



Securities Market

The Federal Service for Financial Markets promulgated the Order on Approval of the Regulations for Organization of Trade in the Securities Market, dated December 2010, No. 10-78/pz-n (registered by the Ministry of Justice on March 25, 2011), that extend to all professional organizers of trade in the securities market in the Russian Federation.

The Regulations establish corporate requirements to stock exchanges (obligatory existence of corporate management bodies, special collegial bodies, internal subdivisions), rules of indices calculation methods and requirements to be met by a stock exchange index; the obligation to obtain bidders' reports on ex-pit transactions and the obligation to keep a register of such transactions; the manner and volume of information disclosure; documents subject to registration by the Federal Service for Financial Markets. The Regulations also regulate criteria for admittance to trading, the matters of registration and keeping of the register of bidders, and sets rules on admittance of securities to trading.

Certain rules concern clearing organizations, in particular, rules on registration of clearing participants by trade organizers, reporting to participants about clearing results, provision of certain data, and information disclosure.

Trade organizers and other professionals in the securities market to which the Regulations extend must bring their activity in compliance with the requirements of the new Regulations by June 25, 2011. The former Regulations approved by Order of the FSFM dated October 9, 2007, No. 07-102, are recognized as having ceased to be in effect.

The Federal Service for Financial Markets (FSFM)

According to RF Government Ordinance on Certain Issues of Activity of the Federal Executive Bodies in the Sphere of Financial Markets, dated April 26, 2011, No. 326, as the result of accession of Rosstrakhnadzor to the FSFM, the FSFM is now to perform the functions of control and supervision in the sphere of insurance.

The Ordinance determines the functions of the FSFM in the sphere of insurance: control and supervision of compliance by insurance companies, mutual insurance companies, insurance brokers and insurance actuaries ("insurers") with insurance laws and regulations; credibility of reports submitted by insurers; issuance of bank guarantees by insurers; etc. The FSFM decides whether to grant or refuse to grant licenses (or cancel, limit, suspend, renew or revoke licenses) to insurers, and keeps a consolidated register of insurers.

All previously effective RF Government ordinances with respect to Rosstrakhnadzor are recognized as having ceased to be in effect.

Insider Information

Order of the FSFM on Approval of the Regulations on the Procedure for Notification of Persons About Inclusion in and Exclusion from the List of Insiders, Regulations on Provision of Insider Lists to Trade Organizers through which Transactions with Financial Instruments, Foreign Currency and (or) Goods are Effected, Regulations on the Procedure and Terms of Notification by Insiders about Effected Transactions, dated January 21, 2011, No. 11-3/pz-n, has been promulgated.

According to the Federal Law on Counteraction to Unlawful Use of Insider Information and Market Manipulation, insiders (i.e., holders of accurate and specific information that was not disseminated or disclosed (including information constituting commercial, official, bank or communication secret (to the extent of information about money transfers) or other secret protected by the law) which, if disseminated or disclosed, may considerably influence the price of financial instruments, foreign currency and (or) goods) include, in particular, issuers of securities and managing companies, companies included in the register of monopolists, organizers of trade in financial markets, clearing organizations, depositaries, professionals in the securities market, members of top management of companies, and other persons having access to insider information.

The Regulations approved by the FSFM's Order specify in more detail how to perform the statutory obligations to keep the list of insiders, notify the persons concerned about inclusion in or exclusion from the list and provide the list to trade organizers through which transactions with financial instruments, foreign currency or goods are effected. Insiders on the list must notify the issuer that included them in the list of insiders and the competent federal executive body about their operations with securities. The Regulations also recommend the form of the notification and specify consequences of non-receipt of the notification.

The Order was registered by the Ministry of Justice on April 1, 2011 under No. 20382.

Electronic Signature

1. Federal Law on Electronic Signature, dated April 6, 2011, No. 63-FZ, has been promulgated and taken effect, thus substituting the formerly effective Federal Law on Electronic Digital Signature, dated January 10, 2002, No. 1-FZ.

The Law regulates relations in the area of electronic signature use in civil-law transactions, rendering of state and municipal services, performance of state and municipal functions, and in other actions of legal nature.

As defined by the Law, electronic signature (ES) means certain information in electronic form which is affixed to certain other information in electronic form (the information being signed) or otherwise connected with such information and which is used for identification of the person signing the information.

The Law establishes the principles of ES use and two main types of ES: simple and enhanced. Enhanced ES may be either qualified or non-qualified. Simple ES confirms that the electronic message was sent by a specific person. Enhanced non-qualified ES makes it possible to confirm that nobody has changed the document since the time of its signature. A message with simple or non-qualified ES is equaled to a paper document signed with the sender's own hand,

provided the parties have a prior agreement on that. Enhanced qualified ES is additionally confirmed by a certificate issued by an accredited certifying center. Such ES is in all cases equaled to a paper document signed with the sender's own hand. The Law also regulates ES created in accordance with the rules of foreign law and international standards.

An authorized body in the sphere of ES is determined by the RF Government. Such body conducts accreditation of certifying centers which, in their turn, issue and cancel certificates of keys for checking ES, keep the register of certificates, check keys for uniqueness. A certificate is created on the basis of an agreement between the certifying center and the applicant. The Law contains requirements to a certifying center.

2. Federal Law on Amendment of Certain Legislative Acts of the Russian Federation in Connection with the Adoption of the Electronic Signature Law, dated April 6, 2011, No. 65-FZ, introduces changes in the Civil Code, Code of Arbitration Procedure, Federal Law on Information, Information Technologies and Protection of Information, and Federal Law on Credit Histories.

The changes became necessary in connection with the adoption of the Electronic Signature Law that substituted the Law on Electronic Digital Signature. The term "electronic signature" is used in the said legislative acts in accordance with the new Law.

According to the Law, it is possible to apply for a state service and receive such service by using electronic documents signed by ES. The types of ES and the manner of ES use for such purposes is established by the RF Government. The Law also explains how to handle a simple ES when rendering services and lists entities having the right to create and issue appropriate keys. Keys are provided free of charge. Documents requesting services which are signed by a simple ES are recognized as equal to paper documents signed with the sender's own hand. Retained are the rules established by the Codes with respect to a facsimile reproduction of the signature on a paper document with the help of copiers.

Foreigners' Work

1. Ordinance of the RF Government on Keeping of a Data Bank of Labor Activity of Foreign Citizens in the Russian Federation, dated April 16, 2011, No. 286, determines: the procedure for formation and functioning of the state informational system for migration recording, participants of the information exchange, procedure for the introduction of changes in the information about foreign citizens and persons without citizenship, manner and terms of storage of such information, manner of access to the information, and manner of provision, use and protection of the information.

The data bank of labor activity of foreigners in Russia is kept by the Federal Migration Service of Russia. The Ordinance specifies information to be included in the data bank: details of ID document(s) and family members included there, dactylographic data, taxpayer's ID number, information about income, state of health and education, migration card details, details of the temporary residence permit, details of the employer.

Such information is supplied by: the RF Ministry of Internal Affairs, RF Ministry of Foreign Affairs, Federal Security Service of Russia, Federal Tax Service or other authorities if they are entrusted with recordal of information about foreigners and (or) submission of such information to migration authorities.

2. Federal Law on Amendment of Article 13 of the Federal Law on Legal Status of Foreign Citizens in the Russian Federation and Article 25.6 of the Federal Law on Exit from and Entry in the Russian Federation, dated April 21, 2011, No. 80-FZ, has been promulgated.

The Law grants an exemption from the general requirement of an obligatory work permit for foreigners – “persons invited to the Russian Federation for a business or humanitarian purpose or for the purpose of labor activity and engaged apart from that for teaching at scientific organizations and institutions of higher education accredited by the state, except for institutions of professional religious education (institutions of ecclesiastical education)” are entitled to carry out labor activity without a work permit.

3. The Plenum of the RF Supreme Arbitration Court, by its Ruling on Amendment of the February 17, 2011 (No. 11) Ruling on Certain Issues of Application of the Special Part of the RF Code of Administrative Offences, dated March 24, 2011, No. 28, amended Article 18.9(4) of the CAO to include liability for non-performance by the inviting party of its obligations in connection with migration recordal.

The Ruling explains to courts how to resolve the issue of fault of a legal entity that failed to send in due time the detachable part of a notification about the foreigner’s arrival to the place of destination. The legal entity is not at fault if it failed to send the detachable part of the notification because it had not received it from the foreigner regardless of the efforts made, but within two days informed the migration authority about the impossibility to send such document. An individual entrepreneur finding himself in a similar situation is not at fault either.

Customs Law

Federal Law on Ratification of the Agreement on the Specifics of Criminal and Administrative Liability for Breach of the Customs Legislation of the Customs Union and Member States of the Customs Union, dated April 5, 2011, No. 59-FZ, has been promulgated.

Administrative proceedings are instituted in the locality and in accordance with the laws and regulations of the state where the administrative offence was committed. If goods and accompanying documents were not delivered to the appointed destination, liability is borne in accordance with the rules of the party whose customs cleared the goods. A criminal case is opened and investigated in the locality where the offence was committed. If a person committed an offence in the territory of several parties, the case is opened in the locality of the last offence.

Certification

Ordinance of the RF Government on Amendment of the Regulations on the Federal Agency for Technical Regulation and Metrology, dated April 6, 2011, No. 248, gives the said Agency (Rosstandart) additional powers.

Rosstandart forms and keeps the parts of Consolidated Register of Certification Bodies and Test Laboratories, as well as issued certificates of compliance and registered declarations of compliance. Rosstandart issues uniform compliance certificate forms, organizes certification work and registration of compliance declarations for products that are subject to mandatory compliance assessment.

State Informational Resources

RF Government Ordinance on the Basic State Informational Resources, dated April 15, 2011, No. 654-r, approves the list of basic state informational resources used in the provision of state or municipal services.

The Ordinance provides for 11 resources: Consolidated State Register of Legal Entities; Consolidated State Register of Taxpayers; State Cadastre of Real Estate; informational resources formed as the result of recordal of issued, lost and stolen Russian passports; Consolidated State Register of Individual Entrepreneurs; informational resources formed as the result of registration of RF citizens at the place of stay; informational resources formed as the result of registration of foreign citizens and persons without citizenship with migration authorities; Consolidated State Register of Rights; Register of Auto Transportation Vehicles; Register of Addresses.

Federal executive bodies are to ensure round-the-clock continuous electronic access to the basic resources, completeness and relevance of the information. They also must record notifications about found errors and incompleteness of the information. As of July 1, 2011, information about persons and (or) things should be provided to organizations, on request, in electronic form. Within 6 months of the effective date of the law regulating the relevant issues, the RF Ministry of Internal Affairs will commission an informational system in which the Register of Auto Transportation Vehicles will be formed.

Refinancing Rate of the Central Bank

According to the information published by the Central Bank on April 29, 2011, the refinancing rate raised from 8% to 8.25% as of May 3, 2011.

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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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