
LAW FIRM

ANDREY GORODISSKY & PARTNERS

NEWSLETTER

REVIEW OF THE NOTABLE CHANGES IN LEGISLATION

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Securities Market

On July 9, 2009, the Federal Service for Financial Markets ("FSFM") issued Order on Approval of the Administrative Rules on Performance by the Federal Service for Financial Markets of its Function to Exercise Control Over Acquisition of Shares of Open Joint Stock Companies, No. 09-26/pz-n, regulating the procedure for consideration of documents connected with acquisition of over 30% of shares in open joint stock companies.

It is established that subject to control is acquisition of common shares, preferred shares with voting rights and certain securities convertible into shares. The Order lists documents subject to control, determines grounds for issuing a direction to remedy violations of law, regulates the procedure for consideration of documents. The general term for consideration of documents connected with acquisition of securities is 15 days from the date of submission. The Order describes how the actions and decisions of the FSFM can be contested and how the FSFM should provide information about the rules on performance of the said function.

On July 16, 2009, the FSFM issued Order on Amendment of Certain Orders of the Federal Service for Financial Markets, No. 09-27/pz-n, which adjusts the method of calculation of the assessed value of bonds for investment foundations and bonds in trust management, as well as the method of calculation of the assessed value of bonds in which pension capital or capital for military personnel dwellings is invested.

The new regulation concerns non-performance of the obligation to pay principal debt. It is established that the market (assessed) value of bonds is recognized as equal to zero from the date on which money or an in-kind equivalent transferred in payment of corresponding bonds is recorded in the books or, where the bonds issuer is announced bankrupt, from the date of such publication. The Order contains formulas for determination of the assessed (market) value of bonds upon expiration of 7 days from the principal debt due date.

Joint Stock Companies

On July 7, 2009, the Federal Service for Financial Markets ("FSFM") issued Order on the Specifics of Recordation of Joint Stock Companies Shares Owned by the Russian Federation in the Register of Registered Securities Holders, No. 09-25/pz-n.

The register of registered securities holders should record the Russian Federation owning shares in the joint stock company as the owner of such shares in the person of an authorized organization. The Order sets forth grounds for opening a personal account of the Russian Federation, as well as instances of and grounds for making changes in the Russian Federation's personal account, grounds for operations in its personal account, and grounds for provision of information from the register of shareholders. Excerpts from the Russian Federation's personal account and other information from the register of shareholders are to be sent by the register holder to the authorized organization indicated in the details of the shareholder of record.

Antitrust Regulation

On August 15, 2009, the Government adopted Decree on Amendment of Acts of the RF Government on the Issues of the Federal Anti-Monopoly Service, No. 744, which entrusts the Federal Anti-Monopoly Service ("FAS") with control over foreign investment in economic entities having strategic importance for defense and security of the country.

The FAS is to approve the form of a draft business plan of the said entities and the approximate form of an agreement with foreign investor wishing to make a transaction with or establish control over one of the said entities. The FAS is competent to check performance by a foreign investor of its obligations, consider a foreign investor's request for a preliminary approval of the proposed transaction, consider notifications of the acquisition of 5% and more of shares (participation shares) in the charter capital of the said entities, and has other powers. In addition to that, the FAS's powers regarding placement of government orders have been revised.

Real Estate

On September 15, 2009, the RF Government adopted Decree on Amendment of the Regulations on the RF Ministry of Economic Development, No. 748, which broadens the powers of the Ministry. Now, the Ministry is competent to establish a procedure for the determination of a price of sale of federal land to the owners of buildings, constructions and structures located on federal land, and payment terms.

Taxes

The Ministry of Internal Affairs and the Federal Tax Service issued a joint Order on Approval of the Procedure for Coordinated Actions of Police and Tax Authorities in the Prevention, Discovery and Suppression of Tax Violations and Offences, dated June 30, 2009, No. 495/MM-7-2-347, concerning on-site tax inspections and other tax related matters.

An on-site tax inspection is conducted on an order of the head of the tax inspectorate concerned. Police officers participate in on-site tax inspections on the basis of a reasoned request of the tax inspectorate that may be sent to an appropriate police department either before the tax inspection or in the course of it. Within five days following receipt of the request, the police department should respond with information about police officers appointed for participation in the inspection or give a reasoned refusal. A working meeting is to be held before the inspection. The results of an on-site tax inspection should be formalized in a prescribed manner.

Banking

On August 10, 2009, the Central Bank of Russia issued Direction No. 2273-U on Amendment of the Bank of Russia Regulations on the Granting by the Bank of Russia of Loans Secured by Assets or Sureties to Credit Organizations, dated November 12, 2007, No. 312-P. The Direction indicates that the Russian Federation, a constituent of the Russian Federation and a municipality may bear with the drawer (borrower) both joint and several liability and secondary liability for payment of the bill (repayment of the principal debt). The Direction makes more specific the requirements to the drawer (borrower) and the person bearing with the drawer joint and several liability.

The Direction entered into force on September 19, 2009.

Enforcement Process

Federal Law on Amendment of Article 112 of the Federal Law on Enforcement Process, No. 225-FZ, was adopted on September 27, 2009. The Law establishes the minimum amount of enforcement fee which for debtor-individual is 500 rubles and for debtor-organization is 5,000 rubles. Previously, the minimum amount of enforcement fee was only established for a failure to comply with enforcement documents of non-pecuniary nature.

Russian Judges

Federal Law on Amendment of Article 3 of the RF Law on the Status of Judges in the Russian Federation, No. 219-FZ, was adopted on September 27, 2009. Under the Law, retired judges who served at least 20 years or judges who have reached the age of 55 (50 for women) are forbidden to be attorneys or representatives (except for representation by law) of individuals or legal entities in court proceedings.

The Rate of Refinancing

According to the information of the Central Bank of Russia of September 29, 2009, the rate of refinancing was established at 10% per annum effective September 30, 2009. The previous rate 10.5% was effective as of September 15, 2009. Interest rates for operations of the Bank of Russia have been revised accordingly.

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This newsletter is not intended to provide legal advice and/or any other form of legal assistance that may be rendered by attorney-at-law to client. The exclusive purpose of this review is to make aware its recipient of certain recent changes in Russian laws and regulations, and of the development of law application practice. Any use of the information contained herein for particular purposes may require more detailed case-specific explanations. Further information can be obtained via +7 (495) 933 75 67 or office@agp.ru

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