Aiming at ensuring economic security of the Russian Federation taking into account the determinative importance of the Russian joint stock company "Gazprom" for the national economy, creating conditions for a step by step liberalization of the circulation of the shares of the Russian joint stock company "Gazprom" and further on until the adoption of a respective federal law I hereby resolve:

1. To establish that during the period of privatization of the Russian joint stock company "Gazprom" (hereinafter referred to as the Gazprom company) a restriction of an aggregate quota of foreign participants in the nominal capital of Gazprom company at the amount of 9 per cent shall be in effect.

Decree of the President of the Russian Federation No. 943 of August 10, 1998 established that in the case of the declaration as the winner of the auction in the sale of the five per cent of the shares of the Public Joint-Stock Company Gazprom of a foreign participant the share of the foreign participants in the authorized capital of the Public Joint-Stock Company Gazprom shall increase by five per cent and shall constitute 14 per cent in the aggregate.

2. To establish that with the purpose of this Decree the foreign participants are considered to be:

   foreign nationals and persons without citizenship, foreign states, subjects of foreign federative states, administrative and territorial and municipal formations of foreign states, legal entities formed in conformity with the legislation of a foreign state, international inter-governmental, public and other organizations, as well as affiliations and representations of said persons and organizations (hereinafter referred to as foreign participants-non-residents);

   commercial organizations formed in conformity with the legislation of the Russian Federation, 50 and more per cent of the nominal capital (property) of which belong to foreign participants-non-residents; public associations and non-commercial organizations with more than one third part of the managing and supervising bodies comprising foreign participants-non-residents; as well as open-end and interval unit investment trusts, closed-end fixed-term unit investment trusts, specialized investment funds of privatization and non-government pension funds, formed in conformity with the legislation of the Russian Federation, 50 and more per cent of the nominal capital (property) of managing companies of which belong to foreign participants-non-residents (hereinafter referred to as foreign participants-residents).

   Also regarded as foreign participants-residents are commercial organizations formed in conformity with the legislation of the Russian Federation, 50 and more per cent of the nominal capital (property) of which belong to foreign participants-residents, as well as affiliations and representations of foreign participants-residents.

3. To establish that the shares of the Gazprom company acquired in accordance with the legislation of the Russian Federation by foreign participants-residents before the enactment of this Decree shall not be counted when determining the aggregate quota of foreign participants in the nominal capital of Gazprom company. The above foreign participants - residents possess and dispose of the shares of Gazprom company acquired in accordance with the legislation of the Russian Federation before the day of the enactment of this Decree on the terms set for the Russian legal entities.

4. In a case where a Russian physical person or legal entity being a shareholder of Gazprom company becomes a foreign participant-resident or non-resident in the meaning of this Decree as a result of losing citizenship of the Russian Federation, changes of the composition of the participants...
or reorganization of the legal entity person or by other reason resulting in violating the restriction mentioned in Item 1 of this Decree, the shares of Gazprom company belonging to such a shareholder are subject to sale within a 3-month period at the stock market of the Russian Federation as the part exceeding said restriction.

5. To establish that as from the day of the enactment of this Decree, the shares of the Gazprom company, securities and other financial instruments, the base assets for which are the shares of the Gazprom company, shall be acquired at the stock market of the Russian Federation by foreign participants-residents and non-residents per licences of the Federal Commission for Security Market issued in accordance with decisions of the Government of the Russian Federation.

6. To establish that as from the day of the enactment of this Decree, the export of the shares of the Gazprom company, securities and other financial instruments, the base assets for which are the shares of Gazprom company, from the Russian Federation, the transfer of the shares of Gazprom company into trust of foreign participants-residents and non-residents, as well as the use of the shares of Gazprom company as the base assets for the issue and placement of securities and other financial instruments among foreign participants-residents and non-residents are performed per licences of the Federal Commission for the Security Market in accordance with decisions of the Government of the Russian Federation.

7. Transactions of the shares of the Gazprom company, as well as securities and other financial instruments, the base assets for which are the shares of Gazprom company, carried out with the infringement of Items 1 to 6 of this Decree shall be regarded as void in the territory of the Russian Federation pursuant to Article 168 of the Civil Code of the Russian Federation.

8. To establish that the shares of Gazprom company acquired by foreign participants-residents and non-residents, as well as Russian legal entities, are subject to custody at organizations with less than 50 % of the nominal capital (property) belonging to foreign participants-residents and non-residents and which possess licences of the Federal Commission for Security Market to carry out depository and custodian activity, as well as at organizations which possess licences of the Federal Commission for Security Market for the right to offer depository services to unit investment trusts. The said procedure is not applied if the shares of Gazprom company are stored due to their export from the Russian Federation per the authorization of the Federal Commission for Security Market. The transactions of the shares of Gazprom company which have not been transferred into custody in conformity with paragraph 1 of this Item shall be regarded as void pursuant to Article 168 of the Civil Code of the Russian Federation.

9. To establish that organizations keeping in custody, in accordance with Item 8 of this Decree, the shares of Gazprom company shall be obliged to forward information on the deposited shares of Gazprom company to the Central Fund for the Storage and Processing of Information of the Stock Market on the day of the deposition of the shares.

The Central Fund for the Storage and Processing of Information of the Stock Market informs the Federal Commission for the Security Market of the number of shares of the Gazprom company acquired by foreign participants-residents and non-residents, as well as of a specific buyer and the time of deposition.

10. To establish that professional participants of the security market shall sell the shares of Gazprom company at stock exchanges or via brokers possessing licences of the Federal Commission for Security Market. The list of stock exchanges and brokers mentioned in this paragraph shall be approved by the Government of the Russian Federation.

To establish that Gazprom company shall have the prior option to purchase of the shares of Gazprom company sold in order contrary to that one mentioned in paragraph one of this item at the price of expected transaction. Gazprom company, in the procedure set by the board of Gazprom company, within a one month period from the day of the receipt of a tender of the seller to carry out a transaction of the shares of "RAO Gasprom", makes a decision to purchase all or a part of the offered shares at the asked price. If Gazprom company has not made a decision within the above mentioned period, the seller has the right to sell the above shares at the price set in the tender to any person taking into account the requirements of this Decree. The validity of the second paragraph of this item shall terminate on January 1, 1999.
11. To establish that the shares of Gazprom company can comprise not less than:
   10 per cent of the assets of open-end and interval investment trusts, closed-end fixed-term unit investment trusts (the term for the buy-out of the investment shares is 5 years or less), specialized investment trusts of privatization and pension funds;
   20 per cent of the assets of closed-end fixed-term unit investment trusts (the term for the buy-out of the investment shares is exceeding 5 years).

12. The Government of the Russian Federation shall within a one month period:
   establish the procedure of decision making pursuant to Items 5 and 6 of this Decree;
   bring its acts into conformity with this Decree.

13. The Federal Commission for Security Market shall within a one month period:
   submit a draft Decree of the President of the Russian Federation on closed-end fixed-term unit investment trusts;
   form the Central Fund for the Storage and Processing of Information of the Stock Market as a non-commercial organization.

14. Items 5, 6, paragraph five of Item 7 and Item 8 of the Decree of the President of the Russian Federation No. 662 of July 3, 1995 On Measures to Form the All-Russia Telecommunication System and Ensure the Rights of the Owners in the Course of Storage of Securities and Settlements at the Stock Market of the Russian Federation (Collection of Legislation of the Russian Federation, 1995, No. 28, item 2639) shall be regarded as null and void.

15. This Decree shall enter into force on the day of its publication, except that Item 8 which shall enter into force on September 1, 1997.

President of the Russian Federation                                  B.Yeltzin
Moscow, the Kremlin