

Upcoming amendments to the Competition Law of Russia: changes in the merger control regulation

Dear Sirs,

In May 2011 amendments to the Federal Law “On Protection of Competition” (hereinafter the “Competition Law”) and other federal laws, jointly known as “the Third Antimonopoly Package”, elaborated by the Federal Antimonopoly Service (hereinafter “FAS Russia”) and other state bodies, are expected to be presented for consideration to the State Duma of the Russian Federation. A number of amendments concern the merger control regulation, and below we would like to point out the most important of the proposed changes:

- The Competition Law will be applied to agreements and / or actions executed by Russian and / or foreign legal entities, if such agreements or actions have any effect on the state of competition in Russia. However the term “*effect on the state of competition*” is still not defined;
- The number of grounds for inclusion legal entities in the group of entities is reduced; therefore the group of persons for the purposes of the merger control is respectively narrowed;
- The grounds for FAS Russia clearance in respect of foreign-to-foreign transactions will be more clearly formulated. In accordance with the proposed amendments the clearance is required for:
 - acquisition of more than 50 % of voting shares of a foreign company,
 - acquisition of other rights, enabling the acquirer to determine the terms of business activity of a foreign company, or
 - acquisition of the rights, enabling the acquirer to exercise the functions of the executive body of a foreign company;
- In respect of foreign companies the additional threshold for the merger control will be established: a transaction is subject to the merger control by FAS Russia if shares / participation interests / rights are acquired in respect of a foreign company, which has supplied goods, services or works to Russia in the amount exceeding *RUR 1bln* during the year, presiding the date of execution of the transaction;
- The new requirements for the documents to be attached to the notification will be set. If the target is a foreign company, constituent documents of the target should be provided in notarized and apostilled form.

It is expected that the Third Antimonopoly Package will come into force in summer 2011. It should be noted that certain provisions in the Package can be changed in the course of the readings in the State Duma. Therefore this newsletter is prepared for informational purposes only and is subject to updating once the Third Antimonopoly Package comes into force.

FAS Russia is introducing the thresholds for the merger control over foreign-to-foreign transactions, and it is expected that when the proposed amendments to the Competition Law come into force, only major international transactions which can objectively affect the state of the competition in Russia will be subject to the state control.

As seen, Russian antitrust regulation is substantially brought in line with the European, and introduction of the Third Antimonopoly Package is aimed at further correlation of these two regulative systems. The proposed amendments will increase the efficiency of the competition regulation and improve quality of the antitrust authorities functioning.

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We hope the information above is helpful for you.

For more information on ALRUD Competition practice please visit our [Web-site](#)

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Kind regards,
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