

July 9, 2014

Dear Sirs,

We would like to alert you of the latest legislative changes amending significantly the Russian personal data legal landscape.

The draft law No. № 553424-6 introducing amendments to the Federal Law “On personal data” and to the Federal Law “On information, information technologies and protection of information” (hereinafter – “**Law**”) has passed 3 hearings in the lower Chamber of the Russian Parliament and was approved today by of the Council of the Federation. The mass media report that the Law is now signed by the President which means its ultimate adoption.

The Law introduces obligation of operators to store and process personal data of Russian nationals only in the databases located in Russia. The introduced obligation will practically mean the companies operating in Russia and dealing with natural persons (for example, retailers, social networks, those operating in international transportation, banking and other similar spheres) will be forced to place their servers within Russia if they plan to continue making business in the market.

It is not clear yet how the operators will be able to verify the nationality of personal data subjects and whether the above restriction will apply to them if data on nationality is not available.

The Law will come into force from **September 1, 2016**. Evidently, this transition period is meant to give companies time to adjust and make business decision on whether to build up local infrastructure in Russia or not, albeit we tend to anticipate that prior to this date some other adjusting changes to the adopted bill may be made.

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We hope that you find this information helpful. Should you have any questions, please contact our Partner **Irina Anyukhina** (ianyukhina@alrud.com).

Kind regards,

ALRUD Law Firm

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