

**COMMERCIAL LAWS OF  
THE RUSSIAN FEDERATION**  
**January 2010**  
**AN ASSESSMENT BY THE EBRD**

**Office of the General Counsel**



**European Bank**  
for Reconstruction and Development

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**Basis of Assessment:** This document draws on legal assessment work conducted by the Bank (see [www.ebrd.com/law](http://www.ebrd.com/law)) and was last updated during the preparation of the 2009 EBRD Strategy for Russia reflecting the situation at that time. The assessment is also grounded on the experience of the Office of the General Counsel in working on legal reform activities and EBRD investments in Russia. It does not constitute legal advice, for further information please contact [ltt@ebrd.com](mailto:ltt@ebrd.com)

## 1. Overall Assessment

Steady progress of Russian legislative reforms has continued in recent years. Significant clarifications and amendments were made to the Law "On Concession Agreements" in an effort to encourage the development of concession projects and improve the institutional framework for concessions in Russia. However, despite such legislative improvements concession laws still contain a number of areas that cause serious concerns on the part of foreign investors.

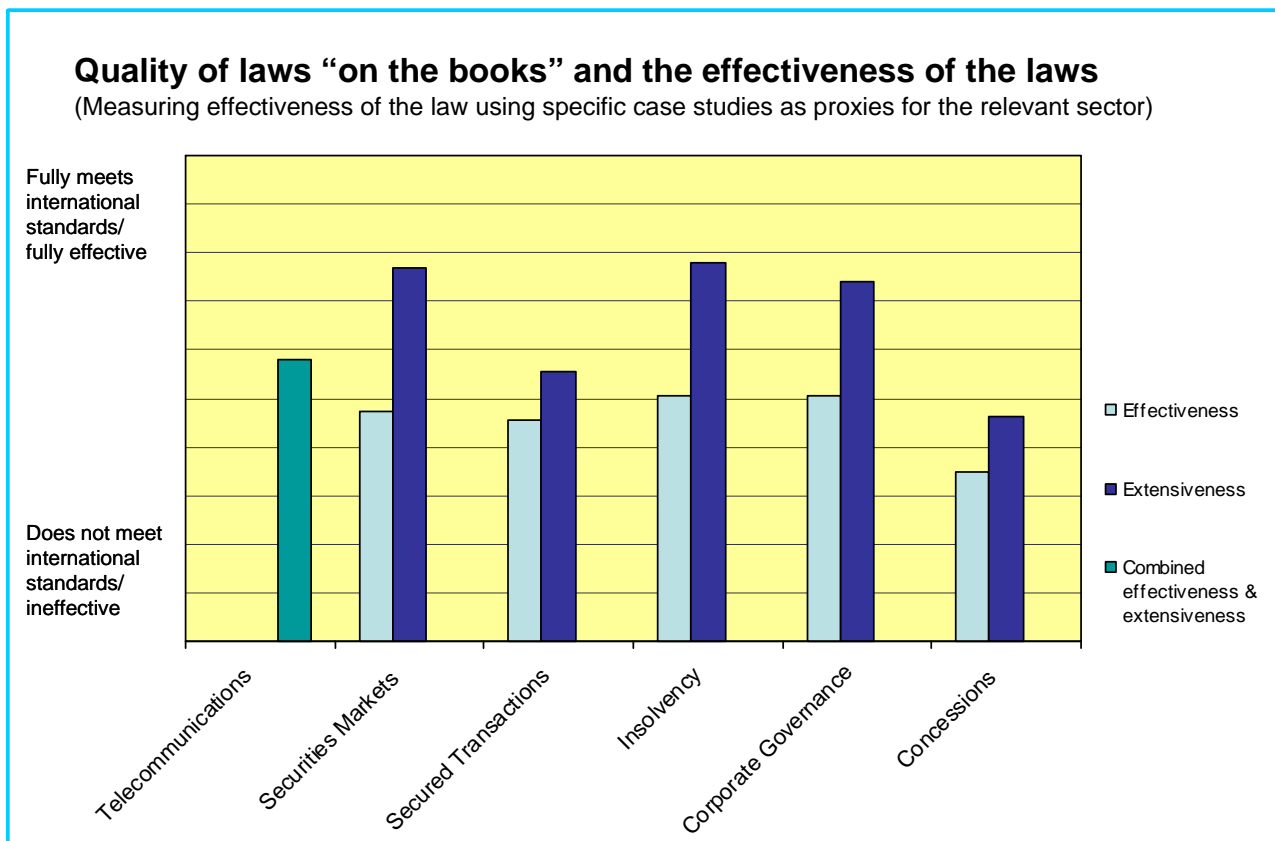
The position of secured creditors in Russia is expected to be substantially improved as the result of various legislative developments that took place in 2008. The rules on foreclosure on collateral have been substantially changed and corresponding amendments were made to various laws including the Civil Code, the Law on Pledges, the Law on Mortgages, the Law on Enforcement Procedures and the Law on Insolvency (Bankruptcy). A non-judicial foreclosure procedure has been introduced which is expected to simplify and expedite the procedure for enforcement by the creditors of their rights over the collateral. The practical implications of such new provisions remain to be tested. In addition, changes were made to the Law on Enforcement Procedures improving the secured lender's position in enforcing payment obligations of borrowers in non-bankruptcy situation by allowing such claims to be satisfied before claims of first and second ranking creditors.

Perhaps the most significant development in the area of corporate law was the reform of legislation on limited liability companies. This reform has been effective as from 1 July 2009. The reform provides flexibility in the way the participants can regulate their relationship within limited liability companies, introduces new rules on transfers of interests and withdrawal rights and addresses various corporate governance issues. In addition, a system of registration of pledged participatory interest has been introduced.

Although a significant number of new laws were aimed at improving the perception by local and foreign investors of the Russian investment environment, the Federal Law No. 57-FZ On Procedure for Foreign Investment in Businesses of Strategic Significance for National Defence and State Security and the corresponding amendments to the Law on Foreign Investment were a cause of concern for international investors when it was adopted in 2008. Law 57-FZ introduced the requirement of prior approval by the Russian authorities if a foreign investors attempts to acquire a controlling stake in a strategically important enterprise. The criteria for "control" and transaction affected by Law No. 57-FZ were specified. The corresponding amendments to the Law on Foreign Investment resulted in an extension of such prior approval requirement to an acquisition of blocking rights or 25% of voting rights or voting shares/interests in a Russian company in case of such acquisition being made by foreign states, international organisations or organisations under their control.

While substantial legislative reforms are taking place in Russia, implementation of the legal reforms is still affected by the inconsistent application of the laws by the federal, regional and municipal authorities and by the judiciary. Further improvement of implementation and enforcement of the legislation shall remain a priority for Russia.

**Chart 1 – Snapshot of the Russian Federation’s commercial laws**



Source: EBRD legal assessments 2002-2009

## 2. The Legal System

### 2.1. Constitution and courts

The Constitution of the Russian Federation was adopted by National Referendum in 1993. According to the Constitution, Russia is a democratic, federal republic consisting of 89 subjects of the federation (regions, ethnically based autonomous republics, territories and the federal cities of Moscow and St Petersburg). State power in Russia is exercised on the basis of its division into the exclusive powers of the federal government, powers jointly exercisable by the federal and local authorities, and powers allocated exclusively to the local authorities.

The President of the Russian Federation is the Head of State elected for a four-year term by popular vote. He has wide authority in the sphere of judicial appointments, dissolution of the parliament, and formation of the government.

The legislative branch of the government is represented by the bicameral parliament (Federal Assembly) which consists of the 450-seat State Duma (lower house, elected every four years by popular vote) and the 178-seat Council of the Federation (upper house comprised of representatives of the regions - 2 per region). The State Duma considers and passes federal laws which are then approved by the Council of the Federation. The President can dissolve the State Duma if the latter expresses a vote of no-confidence in the Government twice in a three month period and if it rejects three consecutive candidates for Prime-Minister.

The Executive branch of the government is represented by the Government of the Russian Federation. The Head of the Government is appointed by the President with the consent of the State Duma. Federal ministers are appointed by the President at the suggestion of the Head of the Government. In 2004, a major reform of the executive branch was carried out aimed at establishing more efficient structures and reducing bureaucracy inside the government. As a result, the government is now comprised of the Head of the Government, the federal ministries, the federal agencies and the federal services.

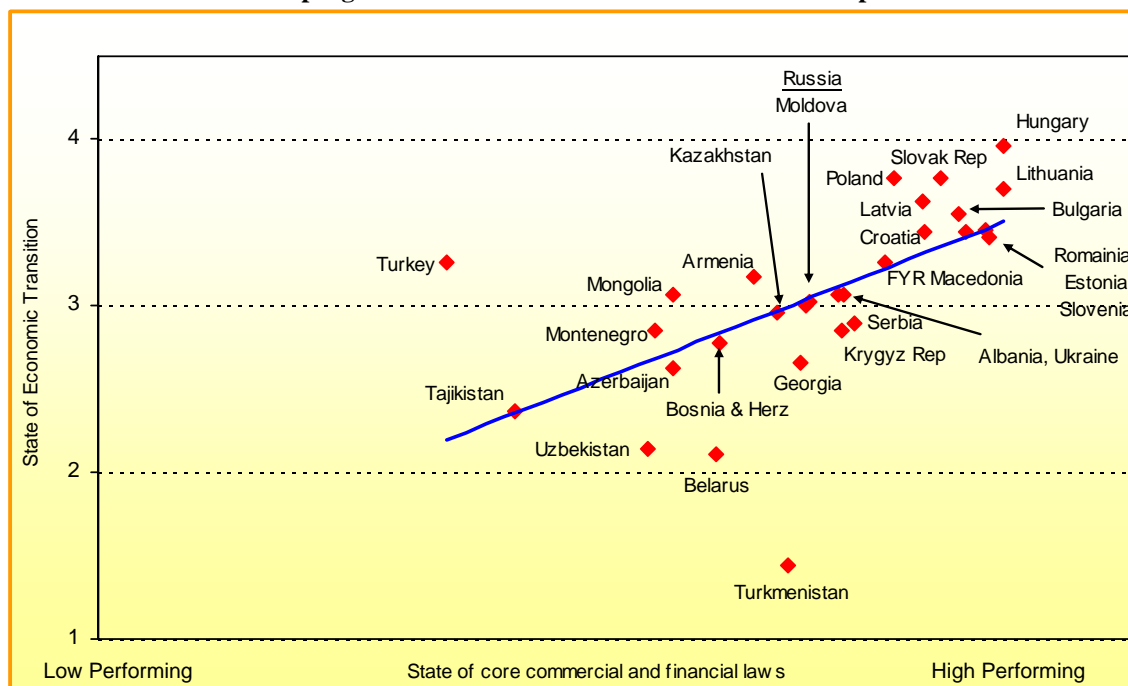
According to the Constitution, the judicial system of the Russian Federation comprises three major components. Constitutional jurisdiction is overseen by the Constitutional Court, which rules on the conformity of federal and local legal acts/documents with the Federal Constitution and hears competency disputes between government bodies. Courts of general jurisdiction, with the Supreme Court as the highest judicial authority, rule on civil, administrative and criminal matters. Commercial (arbitration) courts, with the Supreme Arbitration Court as the highest judicial authority, decide economic disputes. Judges of the Constitutional Court, Supreme Court and Supreme Arbitration Court of the Russian Federation are appointed by the Council of the Federation after the approval of the President. Judges in other federal courts are appointed by the President. The court system is comprised of federal courts (the Constitutional Court, the Supreme Court, supreme courts of the republics, regional courts, courts of the cities of federal status, courts of autonomous regions, district courts, military and specialised courts, High Arbitration Court of the Russian Federation, federal arbitration cassation courts, arbitration appellate courts, arbitration courts of the subjects of the federation, and courts of the subjects of federation, constitutional (statutory) courts and magistrates).

Judicial reform has been among the top priorities of the current administration and there have been significant attempts to increase judicial independence (including an increase in judges' salaries).

## *2.2. Relationship between legal transition and economic progress*

Experience in transition countries shows that the degree of legal transition and economic development of the country advance or regress hand in hand, which is confirmed by data relating to the Russian Federation (see Chart 2 for the Russian Federation's position compared to other EBRD countries of operation).

**Chart 2 – Rule of law and progress in transition in the EBRD countries of operations**



*Note: The horizontal axis measures the performance of commercial and financial laws. The vertical axis displays the EBRD transition index as an average of transition indicators between 1997 and 2009, with 1 referring to very early transition stages, and 4 referring to an advanced transition level.*

Source: EBRD Transition Report 2009, Table 1.1; EBRD Composite Country Law Index, Mar 2009

### 2.3. Recent developments in the investment climate

As a result of the crisis, the government is extending considerable assistance to the economy, including assistance to the largest private firms. In recent years the state (through implementation of the Federal Law on Foreign Investment in Strategic Sectors) has extended its control over large sections of the economy, especially, but not only, in the energy sector. In June 2009 Russia announced its intention to pursue WTO membership as part of a customs union with Belarus and Kazakhstan. In October 2009 Russia said that it would pursue WTO membership separately, although it still intends to form a customs union with the two countries. In November 2009 the presidents of Russia, Belarus and Kazakhstan signed the final documentation, with proposed common customs duties due to come into effect from the start of 2010.

## 3. Evaluation of selected commercial laws

The EBRD has developed and regularly updates a series of assessments of legal transition in its countries of operations, with a focus on selected areas relevant to investment activities: concessions, corporate governance, insolvency, secured transactions, securities markets and telecommunications. The existing tools assess both the quality of the laws "on the books" (also referred to as "extensiveness") and the actual implementation of laws (also referred to as "effectiveness").

All available results of these assessments can be found at [www.ebrd.com/law](http://www.ebrd.com/law).

### *3.1. Concessions*

The 2005 Russian Law on Concession Agreements, as amended, (the “Concession Law”) is a relatively comprehensive document, largely regarded as having no fundamental deficiencies. When enacted, it provided a fair basis for the development of private sector participation in infrastructure. However, the Concession Law can not be seen as being designed for forms of PPP other than concessions. Specifically, it is restrictive regarding the assignability of a concession, the creation of security during the construction phase and the use of international arbitration. It is also too detailed and over prescriptive, imposing a number of restrictions that could make the implementation of projects difficult. It should be noted that currently there is an initiative to develop a general PPP law at the federal level.

Since 2005 both the Russian federal and regional authorities have been working on improvements to the Concession Law and PPP regime. EBRD has been engaged in ongoing dialogue both directly with the federal authorities in an effort to address deficiencies, and through various conferences and forums.

The 2008 amendments to the Concession Law introduced a number of improvements, including: some flexibility vis-à-vis the sub-lease of concession assets (but not the assignment of rights during the construction phase); a softening of the binding nature of template agreements; the introduction of some flexibility into timeline regulations lifting restrictions (e.g. originally 90 days deadline for signing the Concession Agreement and reaching financial closure which was unrealistic); a reiteration and expansion of quality criteria for tenders; and, an allowance for independent experts to be used by the evaluation commission. However, the amendments clarified the venues of choice for dispute resolution as being within Russia, thus excluding any international arbitration.

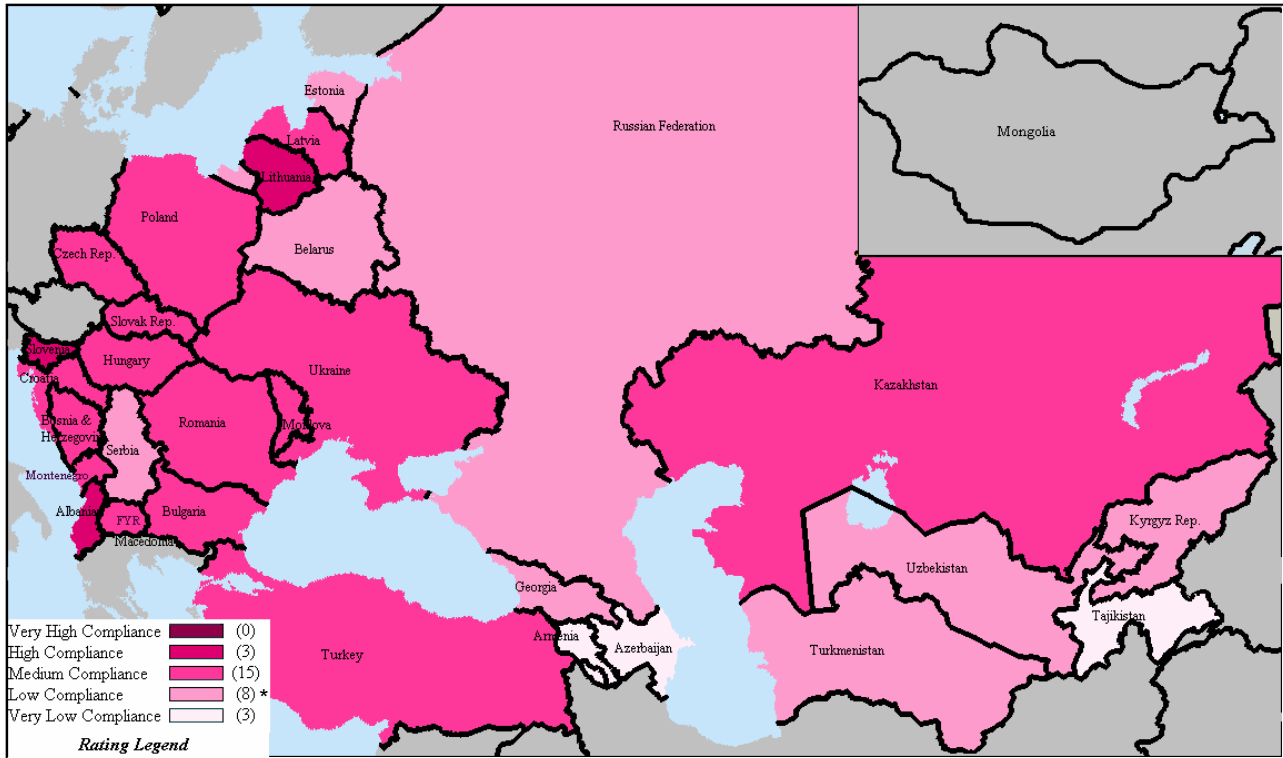
In addition, 2008 amendments to the Competition Law include the requirement for holding a tender/auction in order to transfer public assets into private use and/or possession. Thereby, the loophole that allowed municipalities and municipal companies to award leases to private operators in the heating, water and wastewater sectors directly, without any competitive process, has now been closed which should, in the longer term, encourage the development of concessions in the municipal utilities sector.

Another positive development in recent years has been in the areas of PPP policy formulation and the institutional framework. It is noteworthy that the 2020 development programme provides explicit support to PPPs. At least two agencies, the Roads of Russia and the PPP Unit of Vnesheconombank have started actively working on PPP transport and municipal project development respectively.

In addition to federal legislative initiatives, in order to increase efficiency and bankability in implementing private sector participation schemes, some regional authorities have introduced good-quality regional PPP laws, e.g. the 2006 St Petersburg Law on the Participation of St Petersburg in public-private partnerships, as well as regional PPP institutions.

The EBRD 2007/8 Assessment of Concession legislation found Russian laws to be in “low compliance” with the best internationally accepted standards with rules related, with security and state support as well as project agreements being singled out as having the most potential for improvement (see Charts 3 and 4 below).

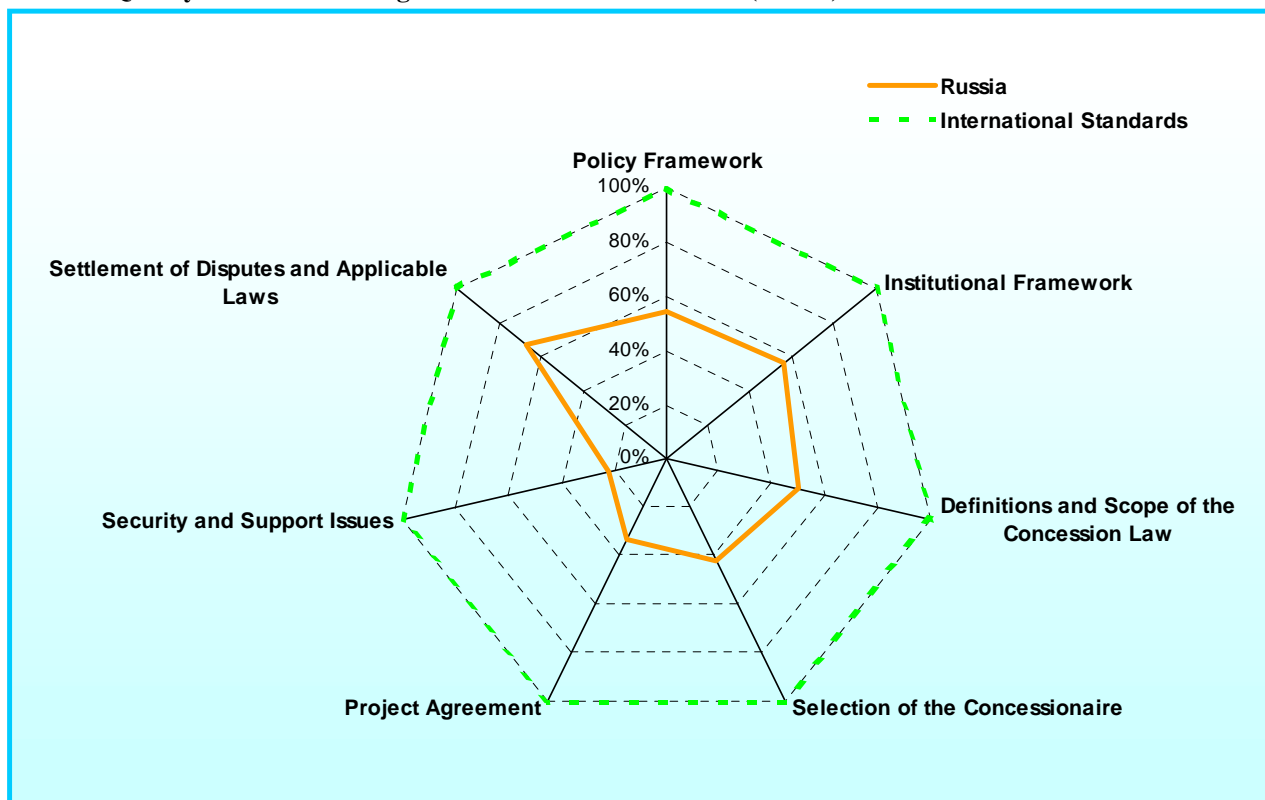
**Chart 3 – Quality of Concessions legislation in the EBRD countries of operations**



**Note:** The various categories represent the level of compliance of a given country’s legislation (“the laws on the books”) with international standards such as the UNCITRAL Model Legislative Provisions on Privately Financed Infrastructure Projects. The asterisk indicates in which category the Russian Federation ranks.

**Source:** EBRD Concessions Sector Assessment 2007/8

**Chart 4 - Quality of Concessions legislation – Russian Federation (2007/8)**



*Note:* The extremity of each axis represents an ideal score in line with international standards such as the UNCITRAL Legislative Guide for Privately Financed Infrastructure Projects. The fuller the ‘web,’ the more closely the country’s concessions laws approximate these standards.

*Source:* EBRD Concessions Sector Assessment 2007/8

### 3.2. Corporate Governance

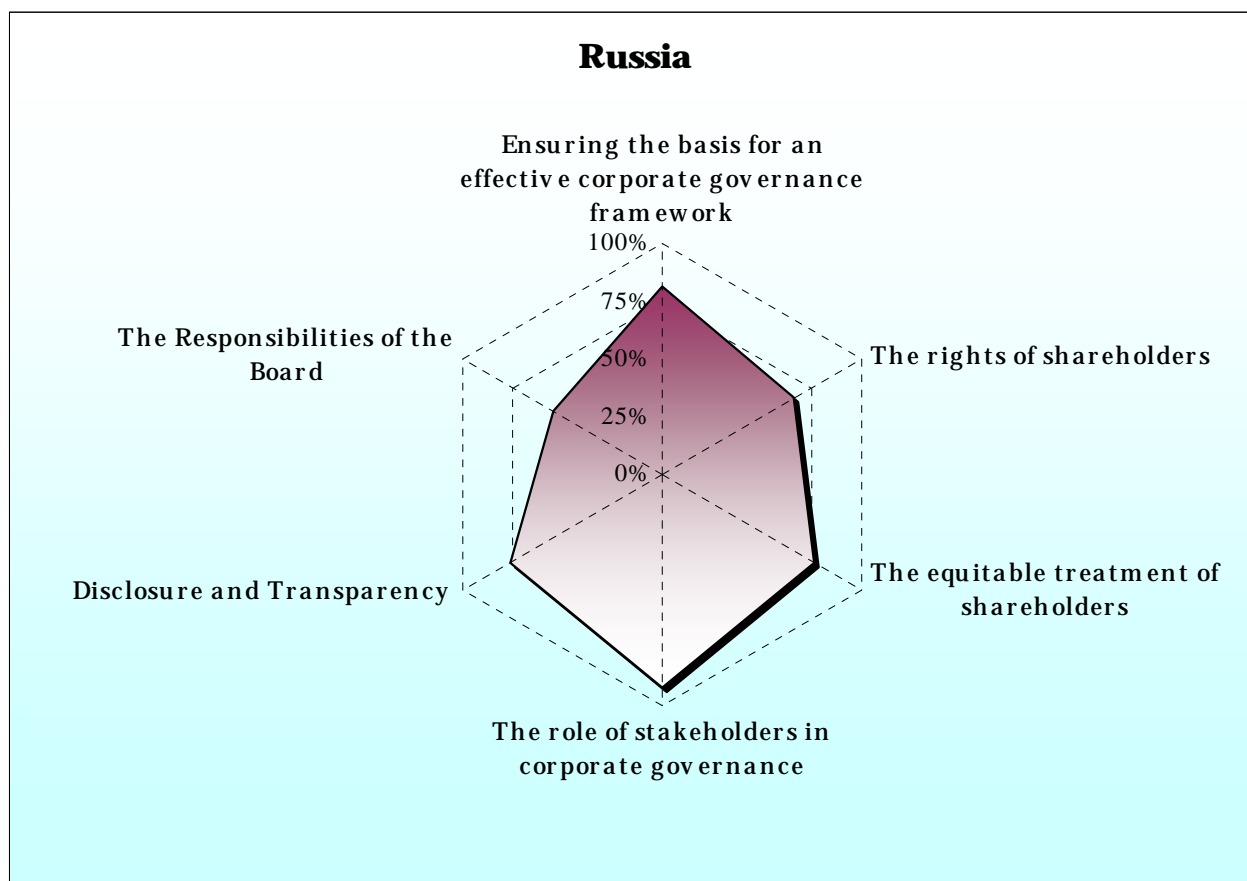
The main corporate governance legislation in Russia is contained in the Civil Code issued on 1 January 1995 and in the Law on Joint Stock Companies (the “JSC Law”), dated 26 December 1995. Both laws have been amended several times since their enactment.

In 2002 the Federal Commission for the Securities Market (“FCSM”), Russia’s former securities market regulator, issued a Corporate Governance Code developed with the technical assistance of the EBRD. The Code is voluntary and listed companies are only required to report compliance with the Code’s principle, according to the “comply or explain” mechanism.

In Russia, joint stock companies with 50 or more shareholders must be organised under a two-tier system, where the general shareholders meeting appoints both the supervisory board and the management board, unless otherwise provided by the company’s by-laws.

According to the results of the 2007 EBRD Corporate Governance Sector Assessment, under which corporate governance related “laws on the books” were assessed, the Russian Federation was rated as having achieved “high compliance”, when compared to the OECD Principles of Corporate Governance (see Charts 5 and 6 below).

**Chart 5 - Quality of corporate governance legislation – Russia (2007)**

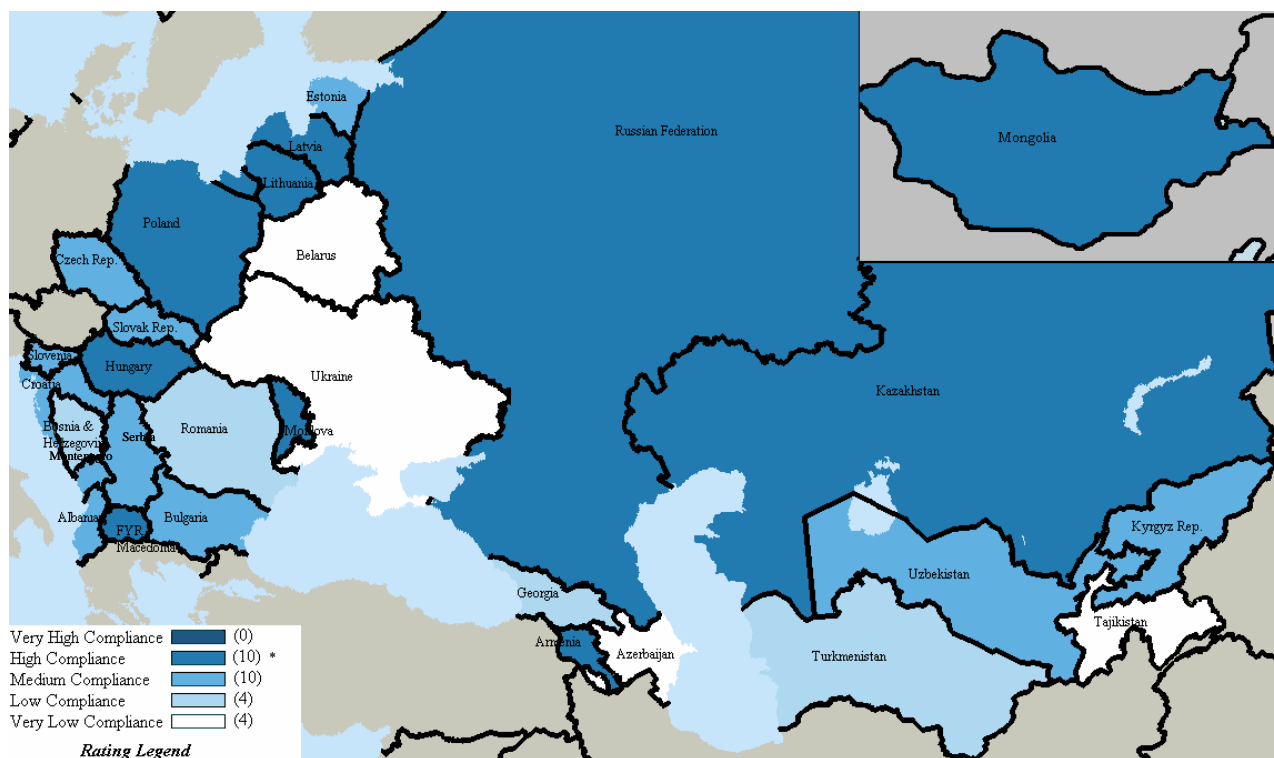


*Note:* The extremity of each axis represents an ideal score, i.e., corresponding to OECD Principles of Corporate Governance. The fuller the 'web', the more closely the corporate governance laws of the country approximate these principles

*Source:* EBRD Corporate Governance Sector Assessment, 2007

A general reform priority for Russia is to improve effective implementation and enforcement of its existing legislation. The effectiveness (how the law works in practice) of corporate governance legislation was assessed by the EBRD in 2005, examining a case study dealing with related-party transactions. The case study investigated both the position of a minority shareholder seeking to access corporate information in order to understand if a related-party transaction had been entered into by the company, and how to obtain compensation in cases where damage was suffered. Effectiveness of legislation was then measured according to four principal variables: complexity, speed, enforceability and institutional environment. The survey revealed a variety of actions available to minority shareholders to obtain disclosure and redress but procedures were seen as complex. When considering enforceability, the procedure can be difficult and time-consuming. Finally, when examining the institutional environment, the survey identified difficulties in finding reliable corporate information and independent statutory auditors. Otherwise, courts and the market regulator are deemed generally competent and experienced in corporate law cases, but courts can be biased - especially in favour of powerful defendants - while the regulator's position was deemed unpredictable.

Chart 6 – Quality of Corporate Governance legislation in the EBRD countries of operations



**Note:** The various categories represent the level of compliance of a country’s legislation (the “laws on the books”) with international standards as set out in the OECD Principles of Corporate Governance. The asterisk indicates in which category the Russian Federation ranks.

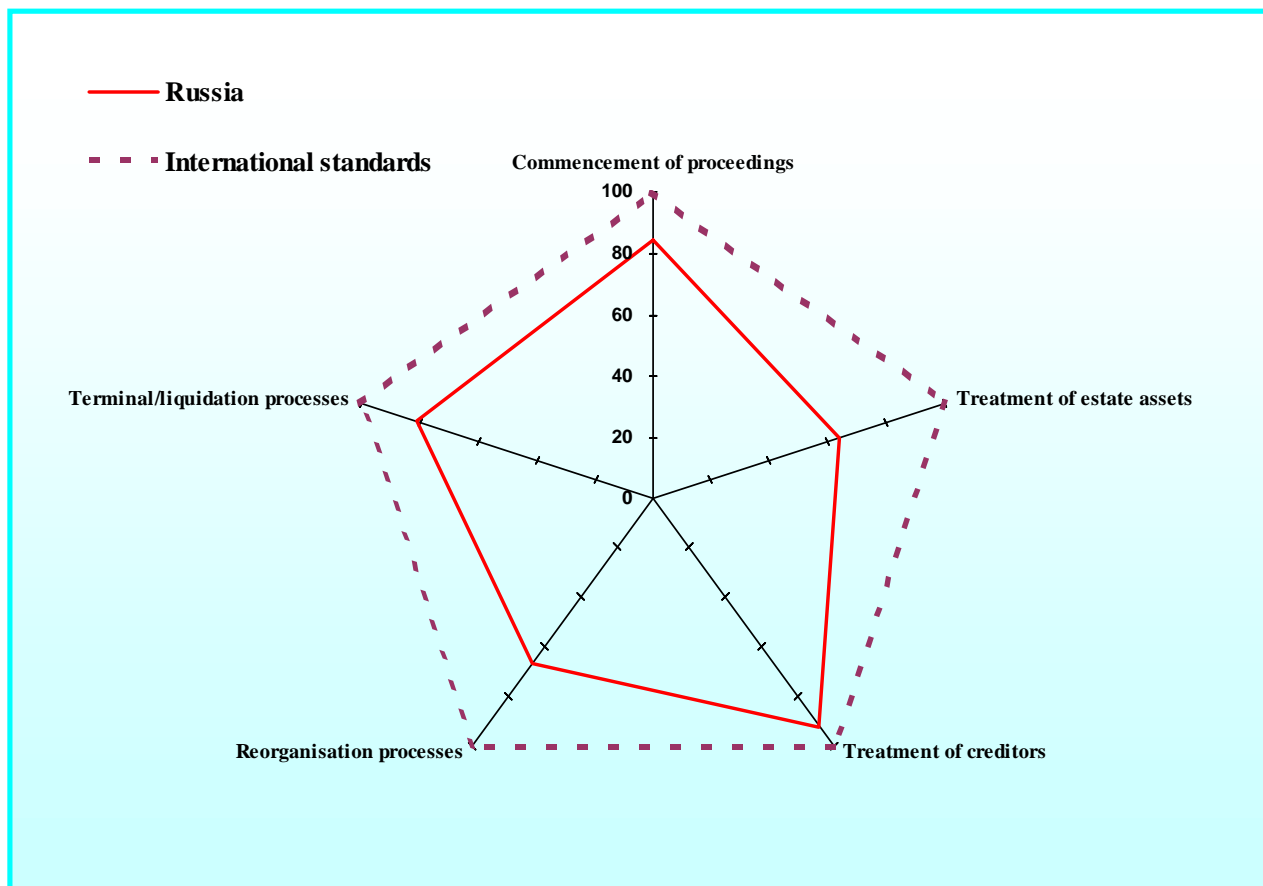
**Source:** EBRD Corporate Governance Sector Assessment 2007

### 3.3. Insolvency

A complete assessment of all insolvency laws in the EBRD’s countries of operations, including Russia, was recently completed in 2009.

The general insolvency assessment indicates that the Russian laws “on the books” are in medium compliance with recognised international standards of best practice (see Charts 7 and 8). It should be noted, however, that subsequent improvements to the law since the assessment would probably result in a significantly higher level of compliance. The areas in which reform is required are as follows. *Commencement:* there needs to be a provision to enable a debtor to file in anticipation of insolvency; creditors should not be subject to a requirement for a judgment debt or 3 months past due debt (it is suggested that one month past due is sufficient); the prohibition on opening a case because of insufficient funds to meet the administration costs should be reviewed and the provisions relating to a restraint on creditor actions are inadequate. *Assets of the estate:* there are no adequate provisions relating to the deliver up/provision of information concerning assets of the debtor by third parties; the provisions relating to avoidance of pre-bankruptcy transactions are weak and inadequate (these provisions must have improved as a result of recent amendments). There is no provision for set off. *Reorganisation:* no sufficient requirement for disclosure of material information in relation to a proposed plan, no requirement for independent assessment of a proposed plan, no provision for ongoing finance, no restriction on voting powers of connected creditors. The provisions relating to cases of cross-border insolvency are not adequate.

Chart 7- Quality of insolvency legislation in the Russian Federation (2009)



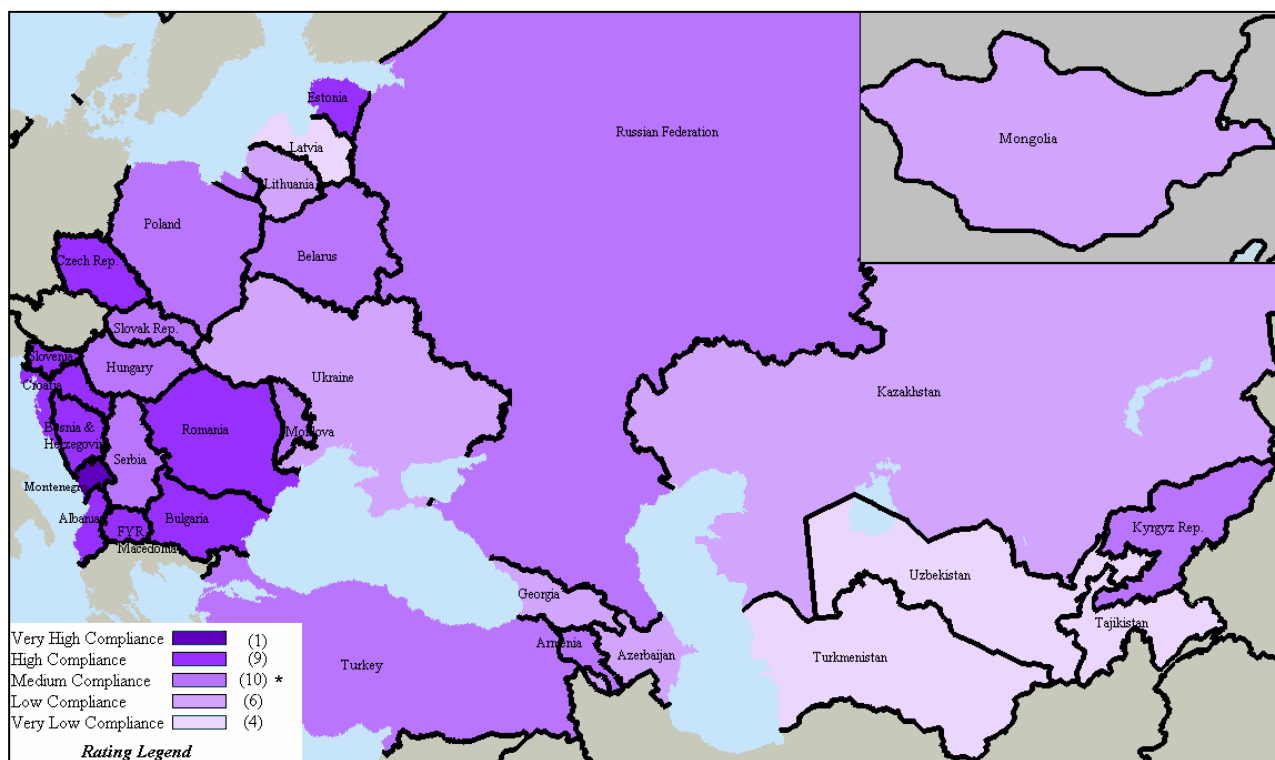
*Note:* The extremity of each axis represents an ideal score, i.e. corresponding to international standards such as the World Bank’s Principles and Guidelines for Effective Insolvency and Creditor Rights Systems, the UNCITRAL Working Group’s “Legislative Guidelines for Insolvency Law”, and others.

*Source:* EBRD Insolvency Sector Assessment, 2009

This recent assessment included a special part on the law relating to insolvency office holders (trustees, administrators etc.). The assessment in this area was based upon the EBRD Office Holder Principles (‘the principles’) that were developed in 2007. It is an important area for assessment since in almost every case the respective laws of the countries that are assessed require the appointment of an office holder to administer the case. The quality of insolvency office holders, their appointment and supervision may have a crucial impact on efficient implementation of the law. This area was therefore selected to be assessed in depth and rated separately.

Russia has the somewhat unique system whereby insolvency office holders must become members of a self regulating organisation (“SRO”). This can distort any assessment because much depends on the powers etc. of a SRO. Areas that appear to require attention are in relation to a more rigid licensing and regulation system and requirements for assistance and provision of information when an office holder is replaced by another.

**Chart 8 – Quality of Insolvency legislation in the EBRD countries of operations**



Source: EBRD Insolvency Sector Assessment, 2009

*Note:* The various categories indicate the level of compliance of each country’s legislation (the “laws on the books”) with international standards, such as the World Bank’s Principles and Guidelines for Effective Insolvency and Creditor Rights Systems, the UNCITRAL Working Group on Legislative Guidelines for Insolvency Law, and others.

### 3.4. Secured Transactions

Russian corporate and financial sectors have become more and more sophisticated. However, the legal system has not followed pace and in many respects is slowing down financial market development or burdening it with unacceptable risks at all levels of the economy.

A well known deficiency comes from the law underpinning security rights over movable property (otherwise known as pledge law), by which movable property of all types serves as collateral to secure claims. The EBRD has for a number of years called for reform of this important area of the law. The Law on Pledge was adopted in 1992 when the market economy was in its infancy and the relatively modern features that this law provided have quickly been outpaced by the sophistication that the market required. More importantly, the 1995 Civil Code’s chapter on pledge established a narrow approach to the subject, which has severely limited for parties the ability to structure transactions in a way that fits their needs. Examples of issues EBRD routinely experiences in its activities are as follows. These issues could only be resolved by a comprehensive reform of the Pledge Law:

- **Difficulty of taking security over a wide range of assets**, including equipment, stock in trade, raw materials, especially when fluctuating in nature, value or location.
- **Uncertainty as to validity and enforceability of security over bank accounts.**
- **Limitations as to security over future account receivables.**
- **No system of registration of pledges**, which makes it impossible for the lender/creditor to verify independently whether there are any pre-existing security rights granted to other persons on the property.
- **Uncertainty regarding pledges and mortgages in syndicated financing**

The legal regime for mortgages, primarily governed by the 1998 Federal Law on Mortgage, is also in many respects deficient. Examples of problematic areas include the registration procedure, the definition of the secured debt, and priority ranking.

On 30 December 2008, an Amendment Law was signed which introduces important changes to the enforcement of pledges and mortgages. As per the Amendment Law, parties can now contractually agree that the security right could be enforced out of court. Should the debtor refuse to cooperate upon default, the secured creditor could nevertheless proceed by seeking a notary's executory endorsement, on the basis of which court bailiffs would seize the collateral and transfer it to the secured creditor for realisation by public auction or direct sale. The creditor could also choose to have the assets sold by court bailiffs if so preferred. The Amendment Law has also significantly restricted the legal grounds which the debtor could evoke to resist enforcement, the lack of which had led in the past to quasi systematic debtor's obstruction.

It is too early to assess the robustness and efficiency of these new provisions but they represent a real breakthrough, proving that Russian law can take significant departure from entrenched legal approaches.

The Russian government is currently considering acceding to the 2001 Cape Town Convention on International Interests in Mobile Equipment and the Aircraft Protocol. Such accession would greatly enhance the current legal framework, thereby significantly reducing the risk in aircraft financing centred on creditor's (be it a lender or lessor) reasonable reliance, in the case of a default by or insolvency of a debtor, on the value of aircraft security and its ability, if necessary, to be efficiently redeployed, regardless of the place where the aircraft is located or the nationality of the parties.

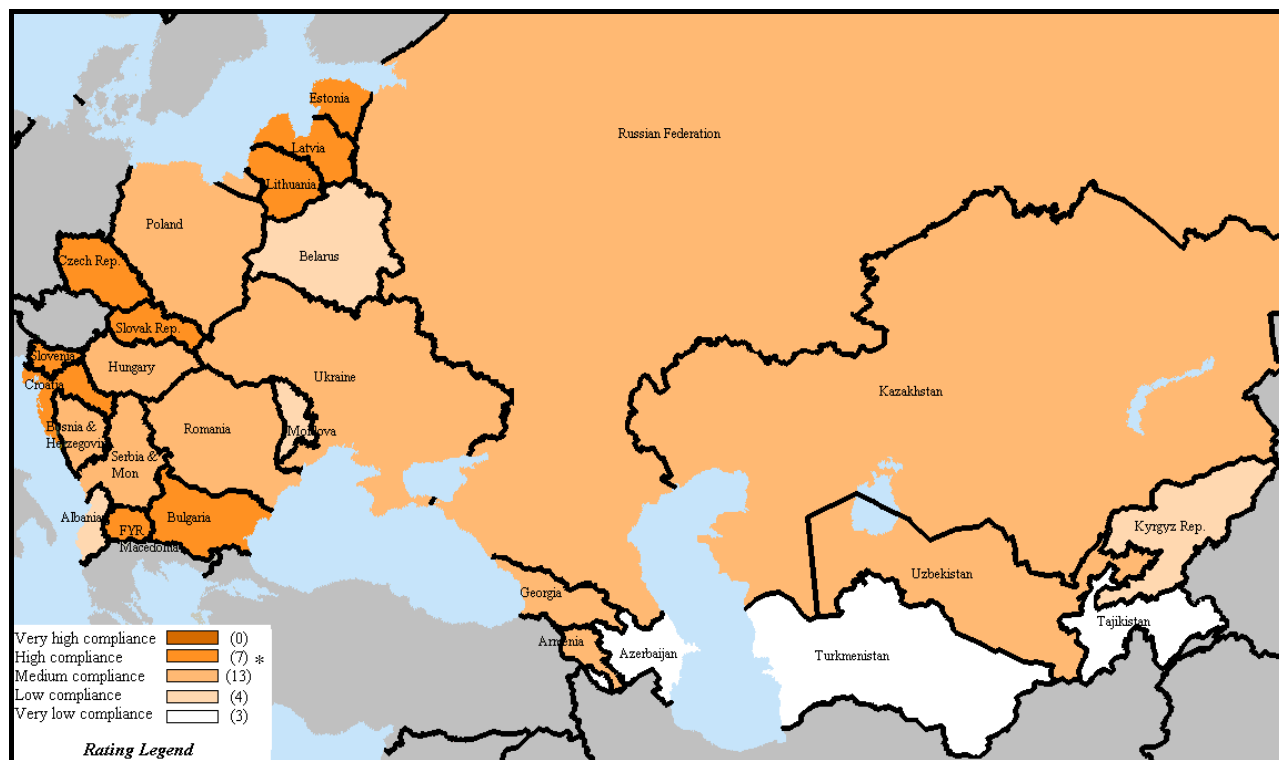
### *3.5. Securities Markets*

In the Russian Federation the basic legislation on the securities market is mainly contained in the Federal Law No. 39-FZ "On the Securities Market", dated 22 April 1996, as amended (the "Securities Law"); the Federal Law No. 46-FZ "On Protection of Rights and Legitimate Interests of Investors on the Security Market", dated 5 March 1999, as amended (the "Investors Protection Law"); the Federal Law No. 208-FZ "On Joint Stock Companies", dated 26 December 1995, as amended (the "JSC Law"); and the Regulations on the Federal Service on Financial Markets (the "Regulations on the FSFM") approved by Decree of the RF Government No. 317, dated 30 June 2004.

The securities market is regulated by the Federal Service on Financial Markets (the "FSFM"), which controls professional market makers and securities' issuers and enacts standards for securities issue. Other government bodies that influence the Russian securities market are the Central Bank, the banking regulator; the Federal Service for Insurance Supervision, responsible for insurance activity and the Russian Federation Pension Fund, responsible for pension insurance (the Fund is under the supervision of the Ministry of Health and Social Development).

The 2007 EBRD Securities Markets Legislation Assessment, found Russia in “medium compliance” with the Objectives and Principles of Securities Regulation published by the International Organization of Securities Commissions (IOSCO), and close to high compliance. The major shortcomings were found in the regulation of derivatives. The 2007 EBRD Securities Markets Legislation Assessment (see Charts 9 and 10 below), found Russia in “medium compliance” with the Objectives and Principles of Securities Regulation published by the International Organization of Securities Commissions (IOSCO), and close to high compliance. The major shortcomings were found in the regulation of derivatives.

**Chart 9 – Quality of securities market legislation in the EBRD countries of operation**

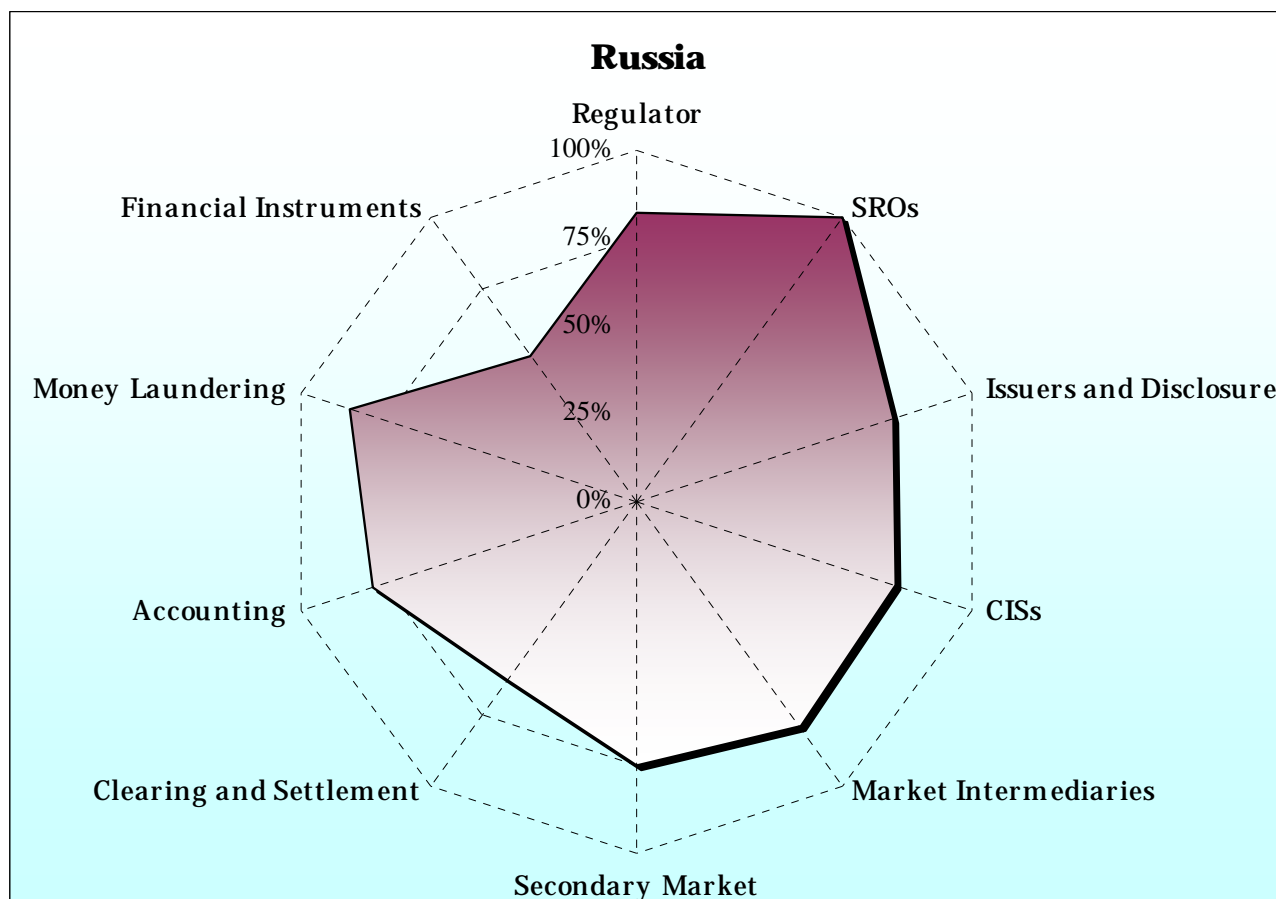


Source: Securities Markets Legislation Assessment 2007

**Note:** The various categories represent the level of compliance of a given country’s legislation (the “laws on the books”) with international standards such as the IOSCO Principles. The asterisk indicates in which category the Russian Federation ranks.

In order to understand how securities markets legislation works in practice, in 2007 a survey (the Legal Indicator Survey (“LIS”)) was conducted asking practitioners in the region to comment on a hypothetical case study, advising an investor who lost his savings after buying shares in a national company’s Initial Public Offering (IPO), misled by erroneous information in the prospectus. In particular, the LIS concentrated on effectiveness of prospectus disclosure requirements, private and public enforcement mechanisms and authority of the market regulator. The LIS revealed that disclosure practices in Russia are generally sound, but some weaknesses exist. In particular, the prospectus does not always disclose the full ownership structure or indicate who the beneficial owner is. Further, financial reports might suffer lack of substance. Other shortcomings include the fact that the regulator is not fully independent from the political power and is often unable to investigate complex international cases. Courts can also be biased, especially in favour of powerful defendants. Courts and prosecutors are progressively developing their expertise in investigating securities cases, but this effort needs to continue and be tackled as a priority.

Chart 10 - Quality of securities market legislation – Russia (2007)



Source: EBRD Securities Market Legislation Assessment 2007

Note: The extremity of each axis represents an ideal score, i.e., corresponding to the standards set forth in IOSCO’s *Objectives and Principles for Securities Regulations*. The fuller the ‘web’, the closer the relevant securities market legislation of the country approximates these principles.

### 3.6. Telecommunications

*Institutional framework:* The Ministry of Telecommunications and Media Communications (the “Ministry”) consists of three agencies; the Federal Agency for Post and Communications; the Federal Agency of Information Technologies; and, the Agency of Press and Mass Communications, as well as the Federal Supervisory Service on Telecommunications and Mass Communications. The Ministry carries out coordination and control of activities of these three agencies/services and other organisations accountable to the Ministry within the sector. In cases where the law has established tariffs on certain communications services, these tariffs are regulated by the Federal Tariff Service. The concept of regulatory independence, as envisaged in international best practice, does not exist in Russia and central government control of the sector remains.

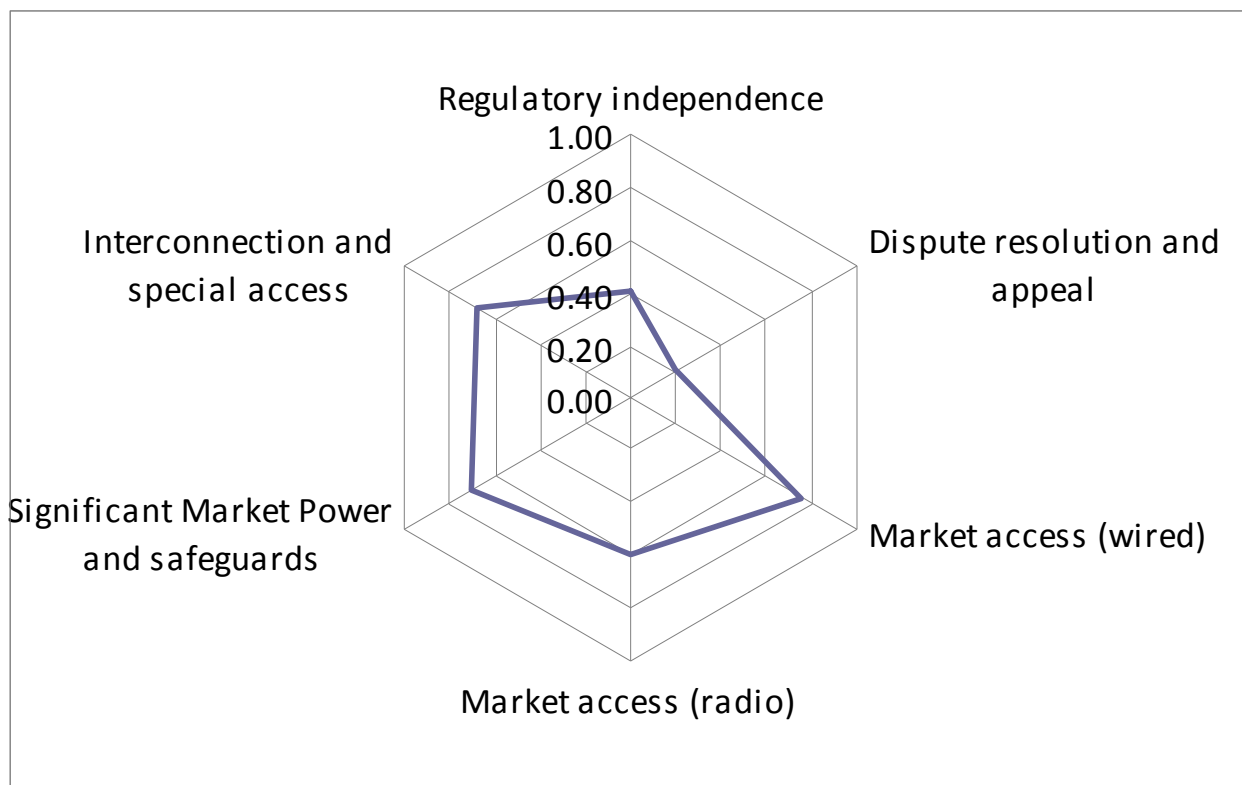
*Market access and authorisations:* Licensing of communications services is carried out in accordance with the Federal Communications Law, 2003, as well as the decision of the government “On the list of communications services, included in licences, and list of licence conditions” of 18th February 2005. Although most types of services are open to competition, there is still only limited competition in the carriage of international voice services. The licences that are granted are typically specific in terms of which activities may be carried out and an operator may need several licences in order to provide a given basket of services. Decision-making on radio spectrum allocations and radio frequencies is established by the state Commission of radio frequencies. Information on the allocation of radio frequencies is published on the Ministry’s website. WiFi

frequencies and digital TV frequencies were allocated in 2006. Three 3G licences were awarded in April 2007, with all three licensees yet to fully launch services.

*Market development:* The fixed market was effectively liberalised in 2006, when the long-distance market was finally opened. There has been active investment in network infrastructure, and mobile phone penetration has risen dramatically in recent years, and now stands at over 120%. Fixed network investment includes fibre, New-Generation Networks (NGN) and fixed wireless, now with a rapid take up of broadband services, which are already used by around 19% of businesses and 3% of residential customers.

*Assessment:* In a 2008 assessment of the communications sector of EBRD Countries of Operation the sector regulatory regime in the Russian Federation was deemed to have “Medium Compliance” when measured against international best practice (see Charts 10 and 11 below).

**Chart 11 - Quality of telecommunications regulatory frameworks – Russia (2008)**

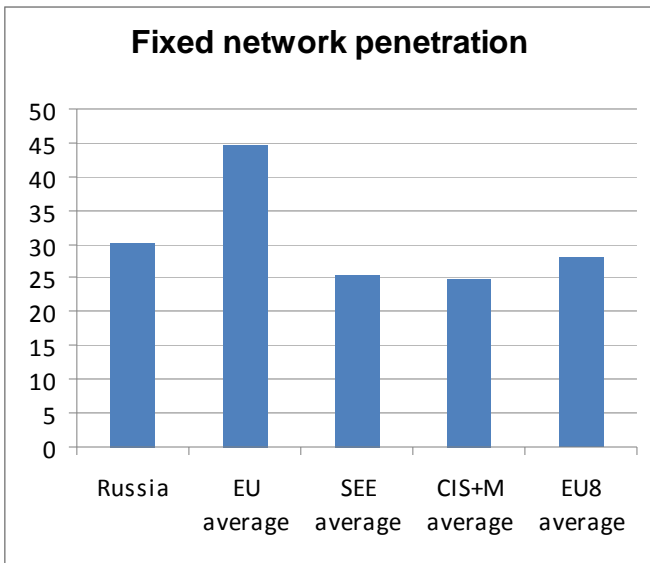


**Note:** The diagram shows the combined quality of institutional framework, market access and operational environment when benchmarked against international standards issued by the WTO and the European Union. The extremity of each axis represents an ideal score of 100 per cent, that is, full compliance with international standards. The fuller the “web”, the closer the overall telecommunications regulatory framework of the country approximates these standards.

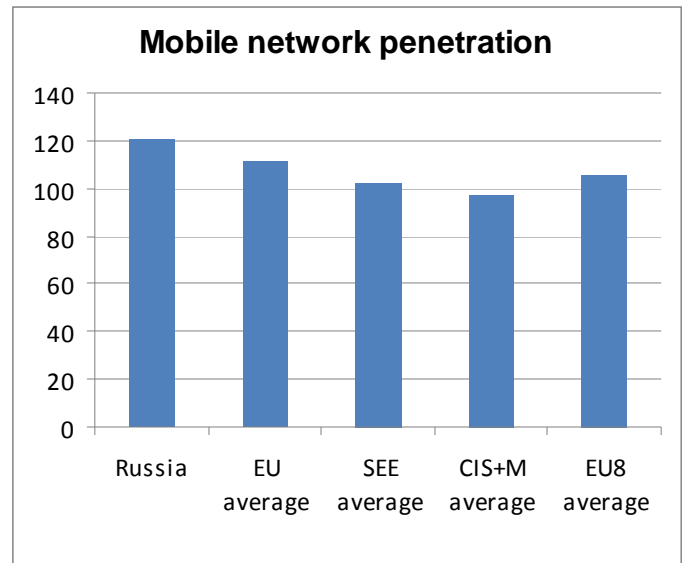
Source: EBRD Telecommunications Regulatory Assessment, 2008

**Chart 12 - Key indicators for the Russian Federation Telecommunications Sector**

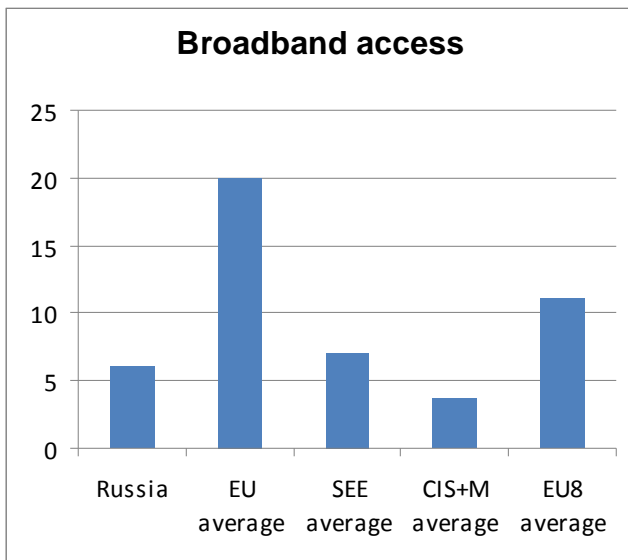
**12(a) Fixed Network Penetration**



**12(b) Mobile Network Penetration**



**12(c) Broadband Network Penetration**



*Source: EBRD telecoms regulatory assessment 2008*

*Note: Key indicators for the Russian Federation provide the fixed network penetration defined as active subscriber lines as a percentage of population, mobile network penetration defined as active pre- and post-paid subscribers as a percentage of population and the broadband network penetration defined as the number of access subscribers with speeds of 144k/bits or more as a percentage of population (broadband Network Penetration less than 1% is not shown on this chart).*