

New requirements on federal TV advertising contracts

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Goltsblat BLP advises that **Federal Law No. 354-FZ "On amending Articles 14, 33 and 36 of the Federal Law "On Advertising"" of 27 December 2009** came into effect on 28 December 2009.

This Federal Law imposes restrictions on federal television channels (i.e., organisations broadcasting on the territories of over five RF constituent entities) concluding contracts for rendering advertising services.

In future, such channels will not be allowed to enter into advertising contracts with any entities holding a preferential position on the television advertising market.

An "entity holding a preferential position in television advertising via federal channels" means an organisations with a more than 35 per cent share in national or regional advertisement placement.

The share is calculated as the ratio of the amounts paid by advertisers under contracts with such an entity and its affiliated parties during the previous two years to the total amount paid by advertisers under such contracts with all federal channels over the same period.

Federal TV channels with government participation may enter into advertising contracts only by auction or tender, held as provided for in the Russian legislation.

In order to ensure that these rules are observed, the antimonopoly authorities have been empowered to require that any contracts made in violation of them be terminated by a set date at least one month from the instruction being received by either party to such a contract.

Any failure to comply with such an instruction would entail significant administrative fines being imposed on both individual officials and legal entities.

It should also be noted that all advertising services contracted prior to the effective date of this Federal Law will be deemed valid for only one year therefrom. In other words, all contracts made in violation of the above requirements will terminate on 28 December 2010.

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