

Russian Legislation Update

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18 July – 4 September 2016

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Corporate

On 3 July 2016, the President signed Federal Law No. 339-FZ on amending Articles 32.2 and 81 of the Federal Law “On Joint-Stock Companies”.

The Law is aimed at expanding the possibilities for joint-stock companies to obtain financial and material support from shareholders. Shareholders are entitled to make unremunerated contributions to a joint-stock company's assets unless they increase the charter capital or change the nominal value of shares. The agreement on making contributions to a company's assets must be approved by the company's board of directors in advance (except when the contribution is made on the basis of the shareholders' decision).

The charter of a non-public company may provide the right of the general shareholders' meeting to oblige shareholders to make such contributions.

The Law entered into force on 15 July 2016.

On 3 July 2016, the President signed Federal Law No. 338-FZ on amending Articles 41 and 84.8 of the Federal Law “On Joint-Stock Companies.”

The minimum period of validity of the pre-emptive right to purchase additional issues of shares is increased from 8 to 12 days. Starting from 1 January 2017, this provision will apply to all joint-stock companies. Before January 2017, this provision applies only to joint-stock companies that are credit organizations and joint-stock companies in which the Russian Federation's share is more than 50%.

The Law entered into force on 4 July 2016.

On 3 July 2016, the President signed Federal Law No. 340-FZ on amending certain legislative acts of the Russian Federation.

To increase the efficiency of banking liquidity management, the Law amends the Federal Law "On Joint-Stock Companies" and the Federal Law "On the Central Bank of the Russian Federation (Bank of Russia)" with respect to interested party transactions.

Provisions of the Federal Law "On Joint-Stock Companies" under which interested party transactions must be approved either by the board of directors or by the general shareholders' meeting will not apply to transactions between the Central Bank and credit organizations in order to implement a unified national monetary policy (when conducting open-market operations, financing credit organizations and issuing bonds which are placed and traded among credit organizations).

The Law entered into force on 15 July 2016.

Banking

Evaluation of banks' economic position

On 25 July 2016, the Central Bank issued Directive No. 4082-U relating to amendments to Directive No. 2005-U "On the Evaluation of Banks' Economic Position."

The Directive was registered with the Ministry of Justice on 15 August 2016.

The amendments postpone the starting date for assessment of concentration risk (arising due to a large amount of claims against a single counterparty or a group of counterparties). The new indicator will be assessed as of 1 April 2017 (as of 1 October 2017 if a bank's assets are less than RUB 500 bln).

The Directive entered into force on 28 August 2016.

Subordinated instruments

On 4 August 2016, the Bank of Russia issued Directive No. 4098-U amending its Regulation No. 395-P "On the Method of Calculation of the Amount of the Net Worth (Capital) of Credit Organizations (Basel III)."

The Directive was registered with the Ministry of Justice on 26 August 2016.

Under the amendments, one of the grounds for the Bank of Russia to refuse approval of early repayment of subordinated debt is that the net worth (capital) ratio would be less than 9% upon the repayment (as opposed to 11% before).

The Directive will enter into force on 16 September 2016.

Provisions for potential losses

On 4 August 2016, the Bank of Russia issued Directive No. 4099-U amending its Regulation No. 283-P "On the Procedure for the Formation by Credit Organizations of Provisions for Potential Losses."

The Directive was registered with the Ministry of Justice on 26 August 2016.

The amendments relate, among others, to the formation of provisions for potential losses related to interest income. Those provisions will need to be calculated in the same amount as the provisions for the principal (as of 1 February 2017).

The Directive will enter into force on 1 October 2016 (save for some provisions entering into force later).

Anti-Money Laundering

On 20 July 2016, the Bank of Russia issued Directive No. 4077-U regarding bank notification to the anti-money laundering body (Rosfinmonitoring) of their refusal to open bank accounts and perform clients' instructions.

The Directive was registered with the Ministry of Justice on 15 August 2016.

The Directive replaces Directive No. 3041-U (subject to interim provisions) and sets forth the procedure for banks to notify Rosfinmonitoring about instances where they refused to open a bank account, terminated a bank account agreement or refused to perform a client's instruction on the grounds established by the Anti-Money Laundering Law. Banks must notify Rosfinmonitoring of these actions no later than the working day following the day on which they occur or on which a bank decided to refuse to perform a client's instruction.

The Directive entered into force on 3 September 2016.

On 20 July 2016, the Bank of Russia issued Regulation No. 550-P regarding notification from the Bank of Russia to banks and non-credit financial organizations of other organizations' refusal to open bank accounts and perform clients' instructions.

The Regulation was registered with the Ministry of Justice on 15 August 2016.

According to the Anti-Money Laundering Law, Rosfinmonitoring is to transfer information on refusals to perform clients' instructions and to open bank accounts and on termination of bank account agreements (received from banks and other organizations carrying out operations with their clients' funds and other assets) to the Bank of Russia.

The Bank of Russia, in turn, is to transfer that information to credit and non-credit financial organizations (so that they can take it into account when ascertaining the risk of client operations constituting money laundering). The Regulation sets forth the procedure for the transfer of such information.

The Regulation will enter into force on 11 September 2016. However, the templates of the relevant electronic documents that will be approved by the Bank of Russia will start applying no earlier than 1 January 2017.

Subsoil

On 3 July 2016, the President signed Federal Law No. 279-FZ amending the Law “On Subsoil” in relation to subsoil areas of federal significance and the production of ancillary natural resources.

The Law specifies the criteria for classifying certain subsoil areas as subsoil areas of federal significance. In particular, in order to encourage subsoil users to conduct geological studies of subsoil areas containing diamonds and platinum group metals, the Law classifies as subsoil areas of federal significance areas containing primary diamond deposits and primary platinum group metals deposits while excluding from such areas those containing the specified natural resources.

In addition, subsoil areas of federal significance, including those containing only small amounts of certain natural resources (i.e., uranium, nickel, cobalt, high-purity quartz raw materials and beryllium) are no longer deemed to be subsoil areas of federal significance and are to be excluded from the official list of subsoil areas of federal significance.

Further, the Law allows state-owned companies to produce ancillary natural resources which are not covered by a subsoil license, but only after obtaining the opinion of a state expert and making appropriate changes to the license. The production level of ancillary natural resources must also be approved. Criteria for classifying natural resources as ancillary natural resources are to be established by the Government.

The Law entered into force on 4 July 2016 (save for certain provisions).

Public-private partnership (PPP)

On 3 July 2016, the President signed Federal Law No. 360-FZ amending a number of laws, including the Law on Public-Private Partnerships.

The amendments, among other things:

- extend the list of properties that can become the subject of partnership agreements by adding, in particular, property complexes intended for industrial production and other industrial activities;
- reduce the term for the relevant competent authority to assess the efficiency of a PPP project and identify its comparative advantages from 180 to 90 days;
- provide that the applicant's compliance with the requirements of tender documentation can be confirmed not only by the applicant itself, but also by other parties related to the applicant;
- extend the deadline for bringing regional PPP laws into compliance with the federal PPP law from 1 July 2016 to 1 January 2025.

The amendments entered into force on 15 July 2016.

Procurement

On 3 July 2016, the President signed Federal Law No. 365-FZ amending the Law on the Contractual System for Procurement.

The Law on Industrial Policy provides the possibility of concluding special investment contracts with the state, pursuant to which an investor undertakes to build, upgrade or develop industrial production in Russia, while the state undertakes to provide the investor with economic incentives. According to the amendments, companies producing goods based on special investment contracts can supply their goods without a tender, i.e., as a sole supplier, provided they are included in the relevant register of sole suppliers.

The Law entered into force on 1 September 2016.

Special Economic Measures in relation to EU members and the USA

On 30 June 2016, the Government adopted Resolution No. 608 amending Resolution No. 778 dated 7 August 2014 “On the Implementation of Presidential Decrees No. 560 dated 6 August 2014 and No. 320 dated 24 June 2015.”

Pursuant to the June 2016 Presidential Decree No. 305, the Resolution extends until 31 December 2017 the duration of special economic countermeasures in relation to EU members and the USA.

The August 2014 Presidential Decree No. 560 (as amended) prohibits or restricts foreign economic operations including the import to Russia of certain types of agricultural products, raw products and food originating in the countries that have established or supported sanctions against Russian individuals and legal entities. Such countries include the following: the USA, EU member states, Canada, Australia, Norway, Ukraine (from 1 January 2016), Albania, Montenegro, Iceland and Liechtenstein.

The Resolution entered into force on 4 July 2016.

Special Economic Measures in relation to Turkey

On 22 July 2016, the Government adopted Resolution No. 706 abolishing a number of economic measures and restrictions imposed by Presidential Decree No. 583 and further expanded by Decree No. 669.¹

The Resolution provides the following:

- resumption of the activities of the Russian-Turkish Intergovernmental Commission on Trade and Economic Cooperation (formed in 1992);
- resumption of the negotiation process in relation to the (i) bilateral agreement on trade in services and investments, (ii) medium-term program for trade and economic, scientific and technical and cultural cooperation between Russia and Turkey for the period of 2016 – 2019 and (ii) the formation of a joint fund for financing investment projects in Russia and Turkey;
- removal of the obligation of the Federal Service for Supervision of Consumer Protection and Welfare (*Rospotrebnadzor*) to monitor the compliance of travel operators and travel agencies with the requirement to refrain from selling tourism products to Russian citizens that include visits to Turkey;
- in light of the state of emergency introduced in Turkey, the Russian Ministry of Foreign Affairs and the federal executive bodies are authorized to monitor the safety of Russian citizens in Turkey and to propose measures to protect their rights in case of any danger.

Furthermore, on 27 August 2016, by Resolution No. 846, the Government removed a ban on charter flights between Russia and Turkey (introduced from 1 December 2015). Airlines are recommended to undertake additional measures to guarantee the safety of such flights.

The Resolution entered into force on 2 August 2016.

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¹ Our legal updates on Presidential Decrees No. 583 and 669 can be found on our website: [here](#) and [here](#). The alert on Government Resolutions No. 1457 and No. 1458 specifying the scope of economic measures imposed by the Presidential Decrees can be found [here](#).