved by the Federation Council, signed by the President, and officially published.*