Organising an investment in Russia

Prepare for opportunity

A practical guide from the Economist Intelligence Unit

Basic investment approval

Unless a company is involved in strategic sectors specified in Federal Law 57–FZ (see Foreign investment), foreign direct investment does not usually require prior authorisation. Nevertheless, foreign entities need prior authorisation from the Central Bank of the Russian Federation (RCB) in order to establish a bank or credit organisation in Russia or to acquire a stake in an existing Russian bank or credit organisation. Approval is also needed from the Federal Anti-monopoly Committee (FAC). Since Vladimir Putin, the prime minister, has been chairing the Foreign Investment Advisory Council (FIAC), an organisation that provides the government with advice on attracting foreign investment, its importance has increased.

The government has set foreign-ownership limits in industries and individual companies in sectors that it considers to be strategic or sensitive, including the power and gas monopolies, banking, insurance, mass media, diamond mining and civil aviation, in accordance with Law 57–FZ.

Investment-approval checklist

The registration procedure is the same for Russian and foreign legal entities. Documents for state registration must be prepared and submitted in accordance with Chapter 12 of the Law on State Registration of Legal Entities (No. 129–FZ, of August 8th 2001, last amended June 2003, as from January 1st 2004). The Moscow City Division of the Ministry of Taxes and Levies provides the documents and forms (in Russian only) necessary for registration (http://www.r77.nalog.ru/).

The Main Research Computer Centre of the Tax Inspectorate has developed a software program for the registration process, available at http://www.gnivc.ru. The site also provides help on using the program.

Companies must be registered with the Tax Inspectorate using their official address in Russia and be entered in the Unified State Register of Legal Entities.

The signed application form for state registration of legal entities must be submitted with the memorandum of association, charter, articles of association, byelaws, the decision to create a legal entity (protocol, agreement or other), extracts from each of the founding foreign legal entities' Trade Registers or other documents confirming registration in accordance with the legislation of their home countries, and proof of payment of the registration fee (Rb2,000, or about US$67).

By law, companies should be registered or refused registry within five days of the receipt of all registration documents. If registered, the local tax authorities must provide certificates of registration and of entry in the Unified State Register of Legal Entities within one working day. The state may refuse to register a legal entity for not submitting all necessary documents or for submitting documents to the incorrect registering body.

Foreign companies must submit certain documents to open a representative office or to receive accreditation and entry into the State Register of Branches. The documents and additional information are available at the State Registration Chamber website: http://www.palata.ru/en (English version).

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Foreign documents are accepted only with the original consular legalisation stamps or certified by apostille, if international agreements do not preclude such a procedure, and should be enclosed with a Russian translation, notarised or certified by the consular organisation abroad.

The following documents are required of a foreign legal entity (FLE) to open a representative office:

- Application to open a representative office of an FLE in Russia (on the FLE's letterhead, signed by the head of the FLE, with the stamp, name, date of establishment, location, type of business activity, purpose of establishing a representative office in Russia, and information about business co-operation with Russian partners and the prospects for such development);
- Registration certificate of the FLE or extract from the Trade (Bank) Register (valid for six months from date of issue);
- Charter (if the charter is not required under the laws of the FLE's country of registration, a document confirming such a law and issued by a relevant authority of the country of registration must be provided);
- The FLE's decision to establish a representative office in Russia;
- Recommendation letter of the FLE's bank in its country of registration, confirming the solvency of the FLE (valid for six months from its date of issue);
- General power of attorney issued to the head of the FLE's representative office in Russia (notarised copy of the original document is permissible);
- Power of attorney allowing the representative to apply to the chamber to open a representative office in Russia;
- Statute about the FLE's representative office in Russia;
- Document confirming the address of the FLE's representative office in Russia (a letter of guarantee either stamped by the Technical Inventory Bureau or with an enclosed rent contract or an enclosed legal ownership certificate);
- Recommendation letters from Russian business partners (at least two letters, on the companies' letterhead, content at the discretion of the author, signed by the heads of the companies and properly stamped);
- Document confirming that the location of the FLE's representative office has been agreed with the federal authorities (if the representative office being established is outside of Moscow);
- Card (provided by the chamber) with information about the FLE's representative office (two copies, signed by the FLE's representative with the company's stamp, are required).

The following documents are required for the FLE's branch to receive accreditation and entry into the State Register:

- Application to accredit the branch of the FLE and entry in the State Register;

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- Two copies of the "accreditation data" card, stamped by the FLE or its representative;
- Extract from the Trade Register from the FLE's country of origin or other document confirming the FLE's registration in accordance with the legislation of its home country;
- The FLE's charter (if the charter is not required under the laws of the FLE's country of registration, a document confirming such a law and issued by the relevant authority of the country of registration must be provided);
- Document confirming the solvency of the FLE, issued by company's bank;
- Decision to establish the branch;
- Original notarised statute about the branch, plus one copy;
- Documents giving the power of attorney to the head of the FLE's branch;
- Original power-of-attorney document that permits the authorised representative to register the business with the State Registration Chamber;
- Relevant expert conclusions (for example, by the Ministry of Fuel and Energy of Russia or State Committee of Russia for Ecology) in such situations as stipulated by Russian laws (notarised copy of the original documents is permissible);
- If the FLE has not been registered before, documents confirming that the federal authorities (administrations of lands, regions, republics, national districts in Russia) have approved the establishment of the branch are required (which may be originals or copies but must be notarised or certified by the local authorities). If the FLE has been registered before, a notarised copy of the registration certificate is necessary;
- If the FLE has not been registered before, receipt of payment of the registration fee is needed. If the FLE has been registered before, a copy of the State Tax Inspection reference is necessary;

If the FLE has been registered before, additional documents required include a copy of the letter from the State Statistics Committee about the assignment of codes, a notarised copy of a bank reference about the opening of accounts, and a copy—certified and stamped by the head of the branch—of the financial statement of the previous accounting period (with a tax-inspection stamp).

Acquisition of an existing firm

All share purchases must be registered with the Federal Service on Financial Markets (formerly the Federal Commission on Securities Markets). An acquisition of a stake that exceeds 20% also requires prior approval from the Federal Anti-monopoly Service (FAS), as does any incremental increase of an existing stake above that level, or more than 10% of the production assets of the company. Some investors have said the FAS may play a hand in blocking acquisitions by foreign bidders of certain "strategic" assets (that is, those the government considers critical to its national security).

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The government has set (by law or decree or as a shareholder) foreign-ownership caps in industries or individual companies in sectors deemed strategic or otherwise sensitive, including the gas and power monopolies, banking, insurance, mass media, diamond mining and civil aviation.

On January 5th 2006 the president signed Federal Law 7–FZ, On Amendments to the Federal Law on Joint-Stock Companies and Certain Other Legislative Acts of the Russian Federation. The amendments inserted a new chapter (chapter XI.1, Articles 84.1–84.10) into the Federal Law on Joint Stock Companies. This addresses the acquisition of more than 30% of the shares in an open joint-stock company. The amendments entered into force on July 6th 2006, with the following stipulations:

- A voluntary offer can be made by a person who wishes to acquire more than 30% of the total number of ordinary and privileged shares in a company (taking into account the person's own shares and those of the person's affiliates).

- A mandatory offer (to purchase the remaining shares in a company) must be made by a person who has acquired more than 30% of the total number of the company's ordinary and privileged shares. A mandatory offer must be made within 35 days from the date when more than 30% of the shares were registered in the purchaser's name.

- A shareholder who has acquired more than 95% of the shares in a company (as a result of either a mandatory offer or a voluntary offer) must redeem the remaining shares and securities convertible to shares from minority shareholders of the company. The majority shareholder must give the minority shareholders a notification within 35 days from the acquisition of more than 95% of the shares. The minority shareholders have the right to demand purchase of their shares within six months from the dispatch of the majority shareholder's notification.

- The right to request redemption of the shares arises for a majority shareholder if the shareholder has acquired more than 95% of the shares based on a voluntary or mandatory public offer; if at least 10% of the total number of shares has been acquired based on such an offer.

- To exercise this right, the majority shareholder must submit a request within six months of the expiry of the voluntary offer or mandatory offer.

Federal Law 146–FZ, On Amending the Federal Law on Joint-Stock Companies (the JSC Law), dated July 27th 2006, entered into force on August 9th 2006. Law 146–FZ introduced amendments to a number of articles of the JSC Law, including Articles 17 and 81.

First, Law 146–FZ changed interested-party transaction rules for mergers and consolidations of joint-stock companies. The interested-party transactions rules previously applied to mergers and consolidations of joint-stock companies only when one of the participating joint-stock companies held less than 75% of the total number of voting shares in another company. After the implementation date of Law 146–FZ, the interested-party rules established by the JSC Law no longer applied at all to mergers and consolidations of joint-stock companies.

Second, Law 146–FZ established new rules on mergers of Russian joint-stock companies. Hence, when one company acquires another, the shares in the target company may not be cancelled if this is explicitly established by the acquisition agreement. The shares must be sold at a price at least equal to

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their market value within one year of their acquisition; otherwise, the acquiring company must reduce its charter capital.

In January 2008 the Russian government adopted a draft law, On Procedures for Making, in the Russian Federation, Foreign Investment into Commercial Organisations Having Strategic Significance for the Russian Federation's National Security. Outgoing President Vladimir Putin signed the law in early May 2008, and it came into force on May 7th of that year. The law identifies 42 areas as strategic for the Russian economy and stipulates that foreign investors wanting to control more than 50% of companies in these areas must apply for a special permit, which can be granted only by a committee headed by the prime minister. Moreover, the Federal Security Service (FSS) assesses the implication of such investments on national security. Although there has been discussion since then that the law may be too restrictive and needs to be amended, it remains mostly in place. The State Duma passed some amendments, but they involve only marginal changes governing encryption in the financial-services industry and the issuance of additional shares in existing companies.

Foreign-state-run companies need the committee's approval to buy any stake greater than 25% and will not in any case be able to gain a majority stake.

Banking. The Federal Law on Banks and Banking Activities (Law 395–I, dated December 2nd 1990) sets requirements for the foundation and commercial activities of credit institutions with foreign investments and for branches of foreign banks in Russia. Article 18 sets the limit of foreign capital in the banking system at 15% of total assets.

In January 2007 President Putin signed an addendum to Law 395 that simplified the procedure for foreigners interested in buying stakes in Russian banks. The move came ahead of proposed major share offerings by two large state-owned banks, VTB and Sberbank, only one of which has so far taken place. It puts foreign and domestic investors on an equal footing when buying shares in domestic banks. Both foreign and domestic interests must inform regulators if they purchase more than a 1% stake and must seek permission to build a stake exceeding 20%. Foreign entities had previously needed prior authorisation from the Central Bank of the Russian Federation (RCB) to acquire a stake—either in new share issues or on the secondary market—in an existing Russian bank or credit organisation.

After the 2008 economic crisis, the relative weight of foreign banks in Russia, defined broadly to include both subsidiaries of foreign financial institutions and domestic banks with a portion of capital owned by non-residents, began to increase. That was mainly because the number of financial institutions with licences from the RCB declined by 100 over a short period. Although most of the banks that lost their licences were domestic institutions, in late 2009 and early 2010, the trend has been one of foreign banks voluntarily starting to quit the Russian market. They often complain about competition from large state-owned banks, which take all the best clients in the Russian market. A report by the central bank showed that the proportion of banks with more than 50% of capital in foreign hands fell from 19.1% to 17.7% in the first three months of 2011. Similarly, investments by non-residents in banking capital fell by 2.4% in that quarter, as foreigners transferred or sold their shareholdings to residents. The number of fully- or partly-foreign-owned banks in Russia declined by ten, to 220, by April 2011.

Moreover, the authorities have started to move towards tightening regulations governing purchases

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of Russian banks by foreign investors. As the 2008 federal law governing investment into some 40 strategically important sectors is now written (Law 57–FZ dated April 29th 2008), the financial sector as a whole is considered of "strategic" significance for the Russian Federation (see Foreign investment). Hence, foreign investors acquiring 5% or more ownership in companies in these sectors must be approved by the Federal Anti-monopoly Service (FAS) and a special commission chaired by the prime minister.

Insurance.

The basic act regulating the insurance sector is the Law of the Russian Federation on Organisation of Insurance Business in the Russian Federation (Law 4015–1, dated November 27th 1992), which establishes certain restrictions on the activities of foreign insurance companies through their subsidiaries and associated companies on Russian territory.

An insurance organisation that is a subsidiary of a foreign investor may carry out insurance activities in Russia if the foreign investor has been an insurance company for at least 15 years, is performing its activities in accordance with legislation of the state of incorporation and has been participating for at least two years in activities of insurance companies established in Russia.

Permission (preliminary consent) of the regulatory agency is required for transferring shares or ownership interest in the share capitals of Russian insurance companies to foreign investors and their subsidiaries. Increasing the capital of an insurance company through funds from foreign investors and their subsidiaries also requires prior permission from the regulator.

Russia's long-standing bid to enter the World Trade Organisation has led to a significant easing of laws regulating foreign involvement in the insurance sector. In December 2003 the government amended insurance laws that had prevented subsidiaries of foreign insurers—and Russian companies in which foreign investors hold 49% or more of equity—from offering life or compulsory (medical, state or other) insurance, and from providing property insurance relating to federal and municipal organisations. Insurers based in the European Union can now enter the market by opening a local subsidiary. The only remaining limit is a 25% ceiling on the participation of foreign insurers in the total capitalisation of the insurance sector.

The Russian insurance industry is now regulated by the Federal Financial Markets Service (FFMS), the banking industry regulator. The previous supervisory agency, the Federal Insurance Supervision Service (FISS), was merged into the FFMS, and the government issued a decree dated April 26th 2011 that confirmed the new regulator's responsibilities. The FFMS is planning to tighten requirements across the insurance industry, which could lead to the disappearance of many domestic insurers. Starting on January 1st 2012 the minimum statutory capital requirement for insurers is set to quadruple, to Rb120m (US$3m). In the first half of 2011, some 62 insurers lost their licences. The industry will probably become more solid as a result of stricter requirements, and foreign insurers may benefit. The FFMS argued in 2011 for an increase in the foreign-capital ceiling in insurance companies to 50%. However, the Ministry of Economic Development is opposed to this step before Russia is officially accepted into the WTO.

Non-EU insurers must operate via an EU-based subsidiary, which in turn establishes another unit in

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Russia. The 2005 Insurance Law further liberalised the insurance sector and altered the requirements for market players. The law removed the obligation that the heads and chief accountants of insurance companies must be Russian citizens. Foreign citizens may now take such positions if they have a Russian residence permit and live permanently in Russia. The law also prohibits insurers that provide property insurance from offering life insurance. Russian insurers may have re-insurance contracts with foreign insurers via foreign insurance brokers, but brokers and agents are still prohibited from taking out insurance through foreign insurers.

Although some foreign companies left the Russian market after the economic crisis of 2008 and 2009, others are planning to expand their business. Zurich Financial Services believes that the Russian market has become more stable, after notching unsustainable 30% growth rates in the pre-crisis years, and the Swiss company plans to expand its business. Allianz SE (Germany) also continues to invest in Russia. It announced in mid-2011 that it will consolidate its three major insurance operations in Russia—Allianz, Progress-Garant and Rosno—in its Rosno subsidiary. The company applied to the regulatory agencies for permission, and it plans the restructuring for the start of 2012.

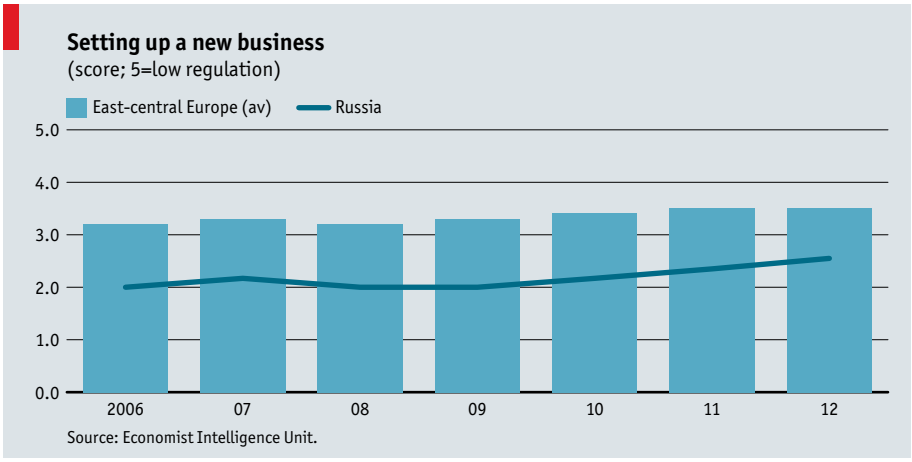
Media.

Amendments to the Law of the Russian Federation on the Mass Media (Law 107–FZ, August 4th 2001) introduced restrictions on foreign ownership of the mass media. The law forbids foreign legal entities, Russian legal entities with foreign capital exceeding 50% or Russian citizens with dual citizenship from establishing television stations and programmes.

In particular, these groups may not form legal entities that broadcast television signals to one-half or more of the 89 Russian regions or to territories in which one-half or more of the population lives. The law also prohibits any share transfers to individuals or legal entities that would result in foreign investment or capital exceeding 50%. Moreover, the law requires those who "qualify" under this law to sell their stakes to Russian companies that do not fall within the scope of the new restriction.

Land.

The Law on Circulation of Agricultural Land (No. 101–FZ, dated July 24th 2002), implemented on



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January 27th 2003 and amended on July 7th 2003, forbids foreign individuals and enterprises from owning farmland, though they may lease it. The same limitation applies to Russian companies whose charter capital is more than 50% controlled by foreigners.

Building and related permits

Enterprises must apply to the local authorities responsible for zoning, environmental, architectural, sanitary, fire, safety and other issues to obtain preliminary permission to begin industrial construction or expansion projects. Final permission, which includes registration that the construction is absolutely complete, is supposed to be required as a way to round out contracts and show compliance with all standards and inspections. It appears, however, that some buildings are not registered—as a way to avoid certain taxes.

Preliminary approval in Moscow is a three-step process: (1) the conceptual design; (2) the detailed plans; and (3) a review by the general council.

The process can take as little as several months and as long as several years, depending on the project, location and relationship with the local authorities. Using local architects employed by the administration can sometimes reduce the time involved.

There are few or no special zones where planning permission can be obtained more readily. But some of the more progressive regions that are keen to attract investors, such as the Kaluga and Leningrad regions, may be more accommodating in expediting the permission process.

Walmart's persistence pays off in Russia

Walmart (US), the world's largest retailer, has been aggressively expanding abroad and, in recent years, has tried to enter the rapidly growing, and often underserved, Russian retail market by purchasing a Russian retail chain. Prior to the global financial crisis of 2008 and 2009, Walmart was planning to purchase Lenta, a chain of hypermarkets based in St Petersburg. VTB Capital, an investment unit of the state-owned bank, also held a stake in the Russian retailer. The deal would have involved a purchase of an 89% stake by Walmart.

The deal initially fell through because of the financial crisis. In the early months of 2010, however, Walmart renewed its bid, proposing to buy 100% of the company's shares, in a deal valued at US$1.7bn–2bn, including around US$450m in debt. The US giant walked away from the deal, however, because of the difficulty of performing due diligence, a common enough problem at Russian companies. (Carrefour, a French supermarket chain, had also expressed interest, in Lenta, in 2008, but it has since left the Russian market altogether.)

In the middle of the newest discussions with Walmart, Lenta became embroiled in an ownership dispute over control of the company. Walmart shifted its attention in 2010 to another retail chain, Kopeika, a discount store, only to see it snatched away by a leading Russian chain, X5, for US$1.65bn, including US$400m in debt. Frustrated, Walmart shut down its office in Moscow and declared that it

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will abandon attempts to enter the Russian market.

However, that was only the end of round two. Walmart announced in September 2011 that it had hired Lev Khasis, former chief executive at X5, as its senior vice-president, and another attempt to conquer the Russian market appears imminent. Walmart (as many US communities have learned by experience) is not easy to shake off.

Environmental law

The heavy pollution and environmental damage inflicted by decades of careless mining, production, dumping and weapons testing is taking its toll on public health in some areas. Concern for the environment appears to be increasing among some major Russian companies hoping to boost share prices and compete with Western "environmentally friendly" products. Several of the major oil and metals companies have received or are working towards ISO 14000 certification. (The 14000 family of benchmarks set by the International Organisation for Standardisation addresses various aspects of environmental management.) In mid-2010 Russia suffered its worst drought and heat wave in a century, resulting in forest and peat-bog fires and crop failures. Although the natural calamity raised concerns about the environment, it remains to be seen whether, as a result, the Russian government will become more sensitive to global warming and climate change.

Local environmental groups still have less public support than do their Western colleagues, though they are becoming better organised and improving their reach. Awareness of environmental issues among the public is lower than in Western countries. Nonetheless, grassroots environmental groups have emerged, and they may even be gaining strength. The pollution of Lake Baikal, a UNESCO World Heritage Site, where Vladimir Putin, the prime minister, personally permitted a paper mill to reopen, has drawn a lot of attention from environmentalists, as has construction of the Moscow–St Petersburg highway through the Khimki forest.

The main legislation on environmental issues is the Law on Protection of the Environment (No. 7–FZ, dated January 10th 2002). A second major set of regulations comprises a series of codes and laws on natural resources: Land Code (No. 136–FZ, October 25th 2001, amended June 30th 2003); Water Code (No. 167–FZ, dated November 16th 1995, latest amendments December 24th 2002); Forest Code (No. 22–FZ, January 29th 1997, latest amendments of July 25th and December 24th 2002); Air Code (No. 60–FZ, March 19th 1997, latest amendments July 1999); and the Law on Underground Resources (No. 27–FZ, March 3rd 1995, latest amendments May 2002).

Law 7–FZ requires companies that use natural resources to obtain a licence from the Ministry of Natural Resources. This licence specifies the types of activity allowable, limits on using such resources (including volume terms), standards governing their use and possible penalties for non-compliance. The ministry also requires licences in order to conduct other activities that are potentially harmful to the environment.

Requirements for environmental-impact studies and permits (for construction projects as well as use of natural resources) can be extensive, expensive and time-consuming. Some foreign oil

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and gas operators have complained that they face more-stringent conditions than their domestic counterparts.

The Law on Underground Resources established the regime for the right to use underground resources. A new subsoil law, introduced in September 2004, replaced the previous law of February 21st 1992. The new law transferred exclusive responsibility for issuing rights to oil and gas exploration and production to the federal government. The previous system involved a joint decision by the regional authorities and the federal centre. In addition, mineral rights will now be granted under a subsoil-use contract between the investor and the state, rather than under licences.

There were significant changes during 2006 in the regulation of the use and protection of natural resources, in particular, bodies of water and forests. New Water and Forest Codes were adopted. The Water Code stipulates that all natural waters and artificial waters (such as reservoirs and channels) must remain as federal property. It also established a procedure to provide use of bodies of water under fee-based agreements or free of charge. Similarly, the Forest Code retains federal and municipal ownership of forest property. This code regulates the leasing of forest property and the purchase and sale of forestry, and determines the specifics of the provision of forest property for permanent use and free-of-charge fixed-term use.

The Ministry of Environmental Protection, however, is preparing amendments to the Law On the Use of Subsoil (No. 309–FZ, dated December 30th 2008), which will be introduced in the Duma in late 2011. The amendments are meant to attract private companies to invest in the exploration for oil and gas on the Russian portion of the Arctic Shelf, where, according to the Ministry of Economic Development, the investment level required to explore oil and gas resources will total Rb9.5trn by 2040. The environmental ministry plans to ease the requirement that only companies with a 50% state ownership will be allowed to conduct exploration and produce oil on the Shelf, and it will permit foreign companies to prospect for oil and to start production even before exploration is fully completed.

Acquisition of real estate

Russian law treats land and buildings separately, and the rights to each differ materially. The ownership of both buildings and land is possible.

The Constitution of the Russian Federation of 1993 contains the general provisions that govern land ownership. Specifically, Article 9 establishes the principle of private ownership of land.

Ownership of buildings (as opposed to the land they occupy) is relatively straightforward. The Civil Code of the Russian Federation sets the rules on the use and sale of buildings, and the law provides for building ownership on equal terms by Russian and foreign nationals and legal entities.

The Land Code of the Russian Federation (No. 136–FZ, dated October 25th 2001, amended June 30th 2003) makes the purchase and sale of non-agricultural land legally permissible, lays the foundation for a commercial land market, and provides for the use of land as collateral for loans and mortgages or as a contribution to new joint ventures.

In the long absence of a federal land code, regional legislation on acquiring land was enacted over a

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number of years in the regions where the local administration allowed land ownership. Before the Land Code passed, St Petersburg, Tatarstan and Saratov had passed fairly advanced land laws on land sales. The Federal Land Code supersedes them all, though when issues are not stipulated in the Federal Code, local authorities may refer to their own land policy for resolution. The legality of this in terms of the Federal Code must be scrupulously checked to avoid potentially harmful discrepancies.

Whether foreign or domestic, rights pertaining to land and buildings may be claimed only after they are registered with the state in the Unified Register of Rights. The register is based upon Federal Law 122–FZ, On Registration of Rights to and Transactions with Immovable Property, dated July 21st 1997.

Registrations and transactions of real property and rights to real property are carried out separately. However, the system of registering real-property sites is now being changed to develop a single real-property cadastre (registry). Decree 1017–R, dated July 15th 2006, introduced a draft federal law, On State Real-Estate Cadastre, to the State Duma. The Ministry of Economic Development developed the draft, which is designed to resolve issues of real-property registration, economic evaluation and taxation of real property.

Land plots in Russia are also subject to state cadastral registration. Conducting transactions with land plots that have not undergone state cadastral registration is prohibited. At present, the Federal Agency of Real-Estate Cadastre performs registrations of land, as regulated in detail by the Federal Law on the State Land Cadastre (No. 28–FZ, dated January 2nd 2000), which specifically governs land.

Another important development in this area was the signing into law of the Urban Development Code on May 7th 1998. Municipalities now have the right to plan the use of land within their borders and need not wait for federal approval. This will better protect investors' rights and will require fewer applications for different kinds of permission.

Authorities in Moscow have done little to allow land to be sold within the city boundaries, with some very limited exceptions (such as the Zelenograd region of Moscow, 35 km north-west of the city centre). The authorities have preferred long-term rental agreements with renewal rights attached. Newly established companies that obtain long-term rental contracts from the city government can, after paying a land-lease fee, "sell" these contracts at their own discretion.

The 2001 Land Code reduced the number of bureaucratic hurdles to land circulation, including specific provisions for the purchase and disposal of land and increased leaseholder rights. But hopes of real-property investors for new liquid-investment opportunities on the all-important Moscow market have been dashed for the moment. Moscow City Law 27, On Land Use and Construction in the City of Moscow, came into force on June 26th 2003. It underscores the Moscow city government's strictly lease-directed policy on commercial land use. The city's income from leases amounts to 30–40% of the city budget, and municipal authorities are naturally disinclined to relinquish such a revenue source. Municipal authorities have also argued that the prices set forth in the Land Code are eight times lower than fair value.

Under Yuri Luzhkov, its former mayor, Moscow tended to maintain its own legal practices, especially on land deals. For example, the Moscow government claimed the right to transfer land to the ownership of third parties, a position at odds with the Land Code. In general, Moscow building practices under Yuri Luzhkov were very idiosyncratic. Commercial-property developers and leading

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retail chains got around the problems created by the Moscow Land Code by finding plots and building facilities just outside the city limits, in the Moscow Oblast. President Dmitry Medvedev dismissed Mr Luzhkov in late September 2010, citing a "loss of trust". The new mayor, Sergey Sobyanin, changed a number of department heads, including those responsible for supervising the property market. The new administration has promised to reduce the density of construction in the city and to protect architectural monuments from being torn down by unscrupulous developers. The mayor has also announced a major expansion of the city's limits. The overall area covered by Moscow will increase by 2.4 times. However, no major legislative changes were introduced in the first year of his administration.

Federal Law 172–FZ, On the Transfer of Land and Land Plots from One Category to Another, of December 2004 (the Land Category Law), entered into force on January 5th 2005. An addition to the Land Code and the Implementing Law, it finalised procedures governing the transfer of land and land plots among different categories at the federal level. The Land Category Law defines the powers of federal and local authorities when changing the category of land plots. The uniform mechanism installed at the federal level to transfer land plots from one category to another marks a significant improvement in making the land market in Russia more transparent. Ownership of land plots in state or municipal possession is conferred to individuals and legal entities via bidding by tender or auction. Such bidding is also held when two or more potential lessees claim individual plots of land. Article 38 of the Land Code describes the procedure for organising the auctions. Bidding is not required when (1) there are buildings or other property on the site concerned; the purchaser of the site will then be the owner of the building, and (2) a greenfield site is granted to an investor with the preliminary facilities location approval procedure (Article 30 of the Land Code).

Foreign citizens and legal entities, and also Russian entities whose share capital is held by foreigners, are generally entitled to the same rights to land plots as are Russian citizens and legal entities without foreign participation. Agricultural land plots, however, are an exception to this rule. Foreign individuals and legal entities and Russian legal entities with more than 50% foreign ownership are entitled only to lease agricultural lands. In addition, in line with the Land Code, foreign parties may not own land on border territories (the list of which is established by the president of the Russian Federation) and other specifically determined territories.

Neither the Russian Federation Civil Code nor the Land Code itself limits the term for lease of non-farmland; in practice, however, long-term leases of such land are usually not granted for more than 49 years. Moreover, the Federal Law on Privatisation establishes a 49-year limit for the lease of state- or municipally owned lands, and the maximum lease term for farmland also is 49 years. And as a general restriction, only those plots of farmland recorded in the state land register and the Realty Register—including land plots that are in shared ownership—may be leased.

For new construction, an open bidding process is necessary to buy almost any land in urban areas. Decree 485 of May 16th 1997, last amended on March 26th 2003, provided for a pre-emptive right of the owners of privatised buildings and structures to purchase the land beneath them. Bidding is not required if the site is granted the preliminary facilities allocation approval procedure. All real-property construction needs state permits and approvals.

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The Town Planning Code of December 29th 2004 prescribes at the federal level the documents to be submitted for construction, the procedures for their approval and the grounds for refusal of such construction.

Along with private ownership, Russian legislation provides that local authorities may grant land to be "held" or "used". Russian law also provides regimes of land ownership such as "permanent perpetual use" and "life inherited ownership" of land, which are very close to private ownership. "Permanent perpetual use" is closest to private ownership. However, under the new Land Code, land plots can be transferred on the permanent perpetual-use basis only to state institutions and state-owned or municipally owned enterprises. Unlike ownership, permanent use does not allow the titleholder to enter into any transactions regarding the land (Article 20 of the Land Code). Prior to entering into any deal, the permanent-use title must be converted into an ownership or lease title (Article 3 of the Land Code Enactment Law). Life-inherited ownership also has become defunct. Life-inherited ownership granted to private individuals before the adoption of the new Land Code remains in effect for an unlimited period, but it may not be transferred to other persons. If an individual wants to sell or otherwise alienate his land plot, he must first transfer it from life-inherited ownership to private ownership.

Most companies use temporary land-use rights, granted under short- or long-term leases. When land is leased for a designated use it will be specified in the lease agreement.

Despite much vague and incomplete legislation, land sales can still proceed wherever local administrations are willing to do so. One of the greatest difficulties in organising sales has been determining whether state land belongs to the federal or regional authorities. The Ministry of Federal Property has issued various regulations to clear up this issue, but it is still not entirely clear. Buyers should be alert for legal loopholes.

Another consideration is the "correction factor" by which the cost of the land occupied by buildings will be multiplied. The Land Code stipulates that the correction factor can raise or lower the cost by up to 30%, depending on the nature of the enterprise. Paying the full 30% in order to protect against future attempts to annul a property purchase is recommended. According to the Ministry of Federal Property, however, this is not strictly necessary. Buyers can also protect themselves by requiring a certificate of sale and asking for a record of sale from the local land registry. Even if property holders have received permanent and unlimited rights to the use of their land, they might not be able to purchase or lease the land under the existing terms.

Establishing a local company

When it comes to ease of starting a business, the World Bank in 2012 placed Russia 111th out of 183 countries, down from 88th place three years year earlier and from 52nd place as recently as 2007. Cumbersome start-up procedures are associated with a higher degree of corruption. Nine procedures are required to start a business, taking up to 30 days, according to the World Bank. In general, the situation in Russia has been deteriorating in this regard while most other nations surveyed by

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the World Bank have streamlined registration processes and freed entrepreneurs from excessive bureaucratic requirements to create jobs for their population and stay competitive internationally. In Russia, this connection has been slow to develop at the regulatory level.

Foreign investors intending to conduct business in Russia on an on-going basis can choose from various forms of business organisation. The Russian Civil Code offers various forms of legal entities, but the following are the most common: limited-liability companies, closed joint-stock companies, open joint-stock companies, individual entrepreneurs and general/limited partnerships. The first three are of principle interest to foreign investors because they do not require the personal involvement of the founders in managing company affairs and are liable only to the extent of their contributions. It is also possible to open a representative office, which has traditionally been the simplest way for a foreign company to establish a presence in Russia.

Although a representative office may conduct business in Russia and be taxed as a distinct entity, it is not considered a legal entity separate from its parent company. Hence, it is banned from certain activities. For example, it may neither import goods for purposes other than its own needs nor register immovable property under its own name. It might encounter difficulty obtaining specific licences and permits to conduct certain business. But it may perform representative functions for its parent company, including negotiating contracts, conducting marketing and promotional activities, and facilitating the execution of agreements.

Accreditation of a representative office requires a permit from an accreditation agency. Foreign companies that open a representative office in Russia most often use the Chamber of Commerce and Industry or the State Registration Chamber. These two agencies are preferred over registration at a regional level since they let a representative office operate at the federal level, regardless of where it is actually located.

Besides accreditation at the federal level, each representative office must be registered locally. This is done at the registration chamber (in principal cities) or at the local administration (in smaller cities and in the regions). One legal requirement is to provide evidence (in the prescribed form) of the legal address of the representative office and the execution of an agreement for lease of these premises. Regardless of where the accreditation of the representative office is carried out, accredited representative offices of foreign companies should be included in the Unified State Register of accredited representative offices, which the State Registration Chamber maintains. Other registrations must be filed with the local tax inspectorate, the state committee on statistics and various social funds that are responsible for collecting social payments.

Limited-liability companies (LLCs) are the simplest form of company in Russia; hence, it is often used for wholly owned subsidiaries of foreign investors. The Civil Code of the Russian Federation and the Federal Law on Limited-Liability Companies (No. 14–FZ, dated February 8th 1998) establishes the legal status of limited-liability companies. The number of company participants must not exceed 50; should the number of participants exceed 50, the LLC must transform into an open joint-stock company within one year.

Companies that had more than 50 stakeholders on March 1st 1998 had to be transformed into joint-stock companies or production co-operatives, or they had to reduce the number of participants

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to fewer than 50. The law also stated that participants may have additional rights and obligations—either established by a charter of the company or granted to participants by a decision of the annual shareholders' meeting.

An important difference between a limited-liability company and a closed joint-stock company is that the former may not issue shares. Instead, the charter-capital contributions are divided into "participations", which are not considered securities and hence need not be registered with the Federal Service on Financial Markets. The liability of participants is generally limited to the amount of their original contributions. An LLC may not be wholly owned by another entity if that entity is, in turn, wholly owned by a legal entity or by an individual.

The law addresses issues of withdrawal or addition of new participants and adjustments to capital. Some rulings are problematic. For instance, one states that shareholders with 10% or more of the charter capital (individually or in the aggregate) may demand that another shareholder be expelled for hindering the company's operation.

No less challenging is the right of a participant in a limited-liability company to withdraw at any time, irrespective of the consent of the other participants or the company itself. In this event, the LLC must grant the withdrawing participant the value of its participatory share upon notice of withdrawal (calculated using the yearly accounting balance sheet) or allow property in-kind of the same value to be issued.

A joint-stock company (JSC) is a legal entity that acts on the basis of its charter as adopted by its founders. The Civil Code of the Russian Federation and the Federal Law on Joint-Stock Companies (No. 208–FZ, dated December 26th 1995) are the main documents that determine the legal status of joint-stock companies. The legislation on joint-stock companies is regularly updated.

The minimum share capital amount for a closed JSC is Rb10,000 (about US$333), and for an open JSC Rb100,000 (US$3,300). Within three months of the state registration of the company, 50% of its share capital must be paid in; the remaining 50% must be paid within one year of registration. Until the initial 50% is paid in, the company is prohibited from conducting any transactions other than those connected with its establishment.

The highest governing body of a JSC is the general meeting of shareholders, which decides on changes to the charter and authorised capital and also approves annual reports, reorganisations and liquidation.

The board of directors—if so empowered by the charter or shareholders—appoints a general director, who can act in the company's name without power of attorney. The board of directors must also approve the general director's request for members of the management team.

The major difference between an open and a closed JSC is in the rules governing the transfer of shares by current shareholders. A shareholder in a closed JSC may transfer shares only to other shareholders or another previously agreed range of persons. Shares in an open JSC may be freely sold to the public without the consent of other shareholders; hence, this is the structure used for public companies. The maximum number of shareholders of a closed JSC is 50. If this number is exceeded, the company must re-register as an open JSC. A JSC of either type may not be wholly owned by another entity if that entity is, in turn, wholly owned by a third legal entity or by an individual.

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Under the first part of the Russian Civil Code, a parent company is not liable for assets of its subsidiary unless it can be proved that the parent company issued binding orders and that it is somehow at fault for the bankruptcy of the subsidiary.

The shares of JSCs are treated as securities and are thus subject to the Law on the Securities Markets (April 22nd 1996, last amended on December 28th 2002). Such shares must be registered with the Federal Service on Financial Markets (under the Law on the Securities Market); the following must also be registered: a copy of any decision to issue shares; a report on the results of a share issue; and a share-issue prospectus.

Amendments to the Federal Law on Joint-Stock Companies passed in August 2001 to strengthen minority-shareholder rights, and further changes with the same purpose were subsequently introduced. The amendments deal with a variety of issues, many procedural. The most important issues were that all existing shareholders receive priority rights to participate in new share issues; that time limits were specified for paying dividends and calling extraordinary shareholder meetings; and that measures were established to protect the rights of minority shareholders. The amendments also provide that JSCs may not lift the "50% plus one" (or, sometimes, the "75% plus one") voting requirement for the most important decisions to be taken at a general shareholders' meeting via a provision in the company's founding documents. One of the most recent amendments, introduced in February 2004, states that all companies must elect the board of directors by way of cumulative voting (which strengthens the rights of minority shareholders). Previously, most companies could decide this on their own, in their founding documents.

A new law in 2006 introduced amendments to the law on joint-stock companies. Shareholders with 90% plus one share can now forcibly buy out minority stakeholders with less than a 10% stake. The law does not extend to companies in which the state owns 10% plus one share or more.

Joint ventures and foreign-owned subsidiaries must register with the local tax authorities under the Law on State Registration of Legal Entities and Individual Entrepreneurs (No. 129–FZ, of August 8th 2001), implemented on July 1st 2002 and last amended on December 23rd 2003. The amended law mandated quicker handling of administrative procedures. New companies, and changes to company charters or registration information, must be registered within five working days after all documents are submitted; a receipt for the documents should be provided. Within one working day of registering a company, the local tax authorities must provide a certificate of registration (form R51001) and of entry to the Unified State Register of Legal Entities (form R50003). Nevertheless, the tax authorities still tend to miss deadlines.

Applicants must pay a fee to register under the Law on State Duty (No. 2005–1, of December 9th 1991, last amended on December 8th 2003). The Moscow Department of the Federal Tax Service provides more information on its website about registering legal entities, the list of required documents and copies of necessary forms (http://www.r77.nalog.ru), in Russian only). The department offers advice and counselling in response to written requests.

Other laws governing the establishment and registration of foreign-owned companies include the Civil Code; the Law on Foreign Investment in the Russian Federation (No. 160–FZ, of July 9th 1999), which covers the non-financial and commercial sectors; the Law on Banks and Banking Activities (No.

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17–FZ, of February 3rd 1996); and central bank instructions, directives and acts.

Banks and credit organisations are required to register with and be licensed by the central bank.

There were major changes to currency-control legislation in 2004. A new Law on Currency Regulation and Currency Control (No. 173–FZ), adopted on November 21st 2003, entered into force on June 18th 2004. This law represents a more liberal approach to all aspects of settlements between residents and non-residents, the acts of obtaining and providing loans in Russian and foreign currency, and other operations. The previous system, in which the central bank issued prior permissions for many currency operations, was replaced by a system of accounting of certain transfers to special bank accounts and/or with a requirement to reserve amounts of money on such accounts.

Establishing a branch

Representative offices and branches (unlike foreign subsidiaries) are not considered legal entities under Russian law; nevertheless, both forms must be registered or accredited before starting operations.

The Civil Code of the Russian Federation and the Federal Law on Foreign Investments in the Russian Federation distinguish between branches and representative offices: a branch office may perform any or all of the functions of the foreign entity by which it was created, whereas a representative office is much more restricted and may perform only basic representation functions.

Taxation of both representative offices and branches is based on the type of activities performed (such as commercial/non-commercial, production or trading). A branch is generally the better choice when a foreign company is planning to conduct commercial activities in the country.

The branch's registration documents should specify the composition, volume and terms of property investments made as contributions to the fixed assets of the branch. The valuation of the property transferred to a branch should be conducted by the foreign legal entity, based on domestic or global prices, and indicated in the rouble equivalent.

Procedures for opening a branch and a representative office are the same. The State Registration Chamber may issue a permit for a branch or representative office for a term of one, two, three or five years, and an option to apply for extended registration for similar periods. Further information on registering representative offices, a list of required documents and copies of forms is available, in Russian and in English, on the website of the State Registration Chamber (http://www.palata.ru). The site also provides new fees in roubles, in effect since December 2008.

Requirements of a joint-stock company (JSC)

Under the Civil Code of the Russian Federation and the Law on Joint-Stock Companies of December 26th 1995 (No. 208–FZ, last amended in April 2004), joint-stock companies (JSCs) in Russia may be organised under two legal forms. Shares of an open JSC are freely transferable; they may be transferred to existing shareholders if such a deal does not violate the company charter or any legal

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acts. Shares of a closed JSC may be distributed to either its founders or a predetermined and limited circle of shareholders. Shares surrendered by shareholders must be offered to existing shareholders; the company may not offer shares freely.

Capital.

Minimum capital is 1,000 times the official minimum monthly wage (set at Rb4,611 since it was last raised in June 2011) for an open JSC and 100 times the minimum monthly wage for a closed JSC. Capital contributions may be in cash, buildings, equipment and other tangible assets, securities, land-use rights or intellectual property. Capital contributions in-kind are subject to examination and determination of rouble value by an independent appraisal, the cost of which may not exceed the value of the contribution. Since January 1st 2002, 50% of the shares to be initially distributed may be paid for within three months of the initial registration.

Until 50% of the shares distributed among the shareholders are paid for, the company may not carry out any deals other than those connected with founding the company.

Legal reserve.

At least 5% of the authorised capital must be set aside in a legal-reserve account.

Founders and shareholders.

Founders of a JSC may be legal entities or individuals; they need not be citizens or residents of Russia. The number of shareholders of an open JSC is unlimited. A closed JSC may have no more than 50 shareholders and as few as one founder if the single shareholder is not, in turn, 100% owned by a single legal entity or individual. If a company acquires more than 20% of the voting shares of another company, it must immediately publish information about the acquisition as set out by the federal and the anti-monopoly authorities.

A bill to introduce amendments to the JSC law whereby shareholders with 90% plus one share could forcibly buy out minority stakeholders with less than a 10% stake passed its initial reading in the State Duma in July 2004, and entered force in early 2006. Independent appraisers must now value the market price of the common shares held by minority shareholders before they are sold. The law would not extend to companies in which the state owns 10% plus one share. Supporters of the bill, which the pro-Kremlin United Russia party put forward, say the amendment would give majority shareholders greater control over their assets by preventing decisions from being blocked by shareholders with small stakes. However, the bill's opponents said it would open up minority shareholders to abuse from unscrupulous majority stakeholders who could bribe auditors to calculate an unfairly low market price for the company's shares.

Documentation.

JSCs must maintain the following documents: agreement to found the company; registered company charter, including any changes and proof of registration; ownership documents for assets on the balance sheet; internal documentation and byelaws; annual report; accounts and financial statements; protocols from annual general meetings (decisions) and meetings of the board of directors, the audit committee and other management bodies; voting ballots and proxies; independent appraisers'

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reports; list of affiliated parties; list of parties eligible to participate in the annual general meeting, receive dividends, etc; reports from the audit committee, the auditor and the state and municipal financial-control authorities; prospectuses, quarterly reports, and other forms of disclosure; and any other documents that are required under the JSC law.

The charter must specify the name, location and type of organisation; its objectives, corporate purpose and activities; requisites of its founders; the amount of authorised capital; information on categories of shares to be issued, as well as on the number and value of shares; consequences of non-fulfilment of subscription obligations; particulars of the distribution of profits and compensation of losses; and the composition and powers of management and decision-making procedures, including a list of issues that merit a qualified majority vote and other information required by the JSC law.

Registration.

Registration of Russian legal entities with foreign investments anywhere in Russia takes place upon submission of all necessary documents to the local tax authorities. All changes to the JSC's charter are subject to registration with the company's local tax authorities.

Board of directors.

A board of directors is mandatory only if the JSC has 50 or more shareholders. Companies with more than 1,000 shareholders must have at least seven board members, and those with more than 10,000 shareholders must have at least nine board members. Amendments of March 17th 2004 to the 1995 Federal Law on Joint-Stock Companies established that a board must consist of at least five members; previously, companies with fewer than 1,000 shareholders could decide the number of board members themselves. The amendments mostly affect companies with a small number of shareholders—such as joint ventures with just two partners—and many may decide to abolish the board of directors rather than have at least five board members.

The new law also introduces mandatory cumulative voting for the board. Before February 2004, cumulative voting was compulsory only for companies with more than 1,000 shareholders; others could conduct simple majority voting. Now, however, the number of shares owned by a given shareholder is multiplied by the number of board members, and each shareholder can cast his total number of votes for either one candidate or several candidates. This measure is intended to help minority shareholders elect at least one director. The amended law also stipulates that a general shareholders' meeting can approve the early termination of all board members; previously, only selected members could be removed.

Management.

JSCs may have a board of directors, a management board and a single (or multiple) general director serve as their internal management bodies. The Civil Code permits shareholders to establish internal management bodies or to contract with a separate company to provide management services.

Disclosure.

Under the Law on the Securities Market (No. 39–FZ, of April 22nd 1996, last amended December 2002), open JSCs must prepare a share-issue prospectus, which should be approved by an auditor and

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registered with the regional branch of the Federal Service on Financial Markets.

JSCs must publish annual accounts and balance sheets; as established by the Law on Audit Activity, annual mandatory audits are required for all open JSCs, banks and insurance companies, and for legal entities and individuals if their annual proceeds exceed 500,000 times the monthly minimum wage or if the value of the balance-sheet assets exceeds 200,000 times the monthly minimum wage.

Taxes and fees.

Companies applying for registration must pay a fee in accordance with the Law on Bringing Legal Acts into Correspondence with the Law on Government Registration of Legal Entities (No. 31–FZ, of March 21st 2002, last amended October 2003). Incorporation also entails substantial solicitor and notary costs. There are no levies or taxes that apply upon capital increases.

Types of shares.

Bearer shares are not permitted; all shares must be registered. Russian law permits common and preferred (that is, voting or non-voting) shares. Preferred shares may account for no more than 25% of the company's charter capital.

Control.

Annual shareholder meetings are mandatory. Meetings must be held 2–6 months after the end of each fiscal year. Members must receive notices of meetings 20 days before the annual meeting (30 days if the agenda includes a question about reorganisation). A three-fourths majority vote is needed for major decisions specified in the Law on Joint-stock Companies. Changes in the authorised capital need only a simple majority of votes, unless otherwise provided for in the charter of the company, but such a change requires amending the charter, which may be done only by a three-fourths majority vote. Material transactions related to the acquisition and transfer of property (worth 50% or more of the book value of the company's assets) by the company also requires a three-fourths majority vote.

Dividends. Amendments to JSC law in April 2004 (implemented on July 1st 2004) clarified the definition of net profit from which dividends are paid out as the company's after-tax profits determined in accordance with the company's financial statements. The amendments also clarified that a company can pay dividends on preferred shares from a special-purpose fund if it has one. Previously, the law did not specifically define net profit and did not stipulate that special-purpose funds had to be established prior to a dividend payment.

Participation-exemption rules, introduced in 2008, state that dividends payable to qualified Russian investors are exempt from corporate tax. There was also a reduction of the tax rate on dividends to 9% (from 15%) for dividends received by Russian entities from foreign investors, and to 15% (from 30%) for dividends that are received by foreign investors from Russian entities.

Key contacts

- Central Bank of the Russian Federation (RCB), 12 Ul Neglinnaya, Moscow 107016; Tel: (7.495) 771 9100; Fax: (7.495) 621 6425; Internet: http://www.cbr.ru/eng/.

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- Chamber of Commerce and Industry of the Russian Federation, 6 Ul Ilyinka, Moscow 109012; Tel: (7.495) 929 0009; Fax: (7.495) 929 0360. Internet: http://www.tpprf.ru/en/. The federal chamber can provide information and contacts to members, as can Russia's regional chambers of commerce and industry. Representative offices are in a variety of foreign countries as well. Many countries also have joint chambers of commerce with the Russian Federation in Moscow.

- Federal Taxation Service, 23 Ul Neglinnaya, Moscow 127381; Tel: (7.495) 913 3005; 913 3006; Internet: http:// www.nalog.ru/.

- Eurasia Patent Organisation, 2 Maly Cherkasskiy Per, Moscow 109012; Tel: (7.495) 411 6150; Fax: (7.495) 621 2423; Internet: http://www.eapo.org/eng/ea/.

- Federal Anti-monopoly Service (FAS), 11 Ul Sadovaya-Kudrinskaya, Moscow 123995; Tel: (7.495) 252 7048; Internet: http://en.fas.gov.ru. The FAS can provide information about any restrictions on acquiring shares in Russian enterprises by foreign investors. The FAS was known as the Anti-monopoly Ministry until early 2004.

- Ministry of Economic Development and Trade, 1,3 Ul 1-ya Tverskaya-Yamskaya, Moscow 125993; Tel: (7.495) 694 0353; Fax: (7.495) 251 6965; Internet: http://www.economy.gov.ru/minec/main/. The ministry provides general information on the government's foreign-investment policy.

- Federal Intellectual Property Service, 30 Berezhkovskaya Emb, Building 1, Moscow 123995; Tel: (7.499) 240 6015; Fax: (7.499) 243 3337; Internet: http://www.rupto.ru/index.htm (Russian).

- Ministry of Finance, 9 Ul Ilyinka, Moscow 109097; Tel: (7.495) 987 9101; Internet: http://www.minfin.ru/en/. The ministry prepares and implements the national budget and formulates taxation and investment policies.

- Ministry of Natural Resources, 4/6 Ul Bolshaya Gruzinskaya, Moscow 123995; Tel: (7.495) 254 4800; Fax: (7.495) 254 4310; Internet: http://www.mnr.gov.ru.

- Russian Authors' Society, 6A Ul Bolshaya Bronnaya, Moscow 123995; Tel: (7.495) 697 3777; Fax: (7.495) 609 9363; Internet: http://www.rao.ru.

- State Registration Chamber (SRC), 3/5 Smolensky Blvd, Moscow 119121; Tel: (7.499) 246 7200; Fax: (7.499) 246 0411; Internet: http://www.palata.ru/en.

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