

Published by Interfax Group



ISSN 1096-3030

August 30 – September 05, 2014

№35 (1127)

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WEEKLY REVIEW

News in brief

*** Russia's Economic Development Ministry is suggesting tariffs for natural monopolies' services be indexed in 2015 based on the new target forecast for 2014 inflation, which has been increased to 7.2% from May's 6%, the Director of the Economic Development Ministry's Department for Macroeconomic Forecasting Oleg Zasov said at a briefing in Moscow on August 26.

"We adjusted the indexation of tariffs based on the new inflation forecast," he said.

The Economic Development Ministry increased the target for inflation in 2014 to 7.2% from 6%, for 2015 to 6.5% from 5%, from 2016 it was maintained at 4.5% and for 2017 it was lowered to 4% from 4.3%.

Accordingly, in 2016 the rates are already planned to be indexed at 6.5% instead of 5%.

The parameters for the indexation of regulated tariffs on gas and electricity in 2015-2016 stipulates their increase to the level of forecast inflation of the previous year.

With respect to indexing railway shipments in 2015, in the forecast, growth still also stands at 7.2%. New decisions on the higher indexations that were discussed for them were not heard about by the Economic Development Ministry.

*** Russian President Vladimir Putin has called useful the Customs Union - Ukraine - European Commission meeting and said a Russia-Ukraine-EU working group will draw up proposals regarding Russian and Customs Union concerns about the Ukrainian intention to join the European Union before September 12.

"On the whole, my opinion is positive. The meeting held in that format was useful. We had an opportunity to formulate our concerns once again and we agreed to boost the activity of the trilateral working group comprising Russia, Ukraine and European Union representatives and to try to draw up proposals regarding the aforementioned concerns of Russia and the Customs Union before September 12," he told reporters in Minsk.

*** **Russia will exert maximum effort to uphold its gas contracts with Europe, the Energy Ministry said in a statement.**

"Amid the meeting of the leaders and the Customs Union countries and the Ukrainian president and representatives of the European Commission in Minsk the day before, at which agreement was reached to extend trilateral consultations on delivery of Russian gas to European countries through Ukraine, individual statements from Ukrainian political figures that Russia is planning to halt gas transit to the EU are perplexing," Energy Minister Alexander Novak is quoted in the statement as saying.

"We can only qualify this as an absolutely groundless attempt to sow confusion or misinform European consumers of Russian gas," he said.

"It must be stressed that Russia's position on this issue remains unchanged: we will exert maximum effort to ensure fulfillment of our contractual obligations to European importers regardless of the current political situation in one or another transit country. In achieving that goal, we are fully open to constructive dialog with all interested partners, including the competent and responsible representatives of Ukraine," Novak said.

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*** - Russia expects to sign a free trade zone agreement with Vietnam at the beginning of 2015, the Economic Development Ministry said in a statement following a meeting between Russian Economic Development Minister Alexei Ulyukayev and Vietnamese Industry and Trade Minister Vu Huy Hoang in Nay Pyi Taw, Myanmar on Thursday during Russia-ASEAN economy minister consultations.

"We have a common benchmark: growing trade to \$7 billion by 2015. We must ensure balanced and mutually beneficial trade and economic relations. That is the approach that lies at the foundation of our talks on an agreement to create a free trade zone between the Customs Union countries and Vietnam," Ulyukayev is quoted in the statement as saying.

"By the end of the year we plan to complete work in order to be ready to sign the agreement at the beginning of 2015," he said.

Trade turnover with Vietnam rose 8.4% to nearly \$4 billion in 2013.

The two ministers also discussed promising Russian-Vietnamese investment projects.

These include modernization and reconstruction of coal-fired power stations in Vietnam and delivery of power engineering equipment as part of comprehensive deliveries for the projects being built by Russian general contractors.

Russia and Vietnam currently have 12 priority investment projects, including power plant construction, projects in the metals and chemicals sectors and in transportation.

"We hope in the next few months to make serious progress and launch implementation of nine new projects," Ulyukayev said.

The two ministries confirmed their interest in implementing a project to create a light industry cluster in Primorye and agreed to cooperate in promoting Russian aircraft on Vietnam's market.

*** Participation in population censuses may become obligatory in Russia. The Russian Federal State Statistics Service (Rosstat) has initiated changes to the legislation making participation in nationwide population censuses obligatory in Russia.

Participation in population censuses is obligatory in the U.S., the UK, France, Japan, China and many other countries, Maxim Dianov, deputy head of the Federal State Statistics Service, told the agency's public council on August 26.

In the most recent population census, which took place in 2010, 1 million people refused to participate in it and another 2.6 million people were not home when census operators visited them. In addition, many people did not answer the questions asked in the questionnaires. For example, 3.5 people did not want to state the level of their education and 4 million would not say what they did for a living. These indicators were higher than the indicators of the 2002 population census.

According to the draft amendments, failure to participate in a population census will lead to a fine in an amount of up to 5,000 rubles, Federal State Statistics Service Director Alexander Surinov said. The document also envisions liability for providing false information.

The amendments, if adopted, will also make it possible to conduct nationwide population censuses over the Internet to make them as comfortable for citizens as possible and to save budget funds. In Estonia, for example, 56% of all citizens were surveyed over the Internet in the most recent population census.

The public council backed the Federal State Statistics Service's initiative to amend the legislation.

NEWS OF THE WEEK

Govt submits to State Duma bill improving mechanisms ensuring unimpeded return of Russian citizens to Russia

Russian Prime Minister Dmitry Medvedev has signed a decree on the submission to the State Duma of a bill amending Article 11 of the law On the Procedures for Entering and Departing the Russian Federation, the government reported on its website on August 28.

The document says the purpose of the bill is to improve the mechanisms governing the exercise by Russian citizens of their right to unimpeded return to Russia, which is guaranteed by Part 2 of Article 27 of the Constitution.

According to Article 11 of the federal law, citizens who have lost their Russian passports, diplomatic or service passports, or other identification documents outside Russia can return to Russia on a temporary document issued by a Russian diplomatic mission or consular establishment or a representation of the Russian Foreign Ministry located on a territory close to the border, including at a checkpoint on the Russian border. The document is an entry (return) certificate.

If a passport was not lost, but became unusable or expired, the citizen cannot be issued an entry (return) certificate. Under Article 10 of the federal law, a new passport can be issued by a diplomatic mission or consulate within three months following the date on which an application for the issuance of a new passport was filed.

“This situation leads to encroachments on the rights of Russian citizens, who cannot urgently return to Russia because they cannot use their passports,” the report says,

The change proposed by the bill will also help resolve situations when Russian citizens living abroad cannot be issued passports due to temporary entry restrictions imposed on them by the Russian authorities in accordance with Article 15 of the federal law. As a result, such citizens stay outside of Russia without identification documents and cannot return.

The bill was approved by the government on August 21.

Russian govt sees alternative foreign food suppliers trying to inflate prices

Russian government officials are saying that many foreign food suppliers who are not subject to Russia's ban on food imports from certain countries have begun to ramp up prices.

"The situation is particularly difficult with Latin American countries, which want to supply more, but nonetheless want to do this, of course, at the greatest benefit to themselves, and prices have begun to go up fairly dramatically," Deputy Prime Minister Arkady Dvorkovich said on August 28 at a meeting between President Vladimir Putin and members of the government.

Dvorkovich said these countries do not have any antimonopoly rules and they will not restrict their suppliers. "Nonetheless, we're trying to press them, so that they benefit not only this year, but so that they will work with us for a long time and get far more from long-term relations," he said.

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Agriculture Minister Nikolai Fyodorov said his ministry has stepped up negotiations on food imports with countries such as Iran, Turkey, China and Vietnam, as well as with virtually all Latin American countries.

"Alternative markets, of course, are opening up, but the current standards of Russian consumers and legal standards are fairly high, and it is not always possible to quickly reconfigure supply procedures," Fyodorov said.

He also confirmed that in the current market conditions the appetites of alternative suppliers have grown rapidly. "They are trying to take advantage of a situation where the profit margin could increase considerably. We are forced to bargain here and look for other potential suppliers," Fyodorov said.

He said active negotiations on increasing supplies of agricultural products are also being held with Belarus and Kazakhstan within the context of the Customs Union.

"Belarus is of great interest to us, and it is offering a very large amount of quality product. However, dealers appear who want to take advantage of the situation, perhaps not very well controlled by the Belarusian authorities," Fyodorov said.

In light of this, it is necessary to step up the efforts of Russia's Federal Veterinary and Phytosanitary Oversight Service, the minister said.

"Within the Customs Union we cannot have control and oversight functions directly at the border. We need to think about how to enhance the work of the Federal Veterinary and Phytosanitary Oversight Service, perhaps together with the Interior Ministry of Russia and other services, so as to nevertheless catch violators of the regime established in our country," Fyodorov said.

REALESTATE

Russian govt debates bill on unified real estate registration system

A unified real estate registration system, which will make real estate transactions safe, is being created in Russia. The Russian government debated a bill to this effect on August 28.

“We are talking about creating a unified system which will contain information on residential buildings, apartments, land sites, real estate owners, and their obligations, that is, the entire legal history of this or that object,” Russian Prime Minister Dmitry Medvedev told a Cabinet meeting.

The creation of this system will make it possible to more effectively protect citizens’ right to real estate, reduce the risks of investors who are working in this sphere, and ensure full and fair taxation of real estate.

“Deals with real estate will become safer and more reliable,” Medvedev said.

“All relevant state services should be made electronic,” he said.

“Beginning from 2017, people will not have to file separate applications for cadastral registration and property rights registration. It will be enough to go to Rosreestr [Federal Service for State Registration, Cadastre and Cartography] in person once, though a multi-function center or on the Internet,” Medvedev said.

Managing companies have no right to combine fund assets management with developer activities – Central Bank’s information notice

Combined activities under a managing company license to manage investment funds, equity funds and non-state pension funds with developer activities conducted in accordance with the law on shared construction of apartment buildings and other real estate objects does not meet the requirements of the law On Investment Funds, the Central Bank said in an information notice published on its website on August 27.

At the same time, managing companies have a right to invest managed funds in the shares and bonds of Russian economic entities, including developers, the Central Bank said.

FINANCE

Russian govt determines conditions for provision of budget loans to regions to replace bank loans

Russian Prime Minister Dmitry Medvedev has signed a decree outlining the conditions for providing Russian regions with loans from the federal budget to cover the deficit to replace loans given to them by banks.

The decree, entitled On Changes to the Rules Governing the Provision (Use, Repayment) from the Federal Budget to the Budgets of the Regions of the Russian Federation of Budget Loans in 2014, is available for viewing on the Russian government website.

The document provides that loans are provided to regions from the budget to partially cover the regions' budget deficit for the purpose of settling its debt obligations on state securities and loans received from lending organizations, foreign banks and international financial organizations if the regions fulfill several conditions.

Specifically, a region is required to have an approved debt policy for the next fiscal year and planned period. Regions cannot take on debt that the Russian regions are not authorized to take by the Constitution and federal laws. Regions are required to observe the regulations governing the formation of expenditures on public servants' labor remuneration and the funding allocated for financing regional authorities.

Furthermore, a region's budget deficit as of July 1, 2014 should be at the level of the deficit approved by the law for 2014. The region should plan its gradual reduction to 10% of the budget revenues by January 1, 2017.

Regions will also get loans if they plan a gradual reduction of the share of the total debt on bank loans and securities to 50% of the budget revenues by January 2017.

If the planned amendments to a region's budget lead to deficit change, the region will have to obtain the approval of the Finance Ministry.

Up to 230 billion rubles is allocated in the 2014 federal budget for budget loans to the regions.

The annual payment for using budget loans for partially covering Russian regions' budget deficit is 0.1%, and the payment for events associated with dealing with the aftermath of natural calamities and man-made disasters is 0%, the explanatory note attached to the decree says.

"The decisions that have been made will help create instruments to support the liquidity of the accounts of the budgets of the Russian regions and local budgets and make the management of Russia's financial resources more effective," the government said.

Finance Ministry is ready to extend deadline for transfer of intl payment systems' processing to Russia

The Russian Finance Ministry will analyze the work of Visa and MasterCard to transfer their processing to Russia and is ready to extend the deadline stated in the law, Russian Deputy Finance Minister Alexei Moiseyev told reporters on August 27.

“We will go according to the schedule. We will analyze the situation and we will consider this possibility if we see that they have done everything they can and still can't complete the process in time,” he said.

“We believe that it is legally possible to extend the deadline until January 1 under the current legislation,” he said.

The current deadline for the transfer of the international payment systems' processing to Russia is October 31, 2014.

“However, we would not like to do that because our task is to ensure continual transactions as soon as possible,” Moiseyev said.

“You can trust me, they are trying. They are working actively, they have brought many specialists who are working on transfers,” he said.

Moiseyev said the payment systems have some technological problems with online trade, “but it's some 1.5% of all transactions.”

“Speaking about any massive transactions such as ATMs and POS, there should be no problem,” he said.

BANKING REGULATION

Central Bank, Finance Ministry come up with bill creating Russian analogue of SWIFT

The Russian Central Bank and Finance Ministry have come up with a bill creating a Russian analogue of the system SWIFT, Russian Deputy Finance Minister Alexei Moiseyev told reporters on August 27.

“The Bank of Russia is working actively. We have drawn up a bill on the transition to internal Russian transactions within the Russian system. We have discussed it with the industry and the Bank of Russia. It wasn’t formally submitted, but the text exists,” he said.

The Finance Ministry will begin working on the text closely when it understands that the Central Bank is ready to technologically take transactions inside the country. “We need to ensure continual operation for all banks in all domestic transactions,” Moiseyev said.

In June, the Central Bank reported that it was studying the experience of India to create an infrastructure of the international banking system SWIFT. In India, SWIFT is being created on a parity basis with the Bank of India and all transactions will be processed inside the country, a Central Bank official said.

Rosfinmonitoring comes up with bill toughening fight against money laundering through trusts

The Federal Financial Monitoring Service (Rosfinmonitoring) has come up with a bill governing the activities by foreign trusts and legal entities that are at risk for money laundering.

The agency has come up with amendments to the law On the Prevention of Money Laundering and Terrorism Financing, a document posted on the legal information portal says.

The text of the bill has not been published. The document only says it will affect foreign trusts and legal entities like them, as well as organizations conducting operations with money and other property.

The document was drawn up on the orders of Russian First Deputy Prime Minister Igor Shuvalov on July 10, 2014.

In spring, the government announced a fight against trusts registered in offshores, which Russians often use to hide their assets. Several items dealing with trusts are stated in the national plan to fight tax evasion and concealment of beneficiary owners.

Rosfinmonitoring, the Finance Ministry, and the Trade and Economic Development Ministry were expected to come up with proposals governing the activities by foreign structures without the formation of a legal entity (trust, fund, partnership, or other form of collective investment) in June 2014.

The agencies are expected to come up with proposals prohibiting Russian residents from giving their property into a trust or other similar entity if the latter does not meet the transparency requirements by December 2014.

Central Bank wants to participate in work on govt decisions on tariff, tax policies

The Central Bank wants to participate in the work on the government's decisions on tariff and tax policies, Central Bank First Deputy Chairman Ksenia Yudayeva told Interfax.

Yudayeva said the Bank of Russia backs the idea of increasing the effectiveness of the interaction between the Central Bank and the government on the work on inflation benchmarks.

"The Bank of Russia, for its part, believes it should be involved in the work on the government's decisions on tariff and tax issues because these decisions have a considerable influence on inflation," Yudayeva said.

"We need to make full use of the available mechanisms and improve them, if needed," she said.

Speaking about the interaction between the Central Bank and the government, whose effectiveness Trade and Economic Development Minister Alexei Ulyukayev said should be boosted, Yudayeva said the Russian legislation already contains mechanisms for coordination of the government's and the Bank of Russia's actions. Specifically, the inflation benchmarks for the next three years are stated in the draft main areas of the monetary policies that are submitted to the government by the Central Bank every year. "This determines the involvement of the Trade and Economic Development Ministry and the Finance Ministry in the discussion on inflation benchmarks and the approaches of the Bank of Russia to the implementation of the monetary policies," Yudayeva said.

Yudayeva also said Trade and Economic Development Ministry and Finance Ministry officials have a right to participate in Bank of Russia board sessions in a consultative capacity.

Unregistered savings certificates should be banned – DIA director

Unregistered savings certificates should be banned in Russia and the insurance coverage on registered savings certificates could be increased, Yury Isayev, director of the Deposit Insurance Agency (DIA), said.

"I am confident that unregistered certificates should be banned. As for registered certificates, the guarantees on them could be increased. For example, if you placed a deposit into a certificate for a year, the state guarantees one million rubles to you, not 700,000 rubles like it does to everyone else, the guarantees could be increased depending on the period. And if you have placed for two years, you are guaranteed 2 million rubles, and for three years you are guaranteed 3 million rubles. We can't have irrevocable term deposits by law now. A savings certificate is essentially an analogue of an irrevocable deposit, and the economy needs long liabilities," he said in an interview with Kommersant.

"Of course, many additional questions arise here: should we introduce increased deductions for that, how the accounting should be done, but I am sure all these questions can be answered. Our lawyers are now working on an appropriate proposal. And if the Finance Ministry and the Central Bank support us, the situation can well be changed next year," he said.

The amount of the savings certificate market now reaches some 340 billion rubles, and an overwhelming majority of it accounts for Sberbank. Isayev said Sberbank does not create risks, but they are created by "other banks that seek to enter this niche."

According to earlier reports, a Finance Ministry-proposed bill banning the issuance of unregistered savings certificates has been submitted to the State Duma. The funding raised using this instrument now does not fall under deposit insurance, which means that banks do not make deductions to the DIA from them. Sberbank as the leading player on this market wants unregistered savings certificates to stay.

Frauds send some Russian banks forged U.S. tax services' inquiries - newspaper

Some Russian banks have received forged inquiries said to be from the U.S. tax services asking to disclose information on their U.S. clients and their accounts under the FATCA law, Kommersant has reported.

Kommersant has obtained a letter allegedly sent to one bank by the U.S. Internal Revenue Service (IRS). The letter bore a modified IRS emblem. The information on the recipient of the letter was erased in it, but, judging by the form, the letter was sent to a specific bank and stated its GIIN (a unique number assigned by the IRS). The letter, which was written in English, demanded that the bank to provide information on the accounts of its wealthy U.S. clients using a "secure" fax number or email.

The main indicator showing that the inquiries are forged is the fact that the IRS will only begin requiring banks to provide information beginning from January 1, 2015, and even then the IRS will not be able to request, for example, bank statement reports. In addition, the only channel used by the IRS for data transmission is a protected Internet connection and the IRS does not use any emails or faxes on principle.

FATCA is a U.S. tax law requiring financial non-resident organizations to provide to the IRS information on the accounts of U.S. residents and persons controlled by them and act as tax agents on transactions generating revenues from sources in the U.S.

Such fraudulent schemes should be prevented by the Central Bank and Rosfinmonitoring, whose approval banks are required to obtain before sending information to the IRS by law, experts said. However, a person receiving such a letter may send out information immediately, just seeing the IRS emblem and recalling that the bank has joined FATCA, fearing the blocking of the bank's correspondent accounts, a banker said.

Experts believe this information can be collected to steal money from people's accounts or to blackmail banks, threatening them with criminal liability for disclosing bank secrets.

CUSTOMS REGULATION

Banned re-export of goods from EU goes via Belarus

Banned re-export of goods from the European Union are coming via Belarus, Russian President Vladimir Putin said at a meeting between Customs Union presidents and Ukrainian President Petro Poroshenko attended by European Commission representatives.

"Goods from the EU banned from supply to Russia are proceeding even today within the Customs Union already. Unfortunately, in this case via Belarus," Putin said.

"Here you are, the label: country of origin - Belarus. The label is off - and it's Poland," Putin said.

Risks posed by Ukraine's association with EU

Following Ukraine's association with the EU, there will be tens of times more of such re-exported goods, which will simply "flood" Russia, he said.

"I know that the leadership of Belarus, both the government and the president, are trying to prevent this negative and unlawful practice. We at least have an agreement with them, but there is none with Ukraine," Putin said.

Putin said he hoped the participants in the Minsk meeting on Tuesday would have a constructive conversation in which Russia's partners would hear all of its arguments.

"On the whole, we favor arranging closer interaction between the EU and the Eurasian economic association," he said.

Russia does not object to other countries' membership in various unions, but it should not hurt Russia's interests

Russia respects the right of every country to organize its own political life, including the right to enter unions, but it should not hurt Russia's interests, Russian President Vladimir Putin said.

"Russia respects and will respect the sovereign choice of any national any country in the organization of its own political life and the organization of unions, military or economic," Putin said at the summit Customs Union – Ukraine held in Minsk on August 26.

At the same time, Putin said: "We are hoping that it will not happen to the detriment of other participants in international communication and that it will not be done at our expense."

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Medvedev orders inventory of state agricultural industry program for import substitution

Russian Prime Minister Dmitry Medvedev has ordered the Agriculture Ministry, the Finance Ministry, and the Trade and Economic Development Ministry to conduct an inventory of the state agricultural industry development program for 2013-2020 and specific investment projects in the agro-industrial sector and evaluate their influence on import substitution.

This order is contained in the decisions made at the meeting on the harvest and measures to increase agricultural production held in the Kursk region on August 22. The document is available for viewing on the government website.

Medvedev also ordered the Federal Scientific Organizations Agency, the Agriculture Ministry, the Education and Science Ministry, the Trade and Economic Development Ministry, and the Finance Ministry to decide on the creation of a federal state scientific association for selection and seed-farming in selection centers and seed farms reporting to the Federal Scientific Organizations Agency, and also the issue of the expediency of putting the Agriculture Ministry in charge of the animal husbandry gene selection centers, which now report to the Federal Scientific Organizations Agency.

The Agriculture Ministry and the Trade and Economic Development Ministry have been ordered to take into account the proposals on providing support to the rice industry in 2014 while adjusting the state program by September 30, 2014. Specifically, rice may be removed from the list of goods originating from developing and the least developed countries for which unified tariff preferences are provided when they are imported into the Customs Union.

The Agriculture Ministry, the Energy Ministry and JSC Gazprom have also been ordered to decide on the conditions for supplying gas to glasshouse horticulture enterprises by September 30.

The Agriculture Ministry, the Finance Ministry, the Trade and Economic Development Ministry, and the Agriculture Ministry have also been ordered to envision the inclusion of sub-sectors of agriculture aimed at developing domestic agricultural production in the list of priority sectors of the economy for the selection of investment projects within the project financing mechanism in their work on regulations on the project financing mechanism.

This needs to be done by September 15, 2014.

LEGAL COMMENTARY

Bank of Russia explains what companies will be public under new Civil Code

The Bank of Russia has explained what companies can be considered “public” in accordance with the amendments to the Russian Civil Code that take effect on September 1 and will for the first time divide all joint stock companies into public and non-public.

The Central Bank’s Information Notice N 06-52/6680 of August 18 on issues relating to the enforcement of the federal law N 99, which was published in the Bank of Russia Bulletin, provides that joint stock companies whose securities have ever been placed on open subscription or were publicly circulated on the conditions established by the laws on securities should be classed as public.

The Central Bank’s explanation allows for definite interpretation of the provision of the Civil Code that classes joint stock companies whose shares are “placed” publicly on the market (but not “were placed”) as public joint stock companies. A literal interpretation of the law formally made a company non-public if its open subscription was conducted, for example, a year ago. In the meantime, in both cases investors expect companies whose shares are present on the market to disclose all important information.

According to the wording of the document, the number of public open joint stock companies will be much less than the current number of open joint stock companies, experts said. According to the Federal Tax Service, there were almost 125,000 closed joint stock companies and over 31,000 open joint stock companies in Russia as of August 1. The latter as open joint stock companies are now required to disclose annual reports, lists of affiliated persons and some other information through authorized agencies (for example, www.e-disclosure.ru), but not a full list of significant facts.

A considerable part of the open joint stock companies that have now been classed as “non-public” will formally not be required to disclose anything to investors after they get rid of the word “open” in their names, Dmitry Olenkov, director of the Interfax Information Disclosure Service, said.

If a joint stock company had a privatization plan in the past, it is not an indicator of a public company, according to the Central Bank letter, because alienation of shares in accordance with a privatization plan is not public placement of shares in the sense of the laws on securities. Open subscription is a sequence of an issuer’s actions aimed at public placement of securities, and shares alienation was conducted by an authorized public body, not an issuer in accordance with privatization plans.

Fewer than 4,000 issuers (those that previously registered securities prospectuses) now disclose full lists of operative information, including numerous significant facts, through authorized agencies’ newswires.

Olenkov believes the division of joint stock companies into public and non-public will not affect the number of organizations required to disclose a full set of significant facts.

Several thousands of joint stock companies that were exempt from disclosure of information in the form of significant facts in the past few years will now disclose a reduced amount of infor-

mation (annual reports, annual accounting reports, lists of affiliated persons) as public joint stock companies because these companies have conducted public securities placement.

According to the website e-disclosure.ru, a total of 267,000 reports went through the authorized agencies' disclosure system in the past 12 months.

This indicator has been decreasing for the past 1.5-2 years because the number of companies publishing a full list of reports of significant facts and quarterly reports has decreased to 3,903 from almost 7,500 in 2010.

The number of open joint stock companies disclosing minimum information by law has also decreased. This is due to the general tendency towards a reduction of the number of open joint stock companies in Russia (there were over 40,000 open joint stock companies in Russia in 2010).

The Bank of Russia also explains that the requirements of the new Civil Code on the confirmation by a registration authority or notary public of decisions made in shareholders' meetings do not apply to joint stock companies with one shareholder.

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