



Changes in Privatization Law

June 10, 2010

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On May 31, 2010 the Federal Law No.106-FZ “On introducing amendments to the Federal Law ‘On privatization of state and municipal property’” was adopted (hereinafter the “Law”; [published in the Rossiyskaya Gazeta on June 4, 2010](#))

The Law comes into effect on June 15, 2010.

Pursuant to the amendments, the Russian Federation Government’s approval of the forecast plan (program) for privatizing federal property, containing the list of property to be privatized, may now take place not annually as before, but for a period from one to three years.

Pursuant to the Law the Government of the Russian Federation has the right to assign to legal entities, and not to specialized state institutions, the sale of federal property being privatized.

The effect of the Federal Law “On privatization of state and municipal property” (hereinafter the “**Privatization Law**”) no longer extends to relations that occurred in the course of alienation of federal property pursuant to resolutions of the Government of the Russian Federation adopted for purposes of creating conditions for attracting investments, stimulating the stock market and modernizing the technological development of the economy.

The Privatization Law no longer contains the concept of “normative price of the state or municipal property being privatized” (i.e. the minimum price at which alienation of such property was possible). The resolutions on the terms of privatization will indicate a starting price instead of the normative price. The procedure for privatizing property complexes of federal state enterprises and shares of open joint stock companies owned by the federal government, whose book value exceeds five million minimum wages, has been excluded (in the past they were privatized through transformation into an open joint stock company etc.).

The Law establishes that the information on privatization of property is to be published not only in official printed media, but also on official web sites on the Internet.

The amount of down payment needed to participate in an auction has been decreased from 20% of the starting price (but not exceeding 4.5 million minimum wages) to 10% (without stipulating a maximum amount).

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Additional information

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This review covers only a portion of issues related to the topic. The purpose of this review is to provide our clients and other interested parties with information on changes in the legislation which may, to a certain extent, affect their business or interests. This review is not a legal opinion and does not substitute required legal consultations or opinions on certain issues.

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