

Securities Market

1. Federal Law on Amendment of the Federal Law on the Securities Market and Articles 214.1 and 310 of Part Two of the RF Tax Code, dated June 3, 2011, No. 122-FZ, is intended to simplify the procedure for receipt of income from securities that are subject to mandatory centralized keeping.

The amendment concerns Article 7(13) of the Securities Market Law. Previously the said article stated that the depositary might render the deponent services connected with receipt of payments under securities. The amended Article 7(13) obligates the depositary that records rights to securities subject to mandatory centralized keeping to render services connected with receipt by the deponent of income from such securities in moneys and also of other cash payments due to the owners of the said securities. Such obligation is not imposed on depositaries that keep other paper securities (in particular, securities that are not subject to mandatory centralized keeping), but they retain the right to effect payments under securities.

Now, the owners of securities are entitled to demand from their depositaries payment of income from securities subject to mandatory centralized keeping even in the event that the depositaries have not yet received any money (Article 7.1(4)(2) of the Securities Market Law). The issuer bears a subsidiary liability to the depositary's deponents for a failure to remit corresponding payments under securities that are not subject to mandatory centralized keeping.

In respect to the owners of securities subject to centralized keeping, depositors are vested with the powers of tax agents. They are obligated to calculate, withhold and pay taxes on cash payments connected with receipt of income from bonds subject to mandatory centralized keeping, except for payments made to redeem the nominal value of securities. In the latter case, taxpayers must pay the tax themselves in accordance with Article 228 of the Tax Code.

The Law will come into force on January 1, 2012 with the exception of some provisions for which another effective date is set.

2. Order of the Federal Service for Financial Markets No. 11-7/pz on the Approval of the Requirements to the Rules on Broker's Transactions with the Money of the Broker's Clients, dated April 5, 2011, has been promulgated. The Order establishes new rules for brokers dealing with their clients money. The requirements do not extend to credit organizations.

The Order regulates delivery of client's money to the broker for making a transaction with securities and (or) execution of agreements, as well as delivery to the client of money received by the broker under such transactions (agreements); and use of money deposited in a special account. The Order specifies what information the broker must provide to the client when entering into a broker services agreement with the client. In particular, the broker must state whether the client's money will be used free of charge or for a compensation, warn the client about any potential risks of keeping the client's money together with the other clients'

money. Information about a credit organization which opens accounts for depositing the money is no longer required.

Real Estate

Federal Law on Amendment of Articles 7 and 8 of the Federal Law on State Registration of Rights to and Transactions with Real Estate and the Federal Law on the State Cadastre of Real Estate, dated June 4, 2011, No. 129-FZ, came into force on June 17, 2011. The amendment concerns recordal of capital construction projects.

The manner of provision of data from the real estate cadastre and from the Consolidated State Register of Rights to and Transactions with Real Estate has been corrected. The cadastral passport, layout and an excerpt must be provided free of charge to, *inter alia*, authorities of all levels, courts, law enforcement authorities, court bailiffs where cases concerning real estate and its owners are under consideration. The cadastral value and the number of land plot are to be provided free of charge on request of any person.

Taxes. R&D

Federal Law on Amendment of Article 95 of Part One and Part Two of the Tax Code to the Extent of Formation of Favorable Tax Conditions for Innovations, and Article 5 of the Federal Law on Amendment of Part Two of the Tax Code and Certain Legislative Acts of the Russian Federation, dated June 7, 2011. No. 132-FZ. The Law determines the structure and manner of accounting for expenses on scientific research and development in the taxation of profit.

According to the Law, expenses on R&D are expenses on the creation of new or improvement of existing products (work, services), techniques and methods of organization of production and management. Expenses on R&D include, *inter alia*, salaries to employees involved in R&D, depreciation of fixed assets and intangible assets (except for buildings and constructions) used for R&D. Tax preference on property is granted for 3 years with respect to newly commissioned projects of highly power efficiency.

Labor Law

1. Order of the Ministry of Health and Social Development on the Approval of Procedure for Attestation of Work Places as per Work Conditions, dated April 26, 2011, No. 324n, was registered with the Ministry of Justice on June 9, 2011. The new Procedure will become effective on September 2011.

The obligation to ensure attestation lies with the employer, and the attestation is conducted jointly by the employer and the attesting organization invited by the employer on the basis of a civil-law contract. The attesting organization must have an accreditation and be independent of the employer. The attestation commission has a certain composition and is to examine compliance of the work conditions with the hygienic standards, dangers of work places, availability to employees of individual protection means. The Procedure prescribes the manner of comprehensive evaluation of work conditions and documentation of the attestation results.

2. Federal Law on Amendment of Article 1 of the Federal Law on Minimum Monthly Wages, dated June 1, 2011, No. 106-FZ, increased Minimum Monthly Wages to 4,611 rubles starting June 1, 2011. MMW were increased for the purpose of employment relations. This is the first increase of MMW since January 1, 2009 (previously MMW were 4,330 rubles). The Law came into force on June 1, 2011.

Mass Media

Federal Law on Amendment of Certain Legislative Acts of the Russian Federation in Connection with Improvement of Legal Regulation in the Sphere of Mass Media, dated June 14, 2011, No. 142-FZ.

The Law amends provisions on granting licenses to organizations operating in the sphere of mass media, fixes the procedure for spreading of Russian and foreign TV and radio channels, and introduces the legal institution of a network publication. Network publication is understood as a site in Internet, duly registered as mass media. The Law also introduces the institution of a broadcaster universal license.

The list of mass media is supplemented with a network publication, a TV channel and a radio channel, but no special procedure for their registration is introduced. The registering authority keeps a register of mass media in the manner set by Roskomnadzor. Information contained in the register is open and accessible to any person. Foreign periodicals are distributed in Russia subject to permits issued by Roskomnadzor.

There are certain limitations to the foundation of TV and radio channels, TV, radio and video programs: they may not be founded by a foreign legal entity, a Russian legal entity with 50% or more foreign investment in its charter capital, a Russian citizen with double citizenship. The Law obligates the broadcaster of all-Russia obligatory generally accessible TV and radio channels to ensure their broadcasting, free of charge for consumers, in the territories inhabited by the population of Russia.

The Law will come into force on November 10, 2011, except for some provisions.

Judicial Procedure

1. Federal Law on Amendment of Article 14 of the RF Code of Civil Procedure and Article 30 of the RF Code of Criminal Procedure, dated June 14, 2011, No. 140-FZ, stipulates that a court for consideration of a particular case should be formed with regard for the case load and specialization of judges in the manner excluding any influence on its formation from persons interested in the outcome of the proceedings, including with the use of an automated information system.

2. Federal Constitutional Law on Amendment of Article 42 of the Federal Constitutional Law on Common Courts in the Russian Federation, dated June 1, 2011, No. 3-FKZ, excludes the provision limiting the venue of a field court session to territorial jurisdiction. Previously, regional and district courts considered cases at the place of sitting and, if necessary, could hold sessions in other localities but within their territorial jurisdiction. The new Law revokes this limitation.

Court Practice. Real Estate

The RF Constitutional Court's Ruling Concerning the Case on Verification of Constitutionality of Article 11(1) of the RF Civil Code, Article 1(2) of the Federal Law on Arbitration Tribunals in the Russian Federation, Article 28 of the Federal Law on State Registration of Rights to and Transactions with Real Estate, Article 33(1) and Article 51 of the Federal Law on Mortgage in Connection with an Inquiry of the RF Supreme Arbitration Court, dated May 26, 2011, No. 10-P.

The subject of the case was propriety of consideration by arbitral tribunals of disputes over real estate (transfer and state registration of rights to real estate, levy of execution on mortgaged real estate). The Supreme Arbitration Court was of the opinion that the said law rules did not correspond to the Constitution and were legally uncertain, in particular to the extent of arbitral tribunals' jurisdiction over such disputes with regard for their public component. Such regulation, the Supreme Arbitration Court believed, could lead to controversial court practice in violation of the principles of business conditions stability secured by the RF Constitution.

The Constitutional Court has construed the said law rules in their interrelation and in their present version and found that consideration by arbitral tribunals of civil-law disputes over real estate (including levy of execution on mortgaged real estate) and state registration of corresponding rights on the basis of decisions of arbitral tribunals does not contravene the RF Constitution. It is noted however, that a federal legislator is entitled to amend the applicable laws and regulations on arbitral tribunals, including with regard for the Ruling, to the extent of transfer of certain categories of civil-law disputes to the exclusive jurisdiction of state courts.

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