

RUSSIAN FEDERATION

FEDERAL LAW

58-FZ of April 29, 2008

On amending certain legislative acts of the Russian Federation and declaring invalid certain provisions of legislative acts of the Russian Federation pursuant to adoption of the Federal Law “On procedures for implementation of foreign investment into business entities having strategic significance for national defense and state security

Adopted by the State Duma on April 2, 2008

Approved by the Federation Council on April 16, 2008

Article 1

Amend the Russian Federation Law # 2395-I of February 21, 1992 “On subsoil” (in the language of the Federal Law #27-FZ of March 3, 1995) (Bulletin of the Congress of the People’s Deputies of the Russian Federation and the Supreme Council of the Russian Federation, 1992, #16, Article 834; Compendium of the Russian Federation Legislation, 1995, #10, Article 823; 1999, #7, Article 879; 2000, #2, Article 141; 2001, #21, Article 2061; #33, Article 3429; 2002, #22, Article 2026; 2003, #23, Article 2174; 2004, #27, Article 2711; 2004, #35, Article 3607; 2006, #17, Article 1778; # 44, Article 4538; 2007, # 27, Article 3213) as follows:

1) amend Article 2¹ to read as follows:

“Article 2¹. **Subsoil areas of federal significance.**

For national defense and the state’s security, some subsoil areas shall be categorized as subsoil areas of federal significance.

The list of subsoil areas of federal significance shall be officially published by the federal body for managing the state subsoil fund according to procedures set by the Russian Federation Government, in an official source of the Russian Federation.

The following subsoil areas shall be categorized as subsoil areas of federal significance:

1) those harboring fields and shows of uranium, diamonds, particularly pure raw quartz, rare earths of the yttrium group, nickel, cobalt, tantalum, niobium, beryllium, lithium and metals of the platinum group;

2) those located on the territory of a Russian Federation constituent part or on the territories of Russian Federation constituent parts and containing, based on the data of the state balance of mineral reserves, starting from January 1, 2006:

recoverable reserves of oil of 70 million tons or more;

reserves of gas of 50 bcm or more;

reserves of vein gold of 50 tons or more;

reserves of copper of 500 thousand tons or more.

3) those of interior marine water, the territorial sea, the continental shelf of the Russian Federation;

4) those in whose use the use of defense-, security land is necessary.

Subsoil areas of federal significance whose list is officially published in accordance with part 2 of this Article shall keep the status of subsoil areas of federal significance regardless of changes in the requirements set by this Article.

In case if, during geological studies of subsoil made, including that under a combined license, by a subsoil user who is a legal entity with participation of foreign investors or a foreign investor, a mineral field has been discovered which, by its characteristics, meet the requirements set in part 3 of this Article, then the Russian Federation Government may decide to refuse granting the subsoil area use right for mineral exploration and production in this subsoil area of federal significance to such person or in a case of geological studies of subsoil that was done based on a combined license to terminate the right of use of the subsoil area for mineral exploration and production in this subsoil area of federal significance, if a threat to the national defense and state security emerges. The procedure for making such decisions shall be set by the Russian Federation Government.

Compensation of costs for prospecting and appraising the discovered mineral field and for paying, in accordance with terms and conditions of the combined license, the one-time payment for subsoil area use, the compensation to the entities who, in accordance with part 5 of this Article, have been refused to be granted subsoil area use right for mineral exploration and production at the subsoil area of federal significance, as well as payment of premiums to such entities, shall be made from the federal budget according to procedures set by the Russian Federation Government.

This Law employs “foreign investor” in the meaning specified in Article 2 of the Federal Law #160-FZ of July 9, 1999, “On foreign investment in the Russian Federation.” This Law means as foreign investors also organizations under control of foreign investors, including those formed on the territory of the Russian Federation.”;

2) add the following Article 2²:

“Article 2². **Federal fund of reserve subsoil areas**

For ensuring, in long term, the Russian Federation’s needs in strategic and scarce minerals, the federal fund of reserve subsoil areas shall be formed out of subsoil areas not granted for use.

Subsoil areas of the federal fund of reserve subsoil areas shall not be granted for use until a decision is made on their deletion from the federal fund of reserve subsoil areas.

Decisions to add subsoil areas into the federal fund of reserve subsoil areas and to delete subsoil areas from it shall be made by the Russian Federation Government upon presentation of the authorized federal executive body, unless federal laws stipulated otherwise.”;

3) in part 1 of Article 3:

a) amend Clause 6 as follows:

“6) official publication of the list of subsoil areas of federal significance in an official sources determined by the Russian Federation Government, forming the federal fund of reserve subsoil areas, setting lists of subsoil areas whose use right may be granted under terms and conditions of production sharing agreements;”;

b) add the following Clause 6¹:

“6¹) forming, jointly with Russian Federation constituent parts, regional lists of minerals categorized as prevalent minerals, as well as allotting subsoil areas of local significance;”;

4) amend Clause 7 of Article 4 as follows:

“7) to manage jointly with the Russian Federation, of the single state fund of subsoil in their respective territories, forming, jointly with the Russian Federation, regional lists of minerals categorized as prevalent minerals, as well as allotting subsoil areas of local significance;”;

5) amend part 2 of Article 6 as follows:

“Subsoil may be granted for use simultaneously for geological studies, mineral exploration and production. In this case, mineral exploration and production, except for mineral exploration and production in a subsoil area of federal significance, may be carried out both during geological studies of subsoil and upon their completion. Mineral exploration and production in a subsoil area of federal significance may be carried out based on the Russian Federation Government’s decision on possibility of mineral exploration and production in this subsoil area by the subsoil user only after completion of geological studies of subsoil in such subsoil area.”;

6) amend Article 9 as follows:

“Article 9. **Subsoil users**

Subsoil users may be subjects of business activities, including participants of special partnership, foreign citizens, legal entities, unless federal laws stipulate otherwise.

Subsoil users in a subsoil area of federal significance, except for a subsoil area of federal significance of the Russian Federation continental shelf and subsoil areas of federal significance located on the territory of the Russian Federation and extending to its continental shelf, may be legal entities formed in accordance with Russian Federation legislation, unless the Russian Federation Government has not set, in accordance with this Law, additional restrictions to the access to bidding in tenders or auctions for the right to use such subsoil areas, the restrictions for legal entities formed in accordance with Russian Federation legislation and with participation of foreign investors.

Subsoil users in a subsoil area of federal significance of the Russian Federation’s continental shelf, as well as subsoil areas of federal significance located on the territory of the Russian Federation and extending to its continental shelf, may be legal entities formed in accordance with Russian Federation legislation and having at least 5-year experience of development of subsoil areas of the Russian Federation’s continental shelf, where the share/stake of the Russian Federation in the registered capital exceeds 50% and/or, in whose respect the Russian Federation has the right to manage, directly or indirectly, more than 50% of the total number of votes falling on the voting shares/stakes comprising the registered capital of such legal entities.

Subsoil areas under terms and conditions of production sharing agreement may be legal entities and associations of legal entities formed based on a contract for joint activity (contracts of particular partnership) and not having the status of a legal entity, provided participants of such associations bear joint responsibility under commitments proceeding from the production sharing agreements.

In case federal laws state that in order to implement certain activities related to subsoil use, permits/licenses are required, subsoil users must have the permits/licenses for the respective activities related to subsoil use.

Subsoil users in operations involving production of radioactive substances and burial of radioactive materials, toxic and other dangerous waste may be legal entities formed in accordance with Russian Federation legislation and having permits/licenses for operations involving production and use of radioactive substances, for use of toxic and other dangerous waste.

Rights and duties of the subsoil user shall emerge from the date of state registration of the licenses for use of subsoil areas and where the subsoil area use right is being granted under terms and conditions of a production sharing agreement – from the effective date of such agreement.”;

7) amend Article 10¹ as follows:

“Article 10¹. **Grounds for occurrence of the subsoil area use right**

Grounds for occurrence of the subsoil area use right shall be:

1) a decision of the Russian Federation Government made:

Upon results of a tender or an auction, for mineral exploration and production or for geological studies of subsoil, mineral exploration and production under a combined license in a subsoil area of federal significance;

Upon discovery is established of a mineral field in a subsoil area of federal significance or in a subsoil area which is categorized as a subsoil area of federal significance as a result of discovery of a mineral field by the subsoil user who made geological studies of subsoil from his own (including attracted) resources for mineral exploration and production of the discovered mineral field and who recovered, in case they are available, the state’s expenses for prospecting and appraisal of minerals in the subsoil area of federal significance according to procedures set by the Russian Federation Government;

For burial of radioactive, toxic and other dangerous waste in deep horizons providing for localization of such waste;

2) a decision of the federal body for management of the state fund of subsoil or its regional body for granting the right of short-term (up to 1 year) use of the subsoil area for the legal entity’s (operator’s) activities in the subsoil area whose use right has been cancelled early;

3) a decision of the commission to be formed by the federal body for management of the state fund of subsoil, whose composition shall also include representatives of the executive body of the respective constituent part of the Russian Federation, for consideration of applications for granting the subsoil area use right:

For geological studies of subsoil areas, except for subsoil in subsoil areas of federal significance;

Upon discovery is established of a mineral field in a subsoil area, except for a subsoil area of federal significance and a subsoil area which is categorized as a subsoil area of federal significance as a result of discovery of a mineral field by the subsoil user who made geological studies of subsoil from his own (including attracted) resources for mineral exploration and production of the discovered mineral field and who recovered, in case they are available, the state's expenses for prospecting and appraisal of minerals in the subsoil area, granted for use for mineral exploration and production, according to procedures set by the Russian Federation Government;

For extraction of underground water being used for drinking water supplies to the population or technical supplies of water to industrial objects;

For construction and operation of underground facilities unrelated to mineral production;

For construction of oil- and gas storages in formation of rocks and for operation of such oil- and gas storages, placing of production- and consumption waste;

For formation of especially protected geological objects:

4) a decision of the tender- or auction commission on granting the subsoil area use right for mineral exploration and production or for geological studies of subsoil, mineral exploration and production under a combined license, except for subsoil areas of federal significance;

5) a decision of a executive body of a constituent part of the Russian Federation, coordinated with the federal body for management of the state fund of subsoil or its regional body, for collection of mineralogical, paleontological and other geological collectibles;

6) a decision of a state power body of a constituent part of the Russian Federation, adopted in accordance with legislation of the Russian Federation constituent part, on granting the right to use a subsoil area harboring fields of prevalent minerals or, a subsoil area of local significance (including a subsoil area of local significance used for construction and operation of underground facilities unrelated to mineral production);

7) transfer of the subsoil area use right in accordance with grounds set by federal laws regulating subsoil use relations;

8) an effective production sharing agreement concluded in compliance with the Federal Law "On Production Sharing Agreements";

9) a state contract for performance of works on geological studies of subsoil (including that for regional geological studies), concluded by the federal body for management of the state fund of subsoil in accordance with the Federal Law #94-FZ of July 21, 2005, "On Placing Orders for Deliveries of Goods, Performance of Work, Rendering Services for State- and Municipal Needs".;

8) amend Article 13¹ as follows:

"Article 13¹. **Tenders and auctions for the subsoil area use right**

Decisions on holding tenders or auctions for the subsoil area use right, on composition of and procedures for work of tender- and auction commissions shall be made and procedures, terms and conditions of such tenders or auctions in respect of each subsoil area or a group of subsoil areas shall be determined by:

- 1) the Russian Federation Government in respect of subsoil areas of federal significance;
- 2) the state power body of the respective constituent part of the Russian Federation in respect of subsoil areas harboring fields of prevalent minerals or, subsoil areas of local significance;
- 3) the federal body for management of the state fund of subsoil or its regional bodies in respect of subsoil areas, except for subsoil areas specified in Clauses 1 and 2 of this part.

In the interests of national defense and state security, the Russian Federation Government, when determining procedures, terms and conditions of tenders or auctions for the use right for subsoil areas of federal significance, except for subsoil areas of federal significance of the Russian Federation's continental shelf and subsoil areas of federal significance located on the territory of the Russian Federation and extending to its continental shelf may, upon presentation of the federal executive bodies in charge for elaborating and implementing the state policy in defense and (or) the federal executive bodies in charge for security, set restrictions for access to such tenders and auctions for legal entities formed in accordance with Russian Federation legislation with participation of foreign investors.

A decision on approving the results of a tender or auction for the subsoil area use right shall be made within 30 days from the date of the tender or auction, by the bodies specified in part 1 of this Article.

Tender- or auction commission, being formed by the federal body for management of the state fund of subsoil or its regional bodies, shall also include representatives of the executive body of the respective constituent part of the Russian Federation.

The main criteria for declaring the winner, when holding a tender for the subsoil area use right, shall be the scientific-technical level of programs for geological studies of subsoil and use of the subsoil areas, the completeness of mineral extraction, the contribution into socio-economic development of the territory, timeframes for implementation of the respective programs, efficiency of action in subsoil- and environmental protection, guaranteeing national defense and state security.

The main criteria for declaring the winner, when holding an auction for the subsoil area use right shall be the size of the one-time payment for the subsoil area use right.

In case a tender for the subsoil area use right is declared void because the application has been received from only one bidder, the subsoil area use license may be issued to this bidder under terms and conditions of such tender.

Announcements on forthcoming tenders for the subsoil area use right must be published in Russia-wide mass media sources and mass media sources published in the respective constituent parts of the Russian Federation no later than 90 days, and announcements on forthcoming auctions – no later than 45 days prior to their date, counting from the first publication date. Announcements on forthcoming tenders or auctions in respect of subsoil areas of federal significance must contain information on restriction of access to such tenders or auctions, the restrictions set in accordance with part 2 of this Article.

The mass media sources for publishing such announcements shall be chosen by the bodies specified in part 1 of this Article.

Procedures for and terms and conditions of a tender or an auction for the subsoil area use right for making a production sharing agreement shall be determined in accordance with Russian Federation legislation.”;

9) add the following Clause 5 to Article 14:

“5) the applicant fails to meet the criteria set by terms and conditions of the tender or auction for obtaining the right to use the subsoil area of federal significance.”;

10) amend Article 16 as follows:

“Article 16. Logistical support of the state licensing system

Logistical support of the state licensing system shall be placed on the federal body for management of the state fund of subsoil and its regional bodies.

The federal body for management of the state fund of subsoil or its regional bodies shall:

- 1) prepare, for presentation to the Russian Federation Government, proposals on holding auctions or tenders for the use right of subsoil areas of federal significance;
- 2) prepare and approve the list of subsoil areas being proposed for their granting for use, and terms and conditions of their granting, except for subsoil areas of federal significance and subsoil areas falling under the jurisdiction of the Russian Federation’s constituent parts;
- 3) provide for operation of the state licensing system, except for licensing of use of subsoil areas falling under the jurisdiction of the Russian Federation’s constituent parts;
- 4) prepare terms and conditions of use of subsoil areas for geological studies of subsoil, mineral exploration and production in respect of each subsoil area, except for the subsoil areas falling under the jurisdiction of the Russian Federation’s constituent parts.

Executive bodies of Russian Federation’s constituent parts shall, in respect of subsoil areas located in their respective territory:

- 1) provide for operation of the state licensing system for use of subsoil areas falling under the jurisdiction of the Russian Federation’s constituent parts;
- 2) prepare terms and conditions of use of subsoil areas falling under the jurisdiction of the Russian Federation’s constituent parts;
- 3) shall be entitled to submit, to the federal body for management of the state fund of subsoil or its regional bodies, their proposals on forming the program for licensing of use of subsoil areas, on terms and conditions of auctions and tenders for the right to use subsoil areas and terms and conditions of licenses for use of subsoil areas.

Federal executive bodies shall take part in providing for operations of the state licensing system in accordance with their authority, to be determined by the Russian Federation Government.

Formalization, state registration and issuance of license for subsoil area use shall be carried out by the federal body for management of the state fund of subsoil or its regional bodies and, in respect of subsoil areas falling under the jurisdiction of the constituent parts of the Russian Federation – by authorized executive bodies of the respective constituent parts of the Russian Federation.

Procedures for formalization, state registration and issuance of licenses for use of subsoil areas harboring fields of prevalent minerals or, subsoil areas of local significance (including that for subsoil areas of local significance being used for construction and operation of underground facilities unrelated to mineral production) shall be set by state power bodies of constituent parts of the Russian Federation.

Procedures for consideration of applications for obtaining the subsoil use right for burial of radioactive, toxic and other dangerous waste in deep horizons ensuring localization of such waste, as well as in establishing the fact of discovery of a mineral field in a subsoil area of federal significance or in a subsoil area categorized as a subsoil area of federal significance as a result of a discovery of a mineral field by the subsoil user who made geological studies of subsoil at the expense of his own resources, for mineral exploration and production of the discovered field, shall be set by the Russian Federation Government.

Procedures for consideration of applications for obtaining the subsoil use right for geological studies of subsoil (except for subsoil in subsoil areas of federal significance), extraction of underground water being used for drinking water supplies to the population or technical supplies of water to industrial facilities, for construction and operation of underground facilities unrelated to mineral production, construction of oil- and gas storages in formations of rocks and operation of such oil- and gas storages, placement of production- and consumption waste, formation of particularly protected geological objects, granting the right of short-term (up to 1 year) use of the subsoil area, collection of mineralogical, palaeontological and other geological collectibles, as well as where the fact is established of discovery of a mineral field in the subsoil area, except for a subsoil area of federal significance and a subsoil area categorized as a subsoil area of federal significance as a result of a discovery of a mineral field by the subsoil user who made geological studies of subsoil at the expense of his own resources, for mineral exploration and production of the discovered field, shall be set by the federal body for management of the state fund of subsoil upon coordination of federal executive body for legal regulation in economic development.

Licensing procedures for subsoil area use shall be set by Russian Federation legislation.”;

11) in Article 17¹:

a) add the following part 9:

“Unless this Law sets otherwise, it shall be forbidden to transfer the right to use a subsoil area of federal significance to a legal entity formed in accordance with Russian Federation legislation where the foreign investor or a group of persons which the foreign investor joins:

1) is entitled to manage, directly or indirectly (including that based of a contract of trust management of property, contract of special partnership, contract of agency or, as a result of other deals or, upon other grounds), more than 10% of the total number of votes falling on voting shares/stakes that comprise the registered (stock) capital of such legal entity;

2) is entitled, based on a contract or otherwise, determine decisions being taken by such legal entity, including determine terms and conditions of his implementation of business activities;

3) is entitled to appoint a single executive body and/or more than 10% of the collegiate executive body and/or, has an unconditioned opportunity to elect more than 10% of the board of directors (supervisory council) or another collegiate management body of such legal entity.”

b) add the following part 10:

“In exceptional cases, it shall be allowed, by a decision of the Russian Federation Government, to transfer the right to use a subsoil area of federal significance to business entities specified in part 9 of this Article.”;

12) in Article 20:

a) add the following new part 3:

“The right to use a subsoil area of federal significance for mineral exploration and production, the right being implemented under a combined license, shall be cancelled early by bodies who issued such license, based on a decision of the Russian Federation Government made in accordance with part 5 of Article 2¹ of this Law.”;

b) regard parts 3-4 as parts 4-5, respectively;

13) in Article 21:

a) add “and part 3” after “part 2” to part 3;

b) add “,part 3” after “part 2” to part 6;

14) amend part 2 of Article 40 as follows:

“Minimal/startup sizes of one-time payments for subsoil use shall be set in the amount of at least 10% of the Mineral Extraction Tax calculated for the average annual capacity of the producer. In case a tender or an auction is held for the right to use a subsoil area of federal significance which harbors a mineral field discovered as a result of geological studies by a legal entity with participation of foreign investors or, by the foreign investor in whose respect the Russian Federation Government has made a decision on refusal to grant the right to use this subsoil area for mineral exploration and production in accordance with part 5 of Article 2¹ of this Law, the minimal/startup size of the one-time payment for subsoil use shall be set as the sum of expenses of this entity for prospecting and appraisal of such mineral field. The methodology for determining the minimal/startup size of the one-time payment for subsoil use shall be set by the federal body for management of the state fund of subsoil.”.

Article 2

Amend the Federal Law #144-FZ of August 12, 1995, “On Investigation Activities” (Compendium of the Russian Federation Legislation, 1995, #33, Article 3349; 1999, #2, Article 233; 2000, #1, Article 8; 2001, #13, Article 1140; 2003 #2, Article 167; #27, Article 2700; 2005 # 49, Article 5128; 2007 # 31, Article 4006, 4011) as follows:

1) Add the following Article 8¹:

“Article 8¹. Specifics of investigation actions by investigation units of the federal executive bodies for security in the area of making foreign investment into business entities having strategic significance for national defense and state security

With purposes of determining the establishment, by a foreign investor or a group of persons the foreign investor joins, of control over a business entity having strategic significance for national defense and state security, as well as a fact of availability of an agreement and/or concert of actions, among foreign investors and third parties, aimed at establishing such control, investigation units of bodies of the federal security service shall be allowed to make investigation action stipulated by Article 6 of this Federal Law. It shall be allowed to use the results of the investigation as proof under lawsuits stipulated by Article 15 of the Federal Law “On Procedures for Making Foreign Investment into Business Entities having Strategic Significance for National Defense and State Security”.”;

2) add “and, in other cases set by this Federal Law” to part 2 of Article 11.

Article 3

Amend the Federal Law #187-FZ of November 30, 1995, “On Continental Shelf of the Russian Federation” (Compendium of the Russian Federation Legislation, 1995, #49, Article 4694; 1999, #7, Article 879; 2003, #27, Article 2700; 2004, #35, Article 3607; 2006 #45, Article 4640) as follows:

1) in Article 7:

a) amend part 1 as follows:

“Areas of the continental shelf (the”areas”) may be granted to persons meeting the requirements stipulated by part 3 of Article 9 of the Russian Federation Law #23950-I of February 21, 1992, “On Subsoil” (the “Russian Federation Law “On subsoil””).”;

b) amend part 2 as follows:

“Areas shall be granted for use for:

Regional geological studies of the continental shelf for appraising the prospects of ore-bearing and oil-and-gas-bearing of huge regions of the continental shelf;

Simultaneous prospecting, exploration and development of mineral resources.”;

c) declare part 4 and 5 ineffective;

d) amend part 6 as follows:

“Procedures for granting for use of the areas and for using the areas shall be regulated by federal laws applicable to the continental shelf and to activities therein.”;

e) add the following part 7:

“Subsoil users who meet the requirements stipulated by part 3 of Article 9 of the Russian Federation Law “On subsoil” and who are engaged in geological studies of areas within

respective federal dedicated programs may receive subsidies from the federal budget for performance of works in geological studies of the areas.”;

2) in Article 8:

a) declared part 4 ineffective;

b) declare part 10 ineffective.

Article 4

Amend paragraph 2 of part 5 of Article 84³ of the Federal Law #208-FZ of December 26, 1995, “On Joint-Stock Companies” (Compendium of the Russian Federation Legislation, 1996, #1, Article 1; 2006, #2, Article 172; 2007, #31, Article 4016), to read as follows:

“In case the total number of shares in whose respect applications for their sales are submitted exceeds the number of shares which the person who submitted the voluntary offer intends to purchase or, if the number of shares in whose respect applications for their sales are submitted exceeds the number of shares which the person who submitted the voluntary or the mandatory offer is entitled to purchase, in accordance with requirements of the Federal Law “On Procedures for Making Foreign Investment into Business Entities having Strategic Significance for National Defense and State Security”, the shares shall be purchased from stakeholders in the amount proportional to the number of shares specified in the applications, unless the voluntary offer or the application for the sale of the shares stipulates otherwise”.

Article 5

Amend the Federal Law #14-FZ of February 8, 1998, “On Limited Liability companies” (Compendium of the Russian Federation Legislation, 1998, #7, Article 785) as follows:

1) add the following Clause 3 to Article 1:

“3. Relations linked to the making, by foreign investors or a group of persons which the foreign investor joins, of deals involving stakes which comprise the registered capital of a limited liability company having strategic significance for national defense and state security and, to setting the control, by foreign investors or a group of person which the foreign investor joins, over such companies shall be regulated in accordance with provisions of the Federal Law “On Procedures for Making Foreign Investment into Business Entities having Strategic Significance for National Defense and State Security.”;

2) add the following part 4 to Article 24:

“Distribution of the stake owned by the company having strategic significance for national defense and state security in accordance with the Federal Law “On Procedures for Making Foreign Investment into Business Entities having Strategic Significance for National Defense and State Security” among its parties, sale of this stake to parties of such company and third parties, redemption of this stake if as a result of such action the foreign investor or a group of persons which the foreign investor joins can get control or, have set control over such company shall be made according to procedures stipulated by the said Federal Law.

Article 6

Add the following part 4 to Article 6 of the Federal Law #160-FZ of July 9, 1999, “On Foreign Investment in the Russian Federation” (Compendium of the Russian Federation Legislation, 1999, #28, Article 3493):

“Deals which are made by foreign states, international organizations or by organizations under their control and, as a result of which the right is being gained to manage, directly or indirectly, more than 25% of the total number of votes falling on voting shares/stakes comprising the registered capital of a Russian business entity or, another opportunity to block decisions of management bodies of such business entity, shall be subject to preliminary coordination according to procedures stipulated by Articles 9-12 of the Federal Law “On Procedures for Making Foreign Investment into Business Entities having Strategic Significance for National Defense and State Security”.

Article 7

Add the following Clause 88 to part 2 of Article 28.3 of the Russian Federation Code of Administrative Offences (Compendium of the Russian Federation Legislation ...):

“88) officials of the federal executive body authorized for control over foreign investment in the Russian Federation – on administrative offences envisaged by Articles 19.6 and 19.7 of this Code.”.

Article 8

Add “the Governmental commission for control over foreign investment in the Russian Federation” after “Russian Federation Government” to Clause 2 of part 2 of Article 34 of the Russian Federation’s Arbitration Procedural Code (Compendium of the Russian Federation Legislation 2002, #30, Article 3012).

Article 9

[*communications*]

Article 10

Amend the Federal Law #135-FZ of July 26, 2006, “On Protection of Competition” (Compendium of the Russian Federation Legislation, 2006, #31, Article 3434), as follows:

1) amend clause 8 of part 1 of Article 23 as follows:

“8) shall keep the register of business entities having the share in a market of a certain commodity of more than 35% or, occupying a dominant position in a market of a certain commodity, if, in respect of such market other federal laws set cases of recognizing a business entity as occupying a dominant position (hereafter the register). Procedures for forming and keeping the register shall be set by the Russian Federation Government;”.

2) in clause 1 of part 1 of Article 27 delete “business entities having the share in a market of a certain commodity of more than 35% (hereafter the register)”.

Article 11

[*aviation*]

Article 12

1. This Federal Law shall come into force from its official publication date.
2. Provisions of parts 5 and 6 of Article 2¹ of the Russian Federation Law # 2395-I of February 21, 1992 “On Subsoil” (in the language of this Federal Law) shall apply in cases mineral fields are discovered after the date of entering into force of this Federal Law and, shall not apply in respect of subsoil areas granted for use for geological studies, mineral exploration and production under a combined license, the subsoil areas in which the subsoil user has completed geological studies and duly proceeded to mineral exploration and production before the date of entering into force of this Federal Law.
3. Provisions of parts 2 and 3 of Article 9 of the Russian Federation Law # 2395-I of February 21, 1992 “On Subsoil” (in the language of this Federal Law) shall not be applicable in the use of a subsoil area of federal significance by a person to whom the right to use this subsoil area was granted before the date of entering into force of this Federal Law.
4. Procedures for forming the federal fund of reserve subsoil areas shall be set by the Russian Federation Government upon expiry of 180 days after the date of entering into force of this Federal Law.

Russian Federation President

V. Putin

Moscow, Kremlin
April 29, 2008
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