

**FEDERAL LAW NO. 58-FZ OF APRIL 29, 2008 ON AMENDING
CERTAIN LEGISLATIVE ACTS OF THE RUSSIAN FEDERATION AND
DECLARING INVALIDATED CERTAIN PROVISIONS OF LEGISLATIVE
ACTS OF THE RUSSIAN FEDERATION IN CONNECTION WITH
ADOPTION OF THE FEDERAL LAW ON THE PROCEDURE FOR
MAKING FOREIGN INVESTMENTS INTO ECONOMIC COMPANIES
WHICH ARE OF STRATEGIC IMPORTANCE FOR ENSURING THE
COUNTRY'S DEFENCE CAPACITY AND STATE SECURITY**

Adopted by the State Duma on April 2, 2008

Endorsed by the Federal Council on April 16, 2008

Article 1

The following amendments shall be made to Law of the Russian Federation No. 2395-I of February 21, 1992 on Subsoil (in the wording of Federal Law No. 27-FZ of March 3, 1995) (Vedomosti Syezda Narodnikh Deputatov Rossiyskoy Federatsii i Verkhovnogo Soveta Rossiyskoy Federatsii, 1992, No. 16, Article 834; Sobranie Zakonodatelstva Rossiyskoy Federatsii, 1995, No. 10, Article 823; 1999, No. 7, Article 879; 2000, No. 2, Article 141; 2001, No. 21, Article 2061; No. 33, Article 3429; 2002, No. 22, Article 2026; 2003, No. 23, Article 2174; 2004, No. 35, Article 3607; 2006, No. 17, Article 1778; No. 44, Article 4538; 2007, No. 27, Article 3213):

1) Article 2.1 shall be stated in the following wording:

"Article 2.1. Subsoil Areas of Federal Importance

For the purpose of ensuring the country's defence capacity and state security some subsoil areas shall be deemed pertaining to subsoil areas of federal importance.

A list of subsoil areas of federal importance shall be officially published by the federal body in charge of managing the state mineral reserve in the procedure established by the Government of the Russian Federation in an official edition of the Russian Federation.

The following areas shall pertain to subsoil areas of federal importance:

1) those containing deposits and occurrences of uranium, diamonds, especially pure quartz raw stuff, rare earths of the yttria group, nickel, cobalt, tantalum, niobium, beryllium, lithium and metals belonging to the platinum group;

2) those located in the territory of a constituent entity of the Russian Federation or in the territories of constituent entities of the Russian Federation and containing on the basis of data of the state balance sheet of minerals starting from January 1, 2006:

recoverable oil reserves starting from 70 million tons;

natural gas reserves starting from 50 milliard cubic meters;

- primary gold reserves starting from 50 tons;
copper reserves starting from 500 thousand tons;
- 3) those of internal sea waters, territorial sea and continental shelf of the Russian Federation;
 - 4) those whose disposal involves the use of land plots pertaining to defence and security lands.

Subsoil areas of federal importance whose list is officially published in compliance with Part Two of this article shall preserve the status of subsoil areas of federal importance, regardless of the requirements established by this article.

If in the course of geological survey of subsoil effected, in particular, on the basis of a combined licence, the subsoil user being a legal entity with participation of foreign investors or a foreign investor discovers a mineral deposit whose characteristics satisfy the requirements established by Part Three of this article, the Government of the Russian Federation may adopt the decision to deny granting the right of using the subsoil area for exploration and extraction of minerals on the given subsoil area of federal importance to such person or, in the event of geological exploration of subsoil under a combined licence, the decision to terminate the right of using the subsoil area for exploration and extraction of minerals on the given subsoil area of federal importance, if it poses danger for the country's defence or state security. A procedure for adopting such decisions shall be established by the Government of the Russian Federation.

Outlays on prospecting and evaluation of a discovered mineral deposit and the amount of the one-time payment made in compliance with the terms and conditions of the combined licence for using the subsoil area shall be compensated to the persons who are denied under Part Five of this article the right to use a subsoil area for exploration and extraction of minerals in the subsoil area of federal importance, and remuneration shall be paid to such persons out of the federal budget funds in the procedure established by the Government of the Russian Federation.

The concept "foreign investor" is used in this Federal Law in the meaning specified by Article 2 of Federal Law No. 160-FZ of July 9, 1999 on Foreign Investments in the Russian Federation. In the present Law, as foreign investors shall be likewise deemed organisations which are under control of foreign investors, including those which are established in the territory of the Russian Federation.";

- 2) Article 2.2 with the following content shall be added hereto:

"Article 2.2. The Federal Fund of Reserve Subsoil Areas

For the purpose of meeting in the long term the needs of the Russian Federation for strategic and critical kinds of minerals the federal fund of reserve subsoil areas shall be formed on the basis of subsoil areas which are not granted for use.

The subsoil areas included into the federal fund of reserve subsoil areas shall not be granted for use before rendering the decision on their exclusion from the federal fund of reserve subsoil areas.

The decision to include subsoil areas into the federal fund of reserve subsoil areas and to exclude subsoil areas therefrom shall be adopted by the Government of the Russian Federation on the proposal of the authorized federal executive body, if not otherwise established by federal laws.";

3) in Part One of Article 3:

a) Item 6 shall be stated in the following wording:

"6) to publish officially a list of subsoil areas of federal importance in the official edition to be determined by the Government of the Russian Federation, to form the federal fund of reserve subsoil areas, to establish lists of subsoil areas in respect of which the right to use them may be only granted under the terms and conditions of production sharing agreements;"

b) Item 6.1 with the following content shall be added hereto:

"6.1. to prepare, jointly with constituent entities of the Russian Federation, regional lists of minerals classified as commonly occurring ones and to identify subsoil areas of local importance;"

4) Item 7 of Article 4 shall be stated in the following wording:

"7) to manage jointly with the Russian Federation the integrated state mineral reserve within their respective territories, to form jointly with the Russian Federation regional lists of minerals classified as commonly occurring ones and to identify subsoil areas of local importance;"

5) Part Two of Article 6 shall be stated in the following wording:

"Subsoil areas may be granted for use concurrently for minerals' geological survey, prospecting and extraction. With this, minerals' prospecting and extraction, except for minerals' prospecting and extraction on a subsoil area of federal importance, may be effected both in the course of subsoil geological survey and after completion thereof. Minerals' exploration and extraction on a subsoil plot of federal importance may be only effected on the basis of the decision of the Government of the Russian Federation on the possibility of minerals' exploration and extraction on this subsoil area by a subsoil user after completing subsoil geological survey on this subsoil area.";

6) Article 9 shall be stated in the following wording:

"Article 9. Subsoil Users

As users of subsoil resources may be deemed persons engaging in business activities, including members of ordinary partnerships, foreign citizens and legal entities, if not otherwise established by federal laws.

As users of subsoil resources on subsoil areas of federal importance, except for subsoil areas of federal importance on the continental shelf of

the Russian Federation and subsoil areas of federal importance which are located in the territory of the Russian Federation and are extending to the continental shelf thereof, may be deemed legal entities established in compliance with the legislation of the Russian Federation, if the Government of the Russian Federation has not established under this Law additional restrictions in respect of admittance to participation in tenders or auctions for the right to use such subsoil plots of legal entities with participation of foreign investors which are established in compliance with the legislation of the Russian Federation.

As subsoil users of subsoil areas of federal importance on the continental shelf of the Russian Federation, as well as on subsoil areas of federal importance located in the territory of the Russian Federation and extending to the continental shelf thereof, may be deemed legal entities which are established in compliance with the legislation of the Russian Federation, have expertise in developing subsoil areas of the continental shelf of the Russian Federation within at least five years, in which the share (contribution) of the Russian Federation is over fifty per cent and/or in respect of which the Russian Federation is entitled to dispose directly or indirectly of over fifty per cent of the total number of votes falling at the voting stocks (shares) constituting authorised capitals of such legal entities.

As subsoil users under the terms of production sharing agreements may be deemed legal entities, as well as associations of legal entities which are set up on the basis of joint operations agreements (contracts of simple partnership), such associations not having the status of an association of legal entities, provided that the participants in such associations have joint and several liability on obligations arising from the production sharing agreements.

If federal laws establish that a permit (licence) is required to perform certain kinds of activities involved in subsoil use, subsoil users must hold permits (licences) required to perform relevant kinds of activities involving the use of subsoil resources.

As users of subsoil resources engaged in carrying out the extraction of radioactive raw materials and burial of radioactive wastes, toxic substances and other hazardous waste may be only deemed legal entities established in compliance with the legislation of the Russian Federation and holding permits (licences) for carrying out works aimed at the extraction and use of radioactive substances, as well as at the use of toxic and other hazardous waste, issued by the authorised federal executive body.

The rights and duties of subsoil users shall arise as of the date of the state registration of the licence for a subsoil area's use or, when granting the right to use a subsoil area under the terms of a production sharing agreement, as of the date when such agreement enters into force.";

7) Article 10.1 shall be stated in the following wording:

"Article 10.1. Grounds for Granting the Right to Use Subsoil Plots

The following shall be deemed grounds for the rise of the right to use subsoil plots:

1) the decision of the Government of the Russian Federation adopted:

on the basis of the results of an auction or tender for exploration and extraction of mineral resources or for geological survey of subsoil, prospecting and extraction of mineral resources on the basis of a combined licence on a subsoil plot of federal importance;

in the event of establishing the fact of discovery of a mineral deposit on a subsoil plot of federal importance or on the subsoil plot which is classified as a subsoil plot of federal importance as a result of discovering the mineral deposit by the subsoil user that has carried out works aimed at geological survey of subsoil using own funds (in particular attracted ones) for exploration and extraction of minerals at the discovered deposit and, if any, has reimbursed the state outlays on exploration and assessment of minerals on the subsoil plot of federal importance in the procedure established by the Government of the Russian Federation;

for burial of radioactive, toxic and other hazardous waste on deep levels, this ensuring such waste localization;

2) the decision of the federal body in charge of managing the state mineral reserve or of a regional agency thereof on granting the right of short-term (up to one year) use of a land plot for the exercise by a legal entity (operator) of activities on the land plot whose right of use is terminated ahead of schedule;

3) the decision of the commission established by the federal body in charge of managing the state mineral reserve and including likewise representatives of the executive body of the appropriate constituent entity of the Russian Federation for consideration of applications for granting the right to use subsoil plots;

for the purpose of geological survey of subsoil plots, except for subsoil on subsoil plots of federal importance;

in the event of establishing the fact of discovery of a mineral deposit on a subsoil plot, except for a subsoil plot of federal importance and a subsoil plot which is classified a subsoil plot of federal importance as a result discovering on it a mineral deposit by the subsoil user that has carried out works aimed at geological survey of subsoil using own funds (in particular attracted ones) for exploration and extraction of minerals at the discovered deposit and, if any, has reimbursed the state outlays on exploration and assessment of minerals on the subsoil plot of federal importance in the procedure established by the Government of the Russian Federation;

for the purpose of extracting ground water used for water supply of the population or technological water supply of industrial objects;

for the purpose of construction and operation of underground structures not connected with the extraction of mineral resources;

for the purpose of constructing oil and gas storage facilities in rock beds and operating such oil and gas storage facilities, placing industrial and domestic waste;

for establishing specially guarded geological objects;

4) the decision of a tender or auction commission on granting the right to use a subsoil plot for the purpose of exploration and extraction of minerals or for the purpose of geological subsoil survey, exploration and extraction of minerals under a combined license, except for subsoil plots of federal importance;

5) the decision of the executive body of a constituent entity of the Russian Federation coordinated with the federal body in charge of managing the state mineral reserve or with a regional agency thereof and adopted for the purpose of collecting mineralogical, paleontological and other geological specimens;

6) the decision of the state power body of a constituent entity of the Russian Federation adopted in keeping with the laws of the constituent entity of the Russian Federation on granting the right to use a subsoil plot containing deposits of commonly occurring minerals or a subsoil plot of local importance (in particular a subsoil plot of local importance to be used for the purpose of construction and operation of underground structures that are not connected with the extraction of minerals);

7) the lapse of right to use subsoil plots for the reasons established by the federal laws regulating subsoil use relations;

8) an effective production sharing agreement made in compliance with the Federal Law on Production Sharing Agreements;

9) a state contract of carrying out works aimed at subsoil geological survey (in particular regional one) made by the federal body in charge of managing the state mineral reserve in compliance with Federal Law No. 94-FZ of July 21, 2005 on Placing Orders to Supply Goods, Carry Out Works and Render Services to Meet State and Municipal Needs.";

8) Article 13.1 shall be stated in the following wording:

"Article 13.1 Tenders and Auctions for the Right to Use Subsoil Plots

Decisions on holding tenders or auctions for the right to use subsoil plots, on the composition and operating procedure of tender and auction commissions, as well as the establishment of the procedure for, and terms of, holding such tenders and auctions in respect of every subsoil plot or a group of subsoil plots shall be adopted:

1) by the Government of the Russian Federation in respect of subsoil plots of federal importance;

2) by the state power body of an appropriate constituent entity of the Russian Federation in respect of subsoil plots containing deposits of commonly occurring minerals or of subsoil plots of local importance;

3) by the federal body in charge of managing the state mineral reserve or by a regional agency thereof in respect of subsoil plots, except for the subsoil plots cited in Items 1 and 2 of this part.

For the purpose of ensuring the county's defence capacity and state security, the Government of the Russian Federation when determining the procedure for, and terms of, holding tenders and auctions for the right to use subsoil plots of federal importance, except for subsoil plots of federal importance on the continental shelf of the Russian Federation and subsoil plots of federal importance located in the territory of the Russian Federation and extending to the continental shelf thereof, may establish restrictions on basis of the proposal of the federal executive body exercising the functions of devising and pursuing the state policy in respect of defence and/or the federal executive body in charge of security, as to the admittance to participation in such tenders or auctions of legal entities with the participation of foreign investors established in compliance with the legislation of the Russian Federation.

The decision on endorsing the results of a tender or auction for the right to use a subsoil plot shall be adopted within the time period of at most 30 days as of the date when the tender or auction is held by the bodies cited in Part One of this article.

Tender or action commissions established by the federal body in charge of managing the state mineral reserve or by regional agencies thereof shall likewise include representatives of the executive body of an appropriate constituent entity of the Russian Federation.

The basic criteria for determining the winner when holding a tender for the right to use a subsoil plot shall be the scientific and technical level of programs aimed at geological survey and use of subsoil plots, the completeness of minerals extraction, the contribution to the social and economic development of the region, time periods for implementation of appropriate programs, efficiency of measures aimed at the protection of subsoil and the environment, due regard to the national security interests of the Russian Federation.

The basic criterion for determining the winner, when holding an auction for the right to use a subsoil plot, shall be the amount of the one-time payment for the right to use the subsoil plot.

If a tender for the right to use a subsoil plot is recognized as frustrated as there is only one application from a participant, the license for the use of a the subsoil plot may be issued to this participant under the terms and conditions of such tender.

Announcements concerning forthcoming tenders for the right to use subsoil plots must be published in all-Russia mass media and in those issued in the territories of appropriate constituent entities of the Russian Federation at latest 90 days before, and those concerning forthcoming tenders - at latest 45 days before, the date of holding them counting from the date when they are first published. Announcements about forthcoming

tenders or auctions concerning subsoil plots of federal importance must contain data on restrictions in respect of admittance to participation in such tenders or auctions established in compliance with Part Two of this article.

Mass media for publishing such announcements shall be selected by federal bodies cited in Part One of this article.

The procedure for, and terms of, holding a tender or auction for the right of using subsoil plots for the purpose of making a production sharing agreement shall be determined in compliance with the laws of the Russian Federation.";

9) Item 5 with the following content shall be added to Article 14:

"5) the applicant does not comply with the criteria established by the terms and conditions of holding a tender or auction for the right to use a subsoil plot of federal importance.";

10) Article 16 shall be stated in the following wording:

"Article 16. Organisational Support to the State Licensing System

The federal body in charge of managing the state mineral reserve and its regional agencies shall be held responsible for providing organisational support to the state licensing system.

The federal body in charge of managing the state mineral reserve and its regional agencies:

1) shall prepare proposals in respect of holding tenders or auctions for the right to use subsoil plots of federal importance to be introduced to the Government of the Russian Federation;

2) shall prepare a list of subsoil plots proposed for use, shall endorse such list and the terms and conditions of granting subsoil plots, except for the subsoil plots of federal importance and subsoil plots whose disposal pertains to the scope of authority of constituent entities of the Russian Federation;

3) shall ensure the functioning of the state licensing system, except for licensing the use of subsoil plots whose disposal pertains to the scope of authority of constituent entities of the Russian Federation;

4) shall prepare conditions for using subsoil plots for the purpose of geological survey, exploration and extraction of minerals in respect of every subsoil plot, except for the subsoil plots whose disposal pertains to the scope of authority of constituent entities of the Russian Federation.

Executive bodies of constituent entities of the Russian Federation in respect of the subsoil plots located in the territories thereof:

1) shall ensure the functioning of the state system of licensing the use of subsoil plots whose disposal pertains to the scope of authority of constituent entities of the Russian Federation;

2) shall prepare conditions for using subsoil plots whose disposal pertain to the scope of authority of constituent entities of the Russian Federation;

3) are entitled to present to the federal body in charge of managing the state mineral reserve or to regional agencies thereof proposals related to forming the programme of licensing the use of subsoil plots, to the terms and conditions of holding tenders and auctions for the right to use subsoil plots and to the terms and conditions of licenses for using subsoil plots.

Federal executive bodies shall participate in ensuring the functioning of the state licensing system in compliance with the scope of their authority determined by the Government of the Russian Federation.

Drawing up, state registration and issuance of licenses for the use of subsoil plots shall be effected by the federal body in charge of managing the state mineral reserve or by regional agencies thereof, while in respect of the subsoil plots whose disposal pertains to the scope of authority of constituent entities of the Russian Federation it shall be done by authorised executive power bodies of appropriate constituent entities of the Russian Federation.

The procedure for drawing up, state registration and issuance of licenses for the use of subsoil plots with deposits of commonly occurring minerals or of subsoil plots of local importance (including subsoil plots of local importance to be used for the purpose of construction and operation of underground structures which are not connected with the extraction of minerals) shall be established by the state power bodies of constituent entities of the Russian Federation.

The procedure for considering applications for the right to use subsoil for the purpose of burying radioactive, toxic and other hazardous waste on deep levels ensuring such waste localization, as well as in the event of establishing the fact of discovering a mineral deposit on a subsoil plot of federal importance or on a subsoil plot classified as pertaining to subsoil plots of federal importance as a result of discovering there a mineral deposit by the subsoil user, that has carried out works aimed at subsoil geological survey using own funds for exploration and extraction of minerals at the discovered deposit, shall be established by the Government of the Russian Federation.

The procedure for considering applications for the right to use subsoil for the purpose of geological subsoil survey (except for subsoil on subsoil plots of federal importance), extraction of ground water used for water supply of the population or industrial water supply, for the purpose of construction and operation of underground structures that are not connected with the extraction of minerals, construction of oil and gas storage facilities in rock strata and operation of such oil and gas storage facilities, placement of industrial and domestic waste, establishment of specially guarded geological objects, for granting the right to the short-term (up to one year) use of a subsoil plot, collection of mineralogical, paleontological and other geological specimens, as well as in the event of discovering a mineral deposit in a subsoil plot, except for a subsoil plot of federal importance and a subsoil plot which is classified as pertaining to

subsoil plots of federal importance as a result of discovering a mineral deposit by the subsoil user that has been carrying out the geological survey of subsoil using own funds for exploration and extraction of minerals at the discovered deposit, shall be established by the federal body in charge of managing the state mineral reserve by approbation of the federal executive body exercising the function of normative legal regulation in respect of economic development.

The procedure for licensing the use of subsoil plots shall be established by the laws of the Russian Federation.";

11) Article 17.1:

a) Part Nine with the following content shall be added hereto:

"If not otherwise established by this Law, it shall be forbidden to assign the right of using a subsoil plot of federal importance to a legal entity with participation of a foreign investor or to a group of persons which includes a foreign investor, established in compliance with the legislation of the Russian Federation, which:

1) are entitled to dispose directly or indirectly (in particular on the basis of a contract of property trust management, contract of ordinary partnership, contract of agency, or as a result of other transactions, or for other reasons) of over ten per cent of the total number of votes falling at the voting stocks (shares) constituting the authorized (reserve) capital of such legal entity;

2) are entitled on the basis of a contract or for other reason to determine decisions adopted by such legal entity, in particular the terms of exercising business activities by it;

3) are entitled to appoint a one-man executive body and/or over ten per cent of the composition of a collective executive body and/or have an unconditional ability to elect over ten per cent of the composition of the board of directors (supervisory board) or other collective managerial body of such legal entity.";

b) Part Ten with the following content shall be added hereto:

"It is allowable on extraordinary occasions by decision of the Government of the Russian Federation to assign the right of using subsoil plots of federal importance to the persons engaged in business activities which are cited in Part Nine of this article.";

12) in Article 20:

a) new Part Three with the following content shall be added hereto:

"The right to use a subsoil plot of federal importance for exploration and extraction of minerals on the basis of a combined licence shall be terminated ahead of time by the bodies that have granted such licence on the basis of the decision of the Government of the Russian Federation adopted in compliance with Part Five of Article 2.1 of this Law.";

b) Parts Three and Four shall be deemed accordingly Parts Four and Five;

13) in Article 21:

a) in Part Three after the words "the second part" shall be added the words "and the third part";

b) in Part Six after the words "the second part" shall be added the words "and the third part";

14) Part Two of Article 40 shall be stated in the following wording:

"The minimum (start-up) rates of subsoil use one-off payments shall be set at the rate of at least ten per cent of the amount of mineral resource extraction tax calculated for the average designed capacity of the mining/producing organisation. In the event of holding a tender or auction for the right to use a subsoil plot of federal importance containing a mineral deposit discovered in the course of geological survey by the legal entity with participation of foreign investors or by the foreign investor in respect of which it is decided to deny granting the right of using this subsoil plot for exploration and extraction of minerals in compliance with Part Five of Article 2.1. of this Law, the minimum (start-up) rates of subsoil use one-off payment shall be established as equal to the amount of this person's outlays on prospecting and assessment of such mineral deposit. Methods for estimation of the minimum (start-up) rate of subsoil use one-off payment shall be established by the federal body in charge of managing the state reserve fund."

Article 2

The following amendments shall be made to Federal Law No. 144-FZ of August 12, 1995 on the Operational-Search Activity (Sobranie Zakonodatelstva Rossiyskoy Federatsii, 1995, No. 33, Article 3349; 1999, No. 2, Article 233; 2000, No. 1, Article 8; 2001, No. 13, Article 1140; 2003, No. 2, Article 167; No. 27, Article 2700; 2005, No. 49, Article 5128; 2007, No. 31, Article 4008, 4011):

1) Article 8.1 with the following content shall be added hereto:

"Article 8.1. Specifics of Taking by Operational Units of the Federal Security Service Agencies Operational-Search Measures in Respect of Making Foreign Investments in Economic Companies Which Are of Strategic Importance for Ensuring the Country's Defence Capacity and State Security

For the purpose of determining the fact of institution by a foreign investor or by a group of persons including a foreign investor control over an economic company which is of strategic importance for ensuring the country's defence capacity and state security, as well as the fact that a foreign investor and third persons have made an agreement and/or make concerted actions aimed at establishing such control, operational units of the federal security service agencies are entitled to take the operational search measures provided for by Article 6 of this Federal Law. The results of operational-search activity of operational units of the federal security service agencies may be used for substantiation, as regards the legal

actions cited in Article 15 of the Federal Law on the Procedure for Making Foreign Investments in Economic Companies Which Are of Strategic Importance for Ensuring the Country's Defence Capacity and State Security.";

2) the words ", as well as in other instances provided for by this Federal Law" shall be added to Part Two of Article 11.

Article 3

The following amendments shall be made to Federal Law No. 187-FZ of November 30, 1995 on the Continental Shelf of the Russian Federation (Sobranie Zakonodatelstva Rossiyskoy Federatsii, 1995, No. 49, Article 4694; 1999, No. 7, Article 879; 2003, No. 27, Article 2700; 2004, No. 35, Article 3607; 2006, No. 45, Article 4640):

1) in Article 7:

a) Part One shall be stated in the following wording:

"Plots of the continental shelf (hereinafter referred to as plots) may be granted to the persons satisfying the requirements which are provided for by Part Three of Article 9 of Law of the Russian Federation No. 2395-I of February 21, 1992 on the Subsoil (hereinafter referred to as the Law of the Russian Federation on the Subsoil). ";

b) Part Two shall be stated in the following wording:

"The plots shall be given in use for the following:

- regional geological survey of the continental shelf, aimed at assessing the prospects of the ore and of the oil and gas wealth of large plots of the continental shelf;

- simultaneous prospecting, exploration and development of mineral resources.";

c) Parts Four and Five shall be declared invalidated;

d) Part Six shall be stated in the following wording:

"A procedure for granting the plots in use and for use thereof shall be regulated by the federal laws applicable to the continental shelf and to the exercise of activities on it.";

e) Part Seven with the following content shall be added hereto:

"Subsoil users which satisfy the requirements provided for by Part Three of Article 9 of the Law of the Russian Federation on the Subsoil and which are engaged in geological survey of plots within the framework of relevant federal target programmes may be granted subsidies from the federal budget for carrying out works aimed at geological survey of the plots.";

2) in Article 8:

a) Part Four shall be declared invalidated;

b) Part Ten shall be declared invalidated.

Article 4

Paragraph Two of Item 5 of Article 84.3 of Federal Law No. 208-FZ of December 26, 1995 on Joint-Stock Companies (Sobranie Zakonodatelstva Rossiyskoy Federatsii, 1996, No. 1, Article 1; 2006, No. 2, Article 172; 2007, No. 31, Article 4016) shall be stated in the following wording:

"Where the total number of the stocks, in respect of which applications for their sale are filed, exceeds the number of stocks that the person, which has sent a voluntary offer, intends to acquire, or if the number of stocks, in respect of which applications for their sale are filed, exceeds the number of stocks which the person that has sent a voluntary or obligatory offer is entitled to acquire in compliance with the requirements of the Federal Law on the Procedure for Making Foreign Investments in Economic Companies Which Are of Strategic Importance for Ensuring the Country's Defence Capacity and State Security, stocks of stockholders shall be acquired in proportion to the number of stocks indicated in the applications, if not otherwise provided for by the voluntary offer or by an application for sale of stocks."

Article 5

The following amendments shall be made to Federal Law No. 14-FZ of February 8, 1998 on Limited Liability Companies (Sobranie Zakonodatelstva Rossiyskoy Federatsii, 1998, No. 7, Article 785):

1) Item 3 with the following content shall be added to Article 1:

"**3.** Relations connected with making by foreign investors or a group of persons that includes a foreign investor transactions in the shares constituting the authorised capital of a limited liability company which is of strategic importance for ensuring the country's defence capacity and state security and with institution of control over such companies by foreign investors or by a group of persons which includes a foreign investor shall be regulated in compliance with the provisions of the Federal Law on the Procedure for Making Foreign Investments in Economic Companies Which Are of Strategic Importance for Ensuring the Country's Defence Capacity and State Security.";

2) Part Four with the following content shall be added to Article 24:

"The distribution of the share possessed by a company which is of strategic importance for ensuring the country's defence capacity and state security in compliance with the Federal Law on the Procedure for Making Foreign Investments in Economic Companies Which Are of Strategic Importance for Ensuring the Country's Defence Capacity and State Security to participants thereof, the sale of this share to participants of such company and to third persons, the redemption of this share, if as a result of these actions a foreign investor or a group of persons which includes a foreign investor can institute or have instituted control over such company, shall be effected in the procedure provided for by the said Federal Law."

Article 6

Part Four with the following content shall be added to Article 6 of Federal Law No. 160-FZ of June 9, 1999 on Foreign Investments in the Russian Federation (Sobranie Zakonodatelstva Rossiyskoy Federatsii, 1999, No. 28, Article 3493):

"Transactions made by foreign states, international organisations or by organisations controlled by them which result in acquisition of the right to dispose directly or indirectly of over 25 per cent of the total number of votes falling at the voting stocks which constitute the authorised capital of a Russian economic company or of other ability to block decisions made by managerial bodies of such economic company are subject to preliminary coordination in the procedure provided for by Articles 9-12 of the Federal Law on the Procedure for Making Foreign Investments in Economic Companies Which Are of Strategic Importance for Ensuring the Country's Defence Capacity and State Security."

Article 7

Item 88 with the following content shall be added to Part 2 of Article 28.3 of the Code of Administrative Offences of the Russian Federation (Sobranie Zakonodatelstva Rossiyskoy Federatsii, 2002, No.1, Article 1; No. 44, Article 4295; 2003, No. 27, Article 2700, 2708, 2717; No. 46, Article 4434; No. 50, Article 4847, 4855; 2004, No. 31, Article 3229; No. 34, Article 3529, 3533; 2005, No. 1, Article 9,13; No. 10, Article 763; No. 13, Article 1077; No. 19, Article 1752; No. 27, Article 2719, 2721; No. 30, Article 3104, 3131; 2006, No. 1, Article 10; No. 10, Article 1067; No.12, Article 1234; No. 17, Article 1776; No. 18, Article 1907; No. 19, Article 2066; No. 23, Article 2380; No. 31, Article 3420, 3438, 3452; No. 45, Article 4611; No. 50, Article 5279; No. 52, Article 5498; 2007, No. 1, Article 21, 29; No. 30, Article 3755; No. 31, Article 4007; No. 41, Article 4845; No. 43, Article 5084):

"88) officials of the federal executive body authorised to exercise the functions of control over making foreign investments in the Russian Federation - records on the administrative offences provided for by Articles 19.6 and 19.7 of this Code."

Article 8

In Item 2 of Part 2 of Article 34 of the Arbitration Procedure Code of the Russian Federation (Sobranie Zakonodatelstva Rossiyskoy Federatsii, 2002, No. 30, Article 3012) the words "of the Government of the Russian Federation" shall be replaced by the words ", of the Government of the Russian Federation and the Governmental Commission for Exercising Control over Making Foreign Investments in the Russian Federation".

Article 9

Item 4 with the following content shall be added to Article 21 of Federal Law No. 126-FZ of July 7, 2003 on Communications (Sobranie

Zakonodatelstva Rossiyskoy Federatsii, 2003, No. 28, Article 2895; 2004, No. 35, Article 3607; 2006, No. 31, Article 3431):

"4. For the purposes of application of the Federal Law on the Procedure for Making Foreign Investments in Economic Companies Which Are of Strategic Importance for Ensuring the Country's Defence Capacity and State Security, as an economic agent holding the dominant position in the market of mobile voice radio communication shall be deemed the communication operator whose share in this market within the geographic boundaries of the Russian Federation established by the antimonopoly agency exceeds twenty five per cent."

Article 10

The following amendments shall be to Federal Law No. 135-FZ of July 26, 2006 on Protection of Competition (Sobranie Zakonodatelstva Rossiyskoy Federatsii, 2006, No. 31, Article 3434):

1) Item 8 of Part 1 of Article 23 shall be stated in the following wording:

"8) shall keep the register of economic units whose share in the market of a certain commodity exceeds thirty five per cent or which hold the dominant position in the market of a certain commodity, if in respect of such market other federal laws, for the purpose of application thereof, establish the cases when the position of economic units is deemed to be dominant (hereinafter referred to as the register). A procedure for composing and keeping the register shall be established by the Government of the Russian Federation;"

2) in Item 1 of Part 1 of Article 27 the words "whose share in the market of a certain commodity exceeds thirty five per cent (hereinafter referred to as the register)" shall be deleted.

Article 11

The following shall be declared invalidated:

1) Article 12 of Federal Law No. 10-FZ of January 8, 1998 on the State Regulation of the Development of Aviation (Sobranie Zakonodatelstva Rossiyskoy Federatsii, 1998, No. 2, Article 226);

2) Federal Law No. 168-FZ of October 25, 2006 on Amending Article 12 of the Federal Law on the State Regulation of the Aviation Development (Sobranie Zakonodatelstva Rossiyskoy Federatsii, 2006, No. 44, Article 4533).

Article 12

1. This Federal Law shall enter into force as of the date when it is officially published.

2. The provisions of Parts Five and Six of Article 2.1 of Law of the Russian Federation No. 2359-I of February 21, 1992 on the Subsoil (in the wording of this Federal Law) shall apply in the event of discovering a

mineral deposit after the date of this Federal Law's entry into force and shall not apply in respect of subsoil plots which are granted for use with the aim of geological subsoil survey, prospecting and extraction of minerals on the basis of a combined licence and where the subsoil user has finished geological subsoil survey and has started in the established procedure exploration and extraction of minerals before the date of this Federal Law's entry into force.

3. The provisions of Parts Two and Three of Article 9 of Law of the Russian Federation No. 2395-I of February 21, 1992 on the Subsoil (in the wording of this Federal Law) shall not apply, if a subsoil plot of federal importance is used by the person that has obtained the right to use this subsoil plot prior to the date when this Federal Law enters into force.

4. A procedure for forming the federal fund of reserve subsoil plots shall be established by the Government of the Russian Federation upon the expiry of one hundred and eighty days as of the date when this Federal Law enters into force.

President of the Russian Federation

V. Putin

The Kremlin, Moscow
April 29, 2008
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