

Insight

27 October – 30 November 2014

Russian Legislation Update

Currency Control

On 4 November 2014 the President signed Federal Law No. 344-FZ amending a number of laws, including the Currency Control Law.

According to the Currency Control Law, residents are required to ensure the receipt, to their bank accounts in Russia, of funds due to them from non-residents as per the terms of their foreign trade contracts (the repatriation rule).

The amendments expand the list of exceptions from this rule and allow residents that export natural gas in gaseous form not to credit funds due to them to Russian bank accounts by making a set-off of counter claims arising from the contracts concluded between such residents and non-residents, being: (i) the gas sale-purchase contracts and (ii) the contracts providing for the non-residents' obligations to such residents in connection with the transit of the gas via the territories of foreign states.

The Law entered into force on 16 November 2014.

Banking

On 4 November 2014 the President signed Federal Law No. 334-FZ amending the Law on Banks and Banking Activity.

According to the Law, a credit organization is required to disclose on its official Internet site the information regarding qualification and work experience of members of the board of directors, sole executive body and his/her deputies, members of the management board, chief accountant and his/her deputies, head of a bank's branch and chief accountant of the branch. The disclosure is to be done according to the procedure to be established by the Central Bank.

The Law entered into force on 16 November 2014.



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This update is a general summary of recent developments in Russian legislation 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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Patronage of Arts

On 4 November 2014 the President signed Federal Law No. 327-FZ on the Patronage of Arts.

The Law regulates the rights and obligations of the patrons and the recipients of their support and defines some state guarantees in this respect.

The Law provides that the patronage of arts includes (i) gratuitous transfer of property including money, or the rights to own, use and dispose of the property, and/or (ii) gratuitous carrying-out of works and rendering of services in the culture and cultural education sphere aimed at securing cultural values and the development of the relevant activities. The recipients of the support may be state, municipal, non-state non-profit cultural organizations, and educational organizations implementing educational projects in the sphere of culture and art.

The patronage support is provided for under the agreement between the patron and the recipient. Such agreement must include the objectives, areas, form and substance of the patronage support. Where required under the law, such agreement is subject to state registration.

The Law entered into force on 5 November 2014.

Environment

On 14 November 2014 the Government issued Resolution No. 1189 on measures related to prevention and removal of oil spills in internal sea waters, territorial seas and the continental shelf of the Russian Federation.

Pursuant to the federal laws "On the Internal Sea waters and Territorial Seas" and "On the Continental Shelf," companies must have an approved plan for the prevention and removal of oil (oil products) spills prior to conducting certain activities, including the use of underwater pipelines, conducting drilling works for the purpose of subsoil use and transport and store oil (oil products) within internal sea waters, territorial seas and continental shelf of the Russian Federation. The Resolution now establishes (i) requirements to the scope of the plan and the procedure for notifying about its approval; (ii) the procedure for notifying the federal and regional authorities about oil (oil product) spills and (iii) the procedure for requesting additional manpower and equipment from the unified state warning and emergency response system in order to remove such spills.

The Resolution entered into force on 26 November 2014.

Employment/Foreign Citizens

On 2 October 2014 the Ministry of Finance issued Order No. 110n establishing certain requirements related to engaging highly skilled employees by foreign companies originating from the countries that are WTO members to work in their Russian subdivisions and subsidiaries.

The Order has been registered with the Ministry of Justice on 10 November 2014.

Under Federal Law No. 115-FZ "On Legal Status of Foreign Citizens in Russia," foreign companies originating from countries that are WTO members enjoy the simplified procedure for hiring key (highly skilled) employees to work in their Russian representative offices, branches and subsidiaries¹. Now the Order establishes (i) the scope of information confirming that a legal entity is a subsidiary of a foreign company originating from the country that is a WTO member (hereinafter – *the confirming information*), as well as (ii) the essential elements of the decision of such foreign company to engage its foreign employee to work in its Russian subsidiary, branch or representative office (hereinafter – *the employee engaging decision*).

The confirming information includes, in particular, the information on (i) the controlling stock (its amount) of a foreign company in a Russian company and (ii) on the possibility of a foreign company to determine the decisions of a Russian company under the agreement to which they are parties (if it has been concluded).

The employee engaging decision must include, in particular, (i) the full company's name and its registration data in the country of incorporation; (ii) the full name and the registration data of the Russian subsidiary, including the information about its founders, or the name and the accreditation certificate of the branch or representative office of the foreign company; and (iii) the information about the foreign employee, including his/her qualification and salary.

The Order entered into force 30 November 2014.

¹ Please refer to our [alert](#) for 10 February – 2 March 2014.

