

FEDERAL LAW
NO. 117-FZ OF JUNE 23, 1999
ON THE PROTECTION OF COMPETITION
ON THE FINANCIAL SERVICES MARKET

Adopted
by the State Duma

June 4, 1999

Approved
by the Federation Council

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Chapter 1. General Provisions

Article 1. The Subject Matter Governed by the Present Federal Law

The subject matter governed by the present Federal Law is the relationships affecting competition on the securities market, banking services market, insurance services and other financial services market (hereinafter referred to as "the financial services market") and connected with the protection of competition on the financial services market.

The present Federal Law shall be also applicable in the cases when the actions and agreements executed and entered into by residents of the Russian Federation abroad lead or can lead in the Russian Federation to a limitation of competition on the financial services market.

Article 2. The Legislation of the Russian Federation and Other Regulatory
Legal Acts on the Protection of Competition on the Financial Services Market

1. The relationships affecting competition on the financial services market and connected with the protection of competition on the financial services market shall be governed by the present Federal Law, other federal laws, decrees of the President of the Russian Federation, decisions of the Government of the Russian Federation as well as regulatory legal acts of the federal anti-monopoly body, regulatory acts of the Central Bank of the Russian Federation and regulatory legal acts of the federal bodies of executive power in charge of regulation on the financial services market.

2. Should the international treaties of the Russian Federation provide other rules rather than those provided in the anti-monopoly legislation of the Russian Federation, the rules of an international treaty of the Russian Federation shall apply.

Article 3. The Basic Terms Used in the Present Federal Law

The following basic terms are used for the purposes of the present Federal Law:

"financial service" means an activity relating to raising and using of the funds of legal entities and natural persons. For the purposes of the present Federal Law financial services shall mean the accomplishment of banking transactions and deals, provision of insurance services and securities market services, execution of financial lease (leasing) agreements and monetary resources or securities trust agreements as well as other services of financial nature;

"financial organization" means a legal entity accomplishing under a respective license banking transactions and deals or providing services on the securities market, the services of insurance or other services of financial nature as well as a non-state pension fund, the managing

company thereof, the managing company of a mutual fund, leasing company, credit consumer union and another organization accomplishing transactions and deals on the financial services market. The provisions of the present Federal Law concerning the financial organization shall extend to the individual entrepreneurs pursuing their activities in the financial services market under a respective license;

"financial services market" means the sphere of the activities of financial organizations on the territory of the Russian Federation or a part thereof defined proceeding from the point of the provision of a financial service to consumers;

"competition on the financial services market" means competitiveness among financial organizations whereby their independent activities effectively limit the opportunity of each of them to affect unilaterally the general terms and conditions of the provision of financial services on the financial services market;

"unfair competition on the financial services market" means activities of financial organizations aimed at acquiring advantages in the pursuance of entrepreneurial activity which are contrary to the legislation of the Russian Federation and the ordinary course of business and which have inflicted or can cause inflict losses to other financial organizations being competitors on the financial services market or damage the business reputation thereof;

"the dominating position of a financial organization" means the scope of financial services that have been provided by a financial organization (several financial organizations) on the financial services market enabling it (them) to exert crucial influence on the general terms and conditions of the provision of financial services on the financial services market or impede access to the market for other financial organizations;

"concentration of capital on the financial services market" means a merger, affiliation of financial organizations, the acquisition by them of the assets or shares (stakes in the authorized capital) of each other as well as the acquisition by third person of the assets or shares (stakes in the authorized capital) of a financial organization;

"agreement" means an agreement between financial organizations or between a financial organization (financial organizations), on the one hand, and federal bodies of executive power, bodies of executive power of the subjects of the Russian Federation, local self-government bodies, on the other hand, causing among other things a limitation of competition on the financial services market. For the purposes of the present Federal Law the "agreement" does not mean deals whereby the direct provision of a financial service is implemented;

"group of persons" means a group of legal entities and/or natural persons deemed a group of persons under the legislation of the Russian Federation;

"affiliated person" means a legal entity and/or a natural person deemed an affiliated person under the legislation of the Russian Federation.

The provisions of the present Federal Law concerning financial organizations shall extend to affiliated persons and a group of persons.

Chapter 2. The Dominating Position of a Financial Organization

Article 4. The Definition of the Dominating Position of a Financial Organization

1. The "dominating position of a financial organization" on the financial services market shall be defined by the federal anti-monopoly body in compliance with the present Federal Law in accordance with the procedure endorsed by the federal anti-monopoly body for each kind of

financial services market:

for the securities market: on the approval of the federal bodies of executive power in charge of regulation on the securities market;

for the banking services market: on the approval of the Central Bank of the Russian Federation;

for the insurance services market: on the approval of the federal body of executive power in charge of regulation on the insurance services market;

on a market of other financial services: on the approval of the federal bodies of executive power in charge of regulation on the market of these financial services.

2. The financial organization's share of a financial services market shall be determined proceeding from the ratio of the amount of its turnover for a specific kind of financial service to the sum total of the turnover of the financial organizations within set boundaries of the financial services market. The methodology whereby the financial services turnover of the financial organizations and the boundaries of the financial services market are determined shall be provided by the Government of the Russian Federation.

3. The dominating position of a financial organization shall be determined within the boundaries of the market where the financial organization provides financial services, no matter the organization's location specified in the constituent documents.

Article 5. Abuse of Dominating Position by a Financial Organization

The actions of a financial organization occupying a dominating position on the financial services market that impedes access to the financial services market for other financial organizations and/or exerting a negative effect on the general terms and conditions of the provision of financial services on the securities market are hereby prohibited, such actions including but not limited to:

the inclusion in the agreement of discriminatory terms and conditions putting a financial organization in an unequal situation as compared with other financial organizations;

the consent to enter into the agreement only on condition that it contains clauses in which a financial organization is not interested;

the setting an unjustifiably high (low) price for a provided financial service while negotiating the agreement.

Chapter 3. The Control Exercised in Case When Competition Is Restricted on the Financial Services Market

Article 6. Agreements or Concerted Actions of Financial Organizations Limiting Competition on the Financial Services Market

The following is hereby prohibited and shall be recognized as either fully or partially null and void in accordance with the procedure provided by the present Federal Law: agreements made in any form or concerted actions of financial organizations either among themselves or with the federal bodies of executive power in charge of regulation on the financial services market, with federal bodies of executive power, the bodies of executive power of the subjects of the Russian Federation, local self-government bodies and any legal entities, excluding agreements or concerted actions of financial organizations with the Central Bank of the Russian Federation, if such agreements or concerted actions result or can result in a limitation of competition on the financial services market, including among other things if the agreements or

concerted actions are either directly or indirectly aimed at:

- setting (maintaining) prices (tariffs), discounts, markups, extra charges, additional charges, interest rates;

- increasing, reducing or maintaining prices in a trading session;

- partitioning the financial services market by territorial principle, by the kind of financial service provided on the financial services market or by the consumer of financial services on the financial services market;

- restricting access to the financial services market or eliminating other financial organizations from it;

- establishing unjustified membership qualification criteria being a barrier for the admission to payment and other systems without which financial organizations that compete with each other cannot provide the necessary financial services to their clients and thus compete on the financial services market.

Article 7. Agreements or Concerted Actions of Financial Organizations Not Subject to Prohibition

Not subject to prohibition shall be agreements or concerted actions of financial organizations in the cases provided by the legislation of the Russian Federation as well as agreements or concerted actions of financial organizations of which the terms and conditions are aimed at:

- unifying the standards of activities of the financial organizations being party to the agreements;

- performing joint scientific research and development;

- purchasing together technical means for the purpose of pursuing the main activities;

- using uniform data processing and database software and hardware.

The Government of the Russian Federation may also establish other terms and conditions of agreements or concerted actions which will not be subject to prohibition including among others by specific type of financial organization.

Article 8. Notifying the Federal Anti-Monopoly Body of the Agreements or Concerted Actions of Financial Organizations Whereby Competition is Limited on a Financial Services Market

1. Financial organizations shall forward a notice to the federal anti-monopoly body about all agreements made in any form or all decisions adopted to effect concerted actions either among themselves or with federal bodies of executive power, the bodies of executive power of the subjects of the Russian Federation, local self-government bodies as well as any legal entities (hereinafter referred to as "notice") in accordance with the procedure provided by the present Federal Law, excluding the agreements or concerted actions of the said financial organizations having or capable of having in their aggregate a share of the financial services market below the rating set by the Government of the Russian Federation.

The form of the notice shall be defined by the federal anti-monopoly body. The following documents shall be attached thereto:

- a copy of a signed agreement or decision to perform concerted actions with all annexes thereto;

- information on the main kinds of activities of the parties to the agreement or concerted actions and the turnover for the main kinds of activities;

financial and economic statements/reports submitted to the Central Bank of the Russian Federation, federal bodies of executive power in charge of regulation on the financial services market.

The federal anti-monopoly body is not entitled to demand that financial organizations submit other documents and information.

2. The federal anti-monopoly body shall be notified on the application of the parties to or one of the parties to the agreement or concerted actions, within 15 days after the moment when the agreement is signed or decision is made to perform the concerted actions.

Article 9. Procedure for the Federal Anti-Monopoly Body Adopting the Decision as to the Recognition of Financial Organizations' Agreements or Concerted Actions as Limiting Competition on the Financial Services Market

1. Upon the completion of the verification of the notice so served and all the document the federal anti-monopoly body shall within 30 days after the receipt of the said notice and documents, given the signs of the fact that the agreement or decision to perform the concerted actions of which it has been notified can lead to limiting competition on the financial services market, adopt a substantiated decision to recognize the agreement or concerted actions of the financial organizations as lawful or as limiting competition on the financial services market.

The federal anti-monopoly body may adopt a decision to conduct an additional verification of the submitted notice and all the documents in compliance with a procedure established by the federal anti-monopoly body and it shall immediately advise about it the parties to the agreement or concerted actions.

The federal anti-monopoly body shall within 30 days after the adoption of the decision to do an additional verification of the submitted notice and all the documents make a substantiated decision whereby the agreement or concerted actions are either recognized as lawful or as limiting competition on the financial services market.

2. In the event when the federal anti-monopoly body recognized the signed agreement or concerted actions as limiting competition the financial services market the parties to the agreement or the concerted actions shall, on the request of the federal anti-monopoly body, rescind the signed agreement or terminate the performance of the said concerted actions or amend the terms and conditions of the agreement or concerted actions as well as perform under other lawful demands stipulated in the decision of the federal anti-monopoly body for the restoration of the necessary competitive environment on the financial services market.

3. The federal anti-monopoly body may annul its own decision whereby financial organizations' agreements or concerted actions have been recognized as lawful or as limiting competition on a financial services market or it may amend its own decisions, including among other things, the adoption of a decision to perform an additional verification of the agreement or concerted actions upon the expiration of 30 days after the commencement of the consideration of the notice of agreement or concerted actions, on condition that:

changes occurred in the facts that had served as ground for the making of the decision whereby an agreement or concerted action were recognized as lawful or as limiting competition on a financial services market;

the parties to an agreement or concerted actions violate any of the provisions of the decision whereby the agreement or concerted actions were recognized as lawful or as limiting competition on a financial services market;

the decision made to recognize an agreement or concerted actions as lawful or as limiting

competition on a financial services market is based on unreliable information received from the parties to the agreement or concerted actions.

Article 10. Recognizing as Null and Void the Agreements or Deals Executed as a Result of Concerted Actions of Financial Organizations Whereby Competition is Limited on the Financial Services Market

Agreements or deals executed as a result of concerted actions of financial organizations leading to a limitation of competition on the financial services market may be recognized fully or partially null and void in accordance with the judicial procedure on the complaint filed by the federal anti-monopoly body.

The losses inflicted as a result of the making of an agreement or carrying on concerted actions that limit competition and/or infringe on the interest of consumers on the financial services market shall be subject to reimbursement in accordance with the procedure established by the legislation of the Russian Federation.

Article 11. Setting Up Associations (Unions) of Financial Organizations

1. Associations (Unions) of financial organizations shall be set up only upon the receipt of a preliminary consent of the federal antimonopoly body in accordance with the procedure provided in the present Federal Law.

2. The participants or one of the participants in associations (unions) of financial organizations shall forward a petition to the federal anti-monopoly body for the consent specified under Item 1 of the present article within 30 days after their decision to set up the associations (unions) of financial organizations.

The decision whereby the formation of associations (unions) of financial organizations is recognized as lawful or as limiting competition on a financial services market shall be adopted by the federal anti-monopoly body within 30 days after the receipt of all necessary information required to make the said decision.

3. In the event when the federal anti-monopoly body recognizes that the formation of associations (unions) of financial organizations limits competition on a financial services market, the financial organizations taking part in the said associations (unions) are obligated, on the request of the federal anti-monopoly body, to amend the terms and conditions of the formation thereof and also to meet other lawful requirements provided in the decision of the federal anti-monopoly body whereby the necessary competitive environment is to be restored on the financial services market.

4. The actions of financial organizations of the formation of associations (unions) specified herein, limiting competition on a financial services market may be recognized as fully or partially invalid in accordance with the judicial procedure on the complaint filed by the federal anti-monopoly body.

Losses inflicted as a result of the setting up of associations (unions) that has lead to limitation of competition on a financial services market shall be subject to reimbursement in accordance with the procedure established by the legislation of the Russian Federation.

Chapter 4. Regulatory Legal Acts and Actions of the Federal Bodies of Executive Power, the Central Bank of the Russian Federation, the Bodies of Executive Power of the Subjects of the Russian Federation and Local Self-Government Bodies Aimed at Limiting Competition

on the Financial Services Market

Article 12. Regulatory Legal Acts and Actions of the Federal Bodies of Executive Power, the Central Bank of the Russian Federation, the Bodies of Executive Power of the Subjects of the Russian Federation and Local SelfGovernment Bodies Aimed at Limiting Competition on the Financial Services Market

The federal bodies of executive power, the Central Bank of the Russian Federation, the bodies of executive power of the subjects of the Russian Federation and local self-government bodies are not entitled to adopt regulatory legal acts and/or perform actions, including concerted actions, with other federal bodies of executive power, the Central Bank of the Russian Federation, the bodies of executive power of the subjects of the Russian Federation, local self-government bodies, financial organizations whereby competition is limited on a financial services market, which are aimed at creating unjustifiably favorable conditions for specific financial organizations and/or which infringe on the interest of other financial organizations, excluding the cases stipulated by the legislation of the Russian Federation.

The federal bodies of executive power, the Central Bank of the Russian Federation, the bodies of executive power of the subjects of the Russian Federation and local self-government bodies are hereby prohibited to:

- hinder, without ground, the formation of new financial organizations on the financial services market;

- limit, otherwise than under a federal law, access of financial organizations to the financial services market or eliminate financial organizations from it;

- hinder the activities of financial organizations on the financial services market;

- enact norms limiting financial services consumers in their choice of the financial organizations that provide the services;

- grant privileges to one or several financial organizations whereby they gain an advantage in relation to other financial organizations operating on the same financial services market.

Article 13. The Selection by Tender of the Financial Organizations to Be Invited to Accomplish Specific Transactions in the Funds of a Respective Budget

A list of financial organizations invited to accomplish specific transactions in the funds of a respective budget shall be made through holding a public tender.

Article 14. Procedure for Holding a Public Tender for the Purpose of Selecting the Financial Organizations to Be Invited to Accomplish Specific Transactions with the Funds of a Respective Budget

1. Procedure for holding a public tender for the purpose of selecting the financial organizations to be invited to accomplish specific transactions with the funds of a specific budget shall be established by the federal bodies of executive power, the bodies of executive power of the subjects of the Russian Federation, local selfgovernment bodies on the approval of the federal anti-monopoly body with due regard to the following requirements:

- establishing rules for setting up a tender commission and for the deliberations thereof;

- establishing a procedure for organizing and holding the public tender and bidders qualification criteria;

the organizers of the public tender being prohibited to coordinate the activities of bidders in it that can result in limiting competition among the bidders or infringing the interests of specific bidders;

bidders being familiarized with the rules of the public tender in an acceptable time prior to the commencement of the tender;

restricting or terminating the admission of any persons to the public tender and also expelling persons from among the bidders entitled to take part in the public tender only if they violate the rules of the public tender and the legislation of the Russian Federation.

The procedure for holding a public tender also provide for the following:

non of the bidders in the public tender shall not be provided with advantageous terms and conditions for taking part in the tender, including access to confidential information, reduced fee for participation in the public tender;

the organizers of the public tender and the employees thereof shall not be bidders in the public tender or affiliated persons in respect to any of the bidders in the public tender;

the participants in the public tender being affiliated persons shall be deemed one bidder;

there shall be not less than two bidders in the public tender.

2. Violation of the rules provided in the present article shall be deemed ground to declare a public tender as non-accomplished.

Chapter 5. Unfair Competition

Article 15. The Forms of Unfair Competition

Unfair competition between financial organizations on a financial services market is hereby prohibited, such a competition manifesting itself as actions aimed at getting advantages in the pursuance of entrepreneurial activities, signing agreements or performing concerted actions between themselves or with third persons and running contrary to the legislation of the Russian Federation and the ordinary course of business and being able to inflict or having inflicted losses to other financial organizations being competitors on the financial services market or having inflicted a damage to their business reputation, including but not limited to the following:

the dissemination of false, incorrect or distorted information capable of inflicting losses to another financial organization or damage to the business reputation thereof;

an incorrect comparison by a financial organization of the financial services provided by it with the financial services provided by other financial organization;

the receipt, use and disclosure of information constituting a service or commercial secret, without the consent of the owner thereof, if such actions are not provided for in the legislation of the Russian Federation.

Chapter 6. The State Control of Capital Concentration on the Financial Services Market

Article 16. The State Control of Capital Concentration on the Financial Services Market

The state control of the acquisition of the assets or shares (stakes in the authorized capital) of financial organizations shall be exercised in the following cases:

when, as a result of one or several deals, a legal entity or a natural person (a group of persons) acquire over 20 per cent of the shares (stakes in the authorized capital) of a financial

organization;

when, as a result of one or several deals connected with the assignment of thing in action, a legal entity or a natural person (a group of persons) acquire assets of a financial organization of which the value exceeds the value of the assets of the financial organization set by the Government of the Russian Federation;

when a legal entity or a natural person (a group of persons) acquire, including among other things under a trust agreement, a joint venture agreement or an agency agreement or other deals, rights allowing to determine the terms and conditions of a financial organization's pursuing its entrepreneurial activities or to carry on the functions of the executive body thereof;

when a financial organization is set up and the authorized capital of a financial organization is changed;

when a merger, affiliation of financial organizations occur.

Article 17. Procedure for Securing a Preliminary Consent of the Federal Anti-Monopoly Body to the Accomplishment of Deals for the Acquisition of the Assets or Shares (Stakes in the Authorized Capital) of Financial Organizations

1. In the event when the value of the authorized capital of a financial organization, the assets or shares (stakes in the authorized capital) are being acquired, exceed the value set by the Government of the Russian Federation there shall be necessary to secure a preliminary consent of the federal anti-monopoly body to the implementation of the deals specified in Article 16 of the present Federal Law.

Here in the event of a merger, affiliation of financial organizations the said requirements are met when the financial organization newly formed as a result of the merger, affiliation or at least one of the participants in the said merger, affiliation comply with these requirements.

2. To obtain preliminary consent to the implementation of the deals specified in Article 16 of the present Federal Law the participants in the deals shall submit to the federal anti-monopoly body an application for the said preliminary consent, information on the main kinds of activities and the turnover for the main kinds of activities, the financial and economic statements/reports submitted to the Central Bank of the Russian Federation, the federal bodies of executive power in charge of regulation on the financial services market, information on the ownership (on all grounds) of the shares (stakes in the authorized capital) of commercial organizations and information on the membership in non-commercial organizations as well as information on the ownership of the assets thereof, apart from the documents submitted to the body in charge of state registration.

The federal anti-monopoly body is not entitled to demand that financial organizations submit other documents and information.

The federal anti-monopoly body shall within 30 days after the receipt of the documents listed under the present item notify in writing the participant in the deals of the decision made as to the granting of the preliminary consent to the implementation of the deals specified in Article 16 of the present Federal Law.

If necessary, the said term may be prolonged by the federal antimonopoly body by up to 15 days.

Article 18. The Dismissal of the Application

The federal anti-monopoly body is entitled to dismiss the application for a preliminary consent to the implementation of the deals specified in Article 16 of the present Federal Law if

the satisfaction of the application could lead to the occurrence or enhancement of a dominating position of the parties to the deals and to the limitation of competition on the financial services market. In such a case the said application may be satisfied in the event of the fulfillment of the requirements aimed at promoting competition on the financial services market.

Here the said requirements and the terms of the fulfillment thereof shall be specified in the decision of the federal anti-monopoly body whereby preliminary consent is granted to the implementation of the deals specified in Article 16 of the present Federal Law.

The application for a preliminary consent to the implementation of the deals specified in Article 16 of the present Federal Law cannot be satisfied if trustworthy documents and information of importance for the making of the decision fail to be provided.

Should the federal anti-monopoly body and the Central Bank of the Russian Federation deny their consent to the implementation of the deals specified in Article 16 of the present Federal Law and also in the cases stipulated by the legislation of the Russian Federation the parties to the deals shall within three months after the date of the adoption of the decision specified under Item 2 Article 17 of the present Federal Law by the federal anti-monopoly body transfer their rights to the participation in the management of the financial organization or the assets or shares (stakes in the authorized capital) of the financial organization to third persons not incorporated in the group of the parties to the deal and shall also comply with the other requirements of the federal anti-monopoly body as to the restoration of the necessary competitive environment on the financial services market.

The federal anti-monopoly body may satisfy the application for a preliminary consent to the implementation of the deals specified in Article 16 of the present Federal Law in the following cases:

if the parties to the deal, given the possibility of the limitation of competition on a financial services market, manage to prove that the positive effect of the deals including social and economic effect is going to exceed the negative consequences for the financial services market;

if the parties to the deal manage to prove that the ownership of the shares (stakes in the authorized capital) of the financial organization is related exclusively to receiving earnings from them. In such a case the ownership of such shares (stake in the authorized capital) and the enjoyment of the rights relating thereto shall be admissible only for a one-year term after the acquisition thereof.

Article 19. Procedure for Notifying the Federal Anti-Monopoly Body of the Accomplishment of the Deals for the Acquisition of the Assets or Shares (Stakes in the Authorized Capital) of Financial Organizations

1. In the event when the value of the authorized capital of a financial organization, the assets or shares (stakes in the authorized capital) of which are being acquired, does not exceed the value set by the Government of the Russian Federation the financial organizations shall notify the federal anti-monopoly body about the accomplishment of the deals specified in Article 16 of the present Federal Law within 30 days after the accomplishment thereof.

Here in the event of a merger, affiliation of financial organizations the aforesaid requirements concerning the authorized capital of financial organizations shall be met when the financial organization newly formed or one of the parties to the said merger, affiliation meets the requirement.

2. The parties to deals shall forward the following to the federal anti-monopoly body: notice of the deals, information on the main kinds of activities and the turnover for the main kinds of

activities, the financial and economic statements/reports submitted to the Central Bank of the Russian Federation, federal bodies of executive power in charge of regulation on the financial services market, information on the ownership on all grounds of the shares (stakes in the authorized capital) of commercial organizations and information on membership in non-commercial organizations as well as information on the ownership of the assets of non-commercial organizations.

The federal anti-monopoly body is not entitled to demand that the parties to the deals provide other documents and information.

Upon the scrutiny of the notice and all the necessary documents the federal anti-monopoly body shall within 30 days after the receipt of all the necessary information, if signs are available that the deals of which it has been notified can lead to the occurrence or enhancement of a dominating position of a financial organization, limitation of competition, adopt a substantiated decision to recognize the deals either as lawful or as limiting competition on the financial services market and shall forward the decision to the applicant.

3. If necessary, the term specified under Item 2 of the present article may be prolonged by the federal anti-monopoly body by up to 15 days.

4. In the event when the federal anti-monopoly body, acting under Item 3 of the present article, adopts a decision to extend the term for the scrutiny of the notice and all the necessary documents, the parties to the deals shall not be entitled, until a consent by the federal antimonopoly body, in the management of the financial organization or dispose of respective assets or shares (stakes in the authorized capital) of the financial organization. Here the parties to the deals are entitled to receive earnings from them prior to the adoption of the said decision by the federal anti-monopoly body and also in the cases stipulated by federal laws and decisions of the Central Bank of the Russian Federation.

5. In the events specified under Item 1 of the present article the participants to the deals are entitled to file a request with the federal anti-monopoly body for consent to the making of the deals specified in Article 16 of the present Federal Law, with the body being obligated to consider the request in due course.

6. Consent to the execution of deals connected with the acquisition of the assets or shares (stakes in the authorized capital) of financial organizations as well as the rights allowing to control the terms and conditions of the pursuance of entrepreneurial activities or perform the functions of the executive body of a financial organization, such rights affecting the state of the financial organization on a financial services market, shall be granted by the federal anti-monopoly body in accordance with the procedure established by the federal anti-monopoly body.

Article 20. Procedure for Resolving Disputes in Connection with the Monitoring of Capital Concentration on the Financial Services Market

The deals specified in Article 16 of the present Federal Law which are made in breach of the procedure established by the present Federal Law and which lead to the occurrence or enhancement of a dominating position of financial organizations and the limitation of competition on a financial services market can be recognized as null and void in accordance with the judicial procedure on the complaint of the federal anti-monopoly body. Should the parties to the said deals default on the performance under the decision of the federal anti-monopoly body for the restoration of the necessary competitive environment on the financial services market within a term set by the body, such deals also can be recognized as null and void in accordance

with the judiciary procedure on the complaint of the federal anti-monopoly body.

Default on the performance under the decisions adopted by the federal anti-monopoly body in compliance with the present Federal Law shall be deemed ground for the said deals being recognized as null and void in accordance with the judicial procedure on the complaint of the federal anti-monopoly body.

Violation of the provisions of the present Federal Law insofar as it concerns the obtaining of a preliminary consent of the federal antimonopoly body to the execution of the deals specified in Article 16 of the present Federal Law or the notice specified in Article 19 of the present Federal Law shall be deemed ground for the imposition of a fine by the federal anti-monopoly body in compliance with the present Federal Law.

Chapter 7. The State Regulation of the Activities of Protecting Competition on the Financial Services Market

Article 21. The Federal Bodies In Charge of Anti-Monopoly Regulation on the Financial Services Market

The state policy of developing competition and implementing antimonopoly regulation on the financial services market shall be carried on by the federal anti-monopoly body:

on the securities market: with the federal bodies of executive power in charge of regulation on the securities market;

on the banking services market: with the Central Bank of the Russian Federation;

on the insurance services market: with the federal body of executive power in charge of regulation on the insurance services market;

on the market of other financial services: with the federal bodies of executive power in charge of regulation on the markets of these financial services.

Article 22. The Tasks and Functions of the Federal Anti-Monopoly Body for Protecting Competition on the Financial Services Market

1. The tasks of the federal anti-monopoly body to be fulfilled jointly with the Central Bank of the Russian Federation, the federal bodies of executive power in charge of regulation on the financial services market are as follows:

promoting the development of competition on the financial services market;

preventing, limiting and stopping unfair competition and stopping abuse relating to the dominating position of a financial organization on the financial services market;

exercising state control of the observance of the anti-monopoly legislation on the financial services market.

2. The federal anti-monopoly body shall perform the following main functions with due regard to the norms provided by the present Federal Law:

forwarding proposals on the issues of improvement of the antimonopoly legislation and other regulatory legal acts concerning the protection of competition on the financial services market and the practical application thereof as well as forwarding statements on the federal bills and other draft regulatory legal acts concerning the issues of operation of the financial services market and development of competition on the market, to the Government of the Russian Federation;

issuing recommendations to the Central Bank of the Russian Federation, the federal bodies of executive power, the bodies of executive power of the subjects of the Russian Federation and

local selfgovernment bodies on the taking of measures for developing competition on the financial services market;

monitoring the observance of the anti-monopoly legislation and other regulatory legal acts concerning the protection of competition on the financial services market when agreements are signed and concerted actions of financial organizations are performed;

monitoring the merger, affiliation of financial organizations and the acquisition of the rights, assets or shares (stakes in the authorized capital) of financial organizations;

discovering the facts of violation of the anti-monopoly legislation and other regulatory legal acts on the protection of competition on the financial services market.

Article 23. The Powers of the Federal Anti-Monopoly Body

The federal anti-monopoly body is entitled to:

issue binding prescriptions to financial organizations to terminate violations of the anti-monopoly legislation and other regulatory legal acts on the protection of competition on the financial services market and/or to eliminate the consequences thereof, to restore the status quo, to rescind or amend agreements being in conflict with the anti-monopoly legislation and other regulatory legal acts on the protection of competition on the financial services market, to sign agreements with another person, to remit to the federal budget a profit received as a result of violation of the anti-monopoly legislation and other regulatory legal acts on the protection of competition on the financial services market;

forward proposals to the Government of the Russian Federation, the Central Bank of the Russian Federation for repealing or suspending the regulatory and other legal acts adopted by the federal bodies of executive power, the Central Bank of the Russian Federation as well as for rescinding or amending agreements they signed or concerted actions running contrary to the anti-monopoly legislation and other regulatory legal acts on the protection of competition on the financial services market;

forward prescriptions to the bodies of executive power of the subjects of the Russian Federation and local self-government bodies for repealing or amending regulatory legal acts they adopted and also rescinding or amending agreements they signed or concerted actions running contrary to the anti-monopoly legislation and other regulatory legal acts on the protection of competition on the financial services market;

present proposals to the licensor bodies issuing licenses for the pursuance of activities on the financial services market for the annulment of the licenses held by financial organizations violating the anti-monopoly legislation and other regulatory legal acts on the protection of competition on the financial services market;

adopt decisions to impose fines on financial organizations and apply administrative sanctions to the heads of these financial organizations, citizens including individual entrepreneurs as well as the officials of the federal bodies of executive power, the bodies of executive power of the subjects of the Russian Federation and local self-government bodies for violation of the anti-monopoly legislation and other regulatory legal acts on the protection of competition on the financial services market;

file complaints with the court or arbitration court concerning violations of the anti-monopoly legislation and other regulatory legal acts on the protection of competition on the financial services market including but not limited to on the recognition as partially or fully null and void of agreements contradicting the anti-monopoly legislation and other regulatory legal acts on the protection of competition on the financial services market, concerning the mandatory

execution of an agreement with another person as well as take part in the consideration by a court or arbitration court of cases relating to the application and violation of the anti-monopoly legislation and other regulatory legal acts on the protection of competition on the financial services market;

forward complaints to respective law-enforcement bodies concerning violations of the anti-monopoly legislation and other regulatory legal acts on the protection of competition on the financial services market as well as materials for the purposes of resolving the issue of criminal action on the evidence of offenses relating to the violation of the antimonopoly legislation and other regulatory legal acts on the protection of competition on the financial services market;

discover the availability of a dominating position of financial organizations on the financial services market;

discover the facts of financial organizations' abusing their dominating position, of violation of the prohibition of agreements and concerted actions, of unfair competition as well as qualify the actions of financial organizations as being in breach of the anti-monopoly legislation and other regulatory legal acts on the protection of competition on the financial services market;

issue, including but not limited to, jointly with the Central Bank of the Russian Federation, the federal bodies of executive power in charge of regulation on the financial services market, the regulatory acts, recommendations and directions for the protection of competition on the financial services market, including but not limited to, specific kinds of financial services;

provide clarification, including but not limited to, jointly with the Central Bank of the Russian Federation, the federal bodies of executive power in charge of regulation on the financial services market concerning the issues of the application of the anti-monopoly legislation and other regulatory legal acts on the protection of competition on the financial services market;

exercise other powers as provided by the legislation of the Russian Federation.

Article 24. The Coordination of the Activities of the Federal Anti-Monopoly Body and the Federal Bodies of Executive Power in Charge of Regulation on the Financial Services Market, the Central Bank of the Russian Federation

1. The coordination of the activities of the federal anti-monopoly body and the federal bodies of executive power in charge of regulation on the financial services market, the Central Bank of the Russian Federation is built up on the basis of the functional distribution of duties, respective specialization and delineation of responsibilities provided by the legislation of the Russian Federation and the present Federal Law.

2. On the inquiry of the federal anti-monopoly body the federal bodies of executive power in charge of regulation on the financial services market, the Central Bank of the Russian Federation shall present the regulatory and other legal acts they have adopted, the agreements they have entered into with financial organizations as well as the necessary information so that analysis be performed of competition on the financial services market and the state thereof be monitored.

Article 25. The Right of Access to Information

For the purposes of their executing their service duties the personnel of the federal anti-monopoly body who have been authorized by this body in accordance with the procedure established by it have the right of getting free access to the federal bodies of executive power, the

Central Bank of the Russian Federation, the bodies of executive power of the subjects of the Russian Federation and local self-government bodies as well as financial organizations and associations thereof, other organizations and institutions and familiarizing themselves, under a request in writing, with the necessary documents and information on condition of the non-disclosure of state, service and commercial secrets by the said employees.

The bodies of militia are obligated to render practical assistance to the personnel of the federal anti-monopoly body when they execute their service duties, through the provision of free access to the necessary documents and information.

Article 26. The Duty to Provide Information to the Federal Anti-Monopoly Body

The federal bodies of executive power, the Central Bank of the Russian Federation, the bodies of executive power of the subjects of the Russian Federation and local self-government bodies (officials thereof), financial organizations (heads thereof), citizens, including individual entrepreneurs, shall submit to the federal anti-monopoly body trustworthy documents, shall provide written and verbal explanations and other information required for the federal anti-monopoly body's pursuance its activities under law, excluding information constituting banking secret.

Article 27. The Responsibilities and Liabilities of the Federal Anti-Monopoly Body Concerning the Non-Disclosure of Commercial Secrets

Information constituting commercial secret that has been received by the federal anti-monopoly body shall be subject to non-disclosure.

Should the personnel of the federal anti-monopoly body disclose information constituting commercial secret, the said personnel shall be liable under the legislation of the Russian Federation in accordance with the procedure established by the legislation of the Russian Federation. The losses incurred by the financial organization shall be subject to reimbursement under the civil legislation of the Russian Federation.

Chapter 8. Responsibility for Violation of the Anti-Monopoly Legislation and Other Regulatory Legal Acts on the Protection of Competition on the Financial Services Market

Article 28. The Binding Nature of the Decisions and Prescriptions of the Federal Anti-Monopoly Body

1. Should violation occur of the anti-monopoly legislation and other regulatory legal acts on the protection of competition on the financial services market, the federal bodies of executive power, the bodies of executive power of the subjects of the Russian Federation and local selfgovernment bodies (officials thereof), financial organizations (heads thereof), citizens, including individual entrepreneurs, are obligated under the decisions and prescriptions of the federal anti-monopoly body to terminate the violation of the anti-monopoly legislation and other regulatory legal acts, restore the status quo, rescind or amend the agreement, enter into an agreement with another person, repeal the act not being in compliance with the anti-monopoly legislation and other regulatory legal acts on the protection of competition on the financial services market, remit for the benefit of the federal budget the profit received in breach of the anti-monopoly legislation and other regulatory legal acts on the protection of competition on the

financial services market, perform other actions provided in the decisions and prescriptions of the federal anti-monopoly body.

2. Should the anti-monopoly legislation and other regulatory legal acts on the protection of competition on the financial services market be violated, the federal anti-monopoly body shall be entitled to impose fines and issue warnings in accordance with the administrative procedure under the legislation of the Russian Federation.

Article 29. The Types of Liability for Violation of the AntiMonopoly
Legislation and Other Regulatory Legal Acts on the Protection of Competition
on the Financial Services Market

For unlawful actions violating the anti-monopoly legislation and other regulatory legal acts on the protection of competition on the financial services market the officials of the federal bodies of executive power, the bodies of executive power of the subjects of the Russian Federation and local self-government bodies, financial organizations (heads thereof), citizens, including individual entrepreneurs, shall be accountable under the civil, administrative, criminal or other law of the Russian Federation.

Chapter 9. Procedure for the Adoption, Appeal and Execution
of the Decisions and Prescriptions of the Federal Anti-Monopoly Body

Article 30. Grounds for the Federal Anti-Monopoly Body's Hearing the
Cases of Violation of the Anti-Monopoly Legislation and Other Regulatory
Legal Acts on the Protection of Competition on the Financial Services Market

1. The federal anti-monopoly body shall consider cases of the breach of the anti-monopoly legislation and other regulatory legal acts on the protection of competition on the financial services market, make decisions on them and forward prescriptions within the competence thereof.

The following are the grounds for hearing cases of the breach of the anti-monopoly legislation and other regulatory legal acts on the protection of competition on the financial services market: complaints of the Central Bank of the Russian Federation, the federal bodies of executive power, the bodies of executive power of the subjects of the Russian Federation, local self-government bodies, financial organizations, citizens, including individual entrepreneurs, and procurator's statements.

Cases of the breach of the anti-monopoly legislation and other regulatory legal acts on the protection of competition on the financial services market can be considered by the federal anti-monopoly body on its own initiative.

2. The complaints specified under Item 1 of the present article shall be filed with the federal anti-monopoly body in writing with the attachment of documents testifying of violations of the anti-monopoly legislation and other regulatory legal acts on the protection of competition on the financial services market.

3. Proceedings on cases of the administrative offenses provided in the present Federal Law as well as performance under the rulings whereby administrative sanctions are applied in respect of such cases shall be carried on in accordance with the procedure established by the Code of Administrative Offenses of the RSFSR.

The procedure for considering cases of the breach of the antimonopoly legislation and other regulatory legal acts on the protection of competition on the financial services market shall be

defined by the rules to be endorsed by the federal anti-monopoly body on the approval of the Central Bank of the Russian Federation, the federal bodies of executive power in charge of regulation on the financial services market respectively.

Article 31. Procedure for the Appeal in Respect of Decisions, Prescriptions and Rulings of the Federal Anti-Monopoly Body

1. The federal bodies of executive power, the bodies of executive power of the subjects of the Russian Federation and local self-government bodies (officials thereof), financial organizations (heads thereof), citizens, including individual entrepreneurs are entitled to file a petition with the court or arbitration court for recognizing as fully or partially invalid decisions and prescriptions of the federal anti-monopoly body or for revoking or amending rulings whereby administrative liability is imposed in the form of a warning or a fine.

2. The filing of the petition specified under Item 1 of the present article shall suspend the discharge of the decisions and prescriptions of the federal anti-monopoly body for the term of the said petition being considered by the court or arbitration court until the coming into force of the decision of the court or arbitration court.

The decisions and prescriptions of the federal anti-monopoly body may be appealed against within a term provided by statutes of limitations under the law of the Russian Federation.

Article 32. Procedure for Performance under the Decisions and Prescriptions of the Federal Anti-Monopoly Body

1. The decisions and prescriptions of the federal anti-monopoly body shall be executed within a term set therein. Default on the performance under the said decisions and prescriptions shall lead to the occurrence of accountability under the legislation of the Russian Federation and the present Federal Law.

In the event of a default on performance under decisions and prescriptions for the revocation or amendment of an act adopted in breach of the anti-monopoly legislation and other regulatory legal acts on the protection of competition on the financial services market, for the restoration of the status quo that prevailed prior to the said breach, the federal anti-monopoly body shall be entitled to file a petition with the arbitration court for the act being fully or partially recognized as invalid or for the status quo being enforced as it existed prior to the said breach.

In the event of a default on performance under decisions and prescriptions of the federal anti-monopoly body for amending or rescinding an agreement conflicting with the anti-monopoly legislation and other regulatory legal acts on the protection of competition on the financial services market or for entering into an agreement with another person the federal anti-monopoly body shall be entitled to file a complaint with the court or arbitration court claiming that the agreement be recognized as fully or partially null and void or that entry into an agreement be enforced.

In the event of a default on performance under decisions of the federal anti-monopoly body for the remittance for the benefit of the federal budget of profit received as a result of a breach of the anti-monopoly legislation and other regulatory legal acts on the protection of competition on the financial services market, the federal anti-monopoly body shall be entitled to file a complaint with the court or arbitration court claiming the collection of the profit, so received with no ground, for the benefit of the federal budget.

2. A fine imposed by the federal anti-monopoly body on officials of the federal bodies of executive power, the bodies of executive power of the subjects of the Russian Federation, local

self-government bodies, heads of financial organizations as well as citizens, including individual entrepreneurs, shall be payable within 30 days after the date of the receipt of the decision of the federal anti-monopoly body for the imposition of the fine. In the event of evasion from the payment of the said fine when due or in the event of default on the payment of the fine in full the federal anti-monopoly body shall be entitled to file a complaint with the court or arbitration court claiming the collection of the amount of the fine from the officials of the federal bodies of executive power, the bodies of executive power of the subjects of the Russian Federation, local self-government bodies, heads of the financial organizations as well as the citizens, including the individual entrepreneurs.

The completion of the payment of the fine shall not mean relief from the obligation to perform under the decision or prescription of the federal anti-monopoly body or perform other actions stipulated in the anti-monopoly legislation and other regulatory legal acts on the protection of competition of the financial services market.

Chapter 10. Conclusions

Article 33. Putting Into Force the Present Federal Law

1. The present Federal Law shall come into force six month after the date of the official publication thereof.

2. The President of the Russian Federation is hereby proposed and the Government of the Russian Federation is hereby instructed to bring their regulatory legal acts in conformity with the present Federal Law.

President
of the Russian Federation

B.Yeltsin

Moscow, the Kremlin