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News Bulletin

09/2006

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News of the Month

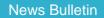
1. NEWS OF THE MONTH

- 1.1. According to the Telegram # 1734 of the Bank of Russia of October 20, 2006 the refinancing rate of the Bank of Russia is 11 % from October 23, 2006.
- 1.2. On October 30, 2006 the Federation Council of the Russian Federation approved draft law "On amending the Russian Code of Administrative Violations (with regard to aggravation of sanctions for violating the employment procedure of foreign workers and apatrides)" which provides for new violations related to foreigners and apatrides migration registry. The Russian Code of Administrative Violations shall contain new clauses establishing responsibility for illegal employment of foreigners and / or apatrides in the Russian Federation, for violations of the rules on of employment of foreign workers and apatrides at commercial objects (including shopping malls), for violations of legislative rules containing restrictions with regard to certain activities of foreigners, apatrides and foreign organizations.

2. BANKING AND FINANCE

- 2.1. The Central Bank of the Russian Federation issued Resolution # 1721-U of September 14, 2006 "On Amending the Provision of the Bank of Russia # 262-P "On Identification of Clients and Beneficiaries by the Credit Institutions in Order to Counteract Legalization (Money-laundering) of Crime Proceeds and Terrorist Financing". This Resolution came into force 10 days after its official publishing in the "Bank of Russia Bulletin".
- 2.2. The Central Bank of the Russian Federation issued Resolution # 1728-U of September 27, 2006 "On Amending The Provision of the Bank of Russia # 255-P of March 29, 2004 "On Required Reserves of the Credit Institutions". Lodgment procedure of required reserves by credit institutions with the Central Bank was amended with regard to calculation of required reserves by major credit institutions with large office network. This Resolution shall be effective from December 1, 2006.
- 2.3. The Central Bank of the Russian Federation published Information Letter # 10 of September 29, 2006 "Generalizing Practice of Counteracting Legalization (Money Laundering) of Crime Proceeds and Terrorist Financing". The above Letter explains and summarizes applying certain provisions of the Instruction # 113-I of the Central Bank of April 28, 2003 with due consideration to the fact that the above mentioned Instruction should be applied to the extent

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consistent with the Federal Law # 115-FZ of August 7, 2001 "On Counteracting Legalization (Money Laundering) of Crime Proceeds and Terrorist Financing".

3. SECURITIES REGULATION

3.1. The Order #06-68/pz-n of June 22, 2006 of the Federal Securities Markets Service establishes new requirements to the settlement of trade in securities markets. The Order brings in the new list "I" in addition to the existing "A", "B" and "V" which new list shall only include shares under specific conditions. Besides, the Order establishes the procedure of bonds listing and circulation.

4. BUSINESS REGULATIONS

- 4.1. The Federal Tariff Service issued Order # 189-c/1 of September 5, 2006 "On Approving the Provision on Local Telephony Tariffs and Tariff Plans Calculation". This Provision is subject to be applied by the governmental authority to regulate natural monopolies and telecommunications providers being natural telecommunication monopolies in the course of calculating tariffs and tariff plans for local telephony services.
- 4.2. The Federal Law # 160-FZ of October 16, 2006 "On Amending Legislative Acts of the Russian Federation and Recognizing Certain Provisions of the Russian Legislative Acts due to adoption of the Federal Law "On Advertising". The inserted amendments result from necessity to bring them in conformity with the new Federal Law "On Advertising" of arch 13, 2006. The above mentioned Law takes effect in 10 days after its official publishing save for certain its provisions which have another effective date.

5. TAXATION

- 5.1. Presidium of the Higher Arbitrazh Court issued Resolution # 5133/06 of September 05, 2006. The Court set aside the act of the federal district court which set forth that a taxpayer should bear tax liability for ill-timed filing road user tax return.
- 5.2. The Federal Tax Service of the Russian Federation issued Letter 09-1-03/4151@ of September 28, 2006 which clarifies the procedure of filing documents with the registration

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authorities in order to register companies and obtaining documents after successful registration based on the power of attorney.

5.3. Federal Tax Service published Moscow department of the on its website http://www.mosnalog.ru the list of persons sentenced by court under Article 14.25.4 of the Administrative Violations Code of the Russian Federation and the list of organizations in which the disgualified persons are directors as of November 1, 2006.

6. REAL ESTATE

6.1. The Ministry of Economic Development and Trade of the Russian Federation issued Order # 268 of September 8, 2006 "On Approving the Rules of Keeping Uniform State Register of Capital Construction Projects" which Rules specify the list of documents and information on the objects subject to be included in the Register, grounds and reasons to reject including information in the register, the procedure of filing information on capital construction objects by technical inventory organizations. The Register is deemed to be systemized collection of information and documents on capital construction objects. The Rules are to take force in a staged manner within 3 years: in Moscow city and Moscow Region from January 1, 2008 and in Saint Petersburg – from January 1, 2009.

7. EMPLOYMENT

- 7.1. According to the Letter # 1557-6 of the Federal Service for Labor and Employment of September 8, 2006 the salary should be paid no less frequently than every half month on the date specified by the internal regulations of an employer or by collective agreement or by employment agreement. It should be stressed that the advance amount should be based on actual hours worked by an employee.
- 7.2. The Federal Service for Labor and Employment published Letter # 1074-6-1 "On Payment for Forced Absence". According to the employment laws the day of discharging an employee for absence is deemed to be his last working day, i.e. the day antecedent to the absence day. In the event an employee was temporary incapable to labor evidenced by sick leave certificate he may only be discharged after the temporary incapability period.

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7.3. The Letter # 1688 of the Federal Service for Labor and Employment of October 10, 2006 clarifies the legislative position regarding earnings rate. Employment agreements should specify earnings rate in rubles. Specification of earnings rate in rubles equivalent of the foreign currency does not comply with the employment legislation in full and may be deemed violation of the employment laws.

8. COURT PRACTICE

8.1. The Letter # 113 of September 19, 2006 of the Presidium of the Higher Arbitrazh Court "On Applying Article 163 of the Arbitrazh Procedure Code" was published. Presidium of the Higher Arbitrazh Court explained peculiarities of applying the provisions contained in Article 163 of the Arbitrazh Procedure Code on adjournment of court hearings. The Letter clarifies the issue regarding notification of the parties to the case in the event the hearings were adjourned for a short term and in the event the hearings were set on another date.

9. NEWS OF THE ADVOCATES BUREAU

9.1. From November 2, 2006 to November 5, 2006 the Managing Partner of the Advocates Bureau "Piksin & Partners" participated in the Dusseldorf Conference of the international network of independent law firms Warwick Legal Network, which our Advocates Bureau has been intending to join. The presentation of the Advocates Bureau and participation in the discussion of different issues of legislation and international cooperation within the network made it possible to establish good contacts with foreign colleagues from the European Union (Poland, Romania, Czech Republic, Austria, Germany, France, Great Britain, Ireland, Spain, Italy, Greece, the Netherlands etc.). Cooperation with the international network of law firms gives our Advocates Bureau opportunity to follow up the clients' projects in all the EU countries in a more qualitative manner.

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