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News Bulletin

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News of the month:**1. BANKRUPTCY**

- 1.1. Certain amendments to Federal Law No. 127-FZ of 26.10.2002 On Insolvency (Bankruptcy) become effective. The concept of "Controlling Person" is made more specific. A Controlling Person is now considered as a person who has or had within a period of less than 3 years (2 years in the previous version) prior to receiving a respective bankruptcy petition by an arbitration court, the right to give mandatory instructions to a debtor or to provide opportunity to determine the debtor's actions due to kinship or in-law relationships with the debtor, official capacity or otherwise. The list of circumstances is extended, and if one of such circumstances occurs, it is supposed that the debtor is recognized as insolvent (bankrupt) due to controlling persons' actions and/or omission. Such circumstances are now include the following: the amounts of third-priority creditors' claims against the outstanding principal amount resulting from an offence for which the debtor, or the debtor's officials, who are or were the debtor's sole executive bodies, are held criminally or administratively responsible or responsible for tax violations by the decision that has become final, including the claims for paying the debt revealed during the proceedings related to such offences, are, by the date of the "closing" the creditors' claims register, more than 50% of the total amount of third-priority creditors' claims against the outstanding principal amount entered into the creditors' claims register. The procedure for selling the debtor's enterprise and assets has been amended. It is provided that after the report on the debtor's asset valuation entered into the United Federal Register of Bankruptcy Data in case that such valuation was carried out upon the request of the bankruptcy creditor or the authorized body, or after the period for sending the respective claim was expired, the external (bankruptcy) manager shall submit his/her offers regarding the procedure for selling the enterprise to the creditors' meeting or the creditors' committee for approval.

2. FINANCIAL LAW

- 2.1. The Information Letter On Submitting Documents when Liquidating a Legal Entity by the Federal Tax Service of Russia explains that the liquidation balance-sheet can be submitted in the form of an accounting balance-sheet to be approved by the members (founders) of a legal entity or by a body that made the decision on liquidation of such legal entity, after any settlements with the creditors are completed.
- 2.2. Information that is provided by the Bank of Russia as of 16.09.2016: "The Bank of Russia has decided to reduce the key rate to the 10.00% per annum". It is reported that the Board of Directors of the Bank of Russia was guided by the following considerations: inflation has demonstrated a noticeable decline in line with the Bank of Russia's baseline forecast; the made decision and maintenance of the key rate at the level it reached will bring down inflation expectations; persistent revival in production activity is still unstable; the risks of failure to deliver the inflation at the 4% target in 2017 persist. According to the Bank of Russia estimates, to strengthen the trend to a steady decline in inflation the current key rate needs to be maintained till end-2016 with a possibility to cut it in 2017 Q1-Q2. Within the next months, the Bank of Russia will assess inflation risks and economy, as well as the consistence of the inflation dynamics with the baseline forecast. The Board of Directors of the Bank of Russia will hold its next rate review

meeting on 28 October 2016.

3. SECURITY

- 3.1. Federal Law No. 182-FZ of 23.06.2016 focused on establishing a single system for prevention of offenses becomes effective. The system for prevention of offenses is considered as a set of subjects of prevention of offenses, the persons participating in prevention of offenses, and measures for prevention of offenses taken by such persons, as well as the bases of coordination of activities and monitoring in the sphere of prevention of offenses. The principles on prevention of offenses (the priority of rights and legitimate interests of an individual and citizen when preventing offenses; legitimacy; provision of consistency and uniformity of approaches when preventing offenses; transparency; regularity, successiveness, timeliness, objectivity, sufficiency and scientific substantiation of measures to be taken to prevent offenses; competence; responsibility for ensuring the rights and legitimate interests of an individual and citizen). The subjects of prevention of offenses are federal executive authorities, prosecution bodies of the Russian Federation, investigative authorities of the Investigative Committee of Russia, governmental authorities of the constituent entities and local self-government bodies of the Russian Federation. The Federal Law establishes the basic principles of prevention of offenses; powers, rights and duties of the subjects of prevention of offenses and the persons participating in prevention of offenses; as well as organizational bases of functioning of the system for prevention of offenses.
- 3.2. The Regulations concerning the Federal National Guard Forces Service (Rosgvardia) comes into force. Rosgvardia is a federal executive body that carries out functions involving development and implementation of the state policy and legal regulation regarding the activity of the National Guard Forces, weapon turnover, private safeguarding activity, and non-state security services. Main tasks of Rosgvardia include: organizing participation of the National Guard Forces in maintenance of public order and security; organizing participation of the National Guard Forces in antiterrorism and anti-extremism protection and provision of legal regime of a counterterrorism operation; organizing participation of the National Guard Forces in the territorial defense of the Russian Federation; maintaining the required readiness of the National Guard Forces; implementing federal state control (supervision) (of civil, service and honorary weapon turnover, ammunition turnover, safety and technical condition of hand-carried military shooting weapons and service weapons temporarily used by citizens and entities; private safeguarding activity in the Russian Federation; security of facilities of the fuel and energy sector; activity of security elements of legal entities having special statutory goals and departmental security subdivisions).

4. COURT PROCEEDINGS

- 4.1. Federal Law No. 409-FZ of 29.12.2015 focused on development and improvement of efficiency of the arbitration institute (arbitration proceedings) in the Russian Federation comes into force. Due to enactment of Federal Law No.382-FZ of 29.12.2015 On Arbitration (Arbitration Proceedings) in the Russian Federation, some amendments are made, including amendments to Law of the Russian Federation No. 3132-1 of

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- 26.06.1992 On the Status of Judges in the Russian Federation, to Law of the Russian Federation No. 5338-1 of 07.07.1993 On International Commercial Arbitration, to the Code of Criminal Procedure of the Russian Federation, to the Code of Arbitration Procedure of the Russian Federation, and to the Code of Civil Procedure of the Russian Federation. Specifically, Federal Law No. 409-FZ of 29.12.2015 provides for the possibility for a retired judge to act as an arbitrator; amends the Regulation on the International Commercial Arbitration Court at the Chamber of Commerce and Industry of the Russian Federation and the Regulation of the Maritime Arbitration Committee at the Chamber of Commerce and Industry of the Russian Federation; establishes that judicial protection of the rights of shareholders of joint-stock companies and members of limited liability companies can be maintained by an arbitration court; states that the arbitrator may not be interrogated as a witness about circumstances that have become known to the arbitrator during the arbitration (arbitration proceedings); defines the rules for disputes subject to the jurisdiction of courts (arbitration courts), which can be submitted to the arbitration court for consideration providing that an effective arbitration agreement is made between the parties involved in the dispute; and gives an exhaustive list of disputes that cannot be submitted to the arbitration court for consideration, and establishes the proceedings on cases related to performance by courts and arbitration courts of assistance and control with respect to arbitration courts (Federal Law No. 409-FZ of 29.12.2015).
- 4.2. Resolution of the Plenum of the Supreme Court of the Russian Federation No. 36 of 27.09.2016 On Several Questions on Application of the Code of Administrative Court Procedure of the Russian Federation by Courts for courts of general jurisdiction explains the procedure for consideration of administrative cases according to the Code of Administrative Court Procedure of the Russian Federation. Specifically, the issues are considered regarding the following: the list of cases arising from administrative and other public relations subject to the jurisdiction of courts of general jurisdiction and the Supreme Court of the Russian Federation where such cases are considered and resolved, as well as cases which are not subject to consideration according to the Code of Administrative Court Procedure of the Russian Federation; jurisdiction over administrative cases, composition of the court, rights and obligations of persons participated in the case; evidence and proofs; proceedings on administrative cases concerning making a court order, etc. Resolution of the Plenum of the Supreme Court of the Russian Federation No. 2 of 10.02.2009 On the Court Practice related to the Cases Objecting the Decisions, Actions (Omission) of State Authorities, Local Self-Government Authorities, Officials, State and Municipal Employees is recognized as inapplicable.