



GOVERNMENT IMPOSES NEW RESTRICTIONS ON COMPANIES' INFORMATION AND ADVERTISING PRODUCTS

FAO: CEOs of foreign companies, and companies with foreign membership, heads of human resources departments and marketing departments in foreign companies and Russian companies with foreign membership.

Pepeliaev Group advises that, from 1 January 2016, restrictions will be imposed on the establishment of mass media entities by foreign entities and Russian companies with foreign membership.

To advertise their products, works and services as well as to facilitate corporate communication, companies publish journals, newspapers, bulletins, advertising brochures, etc. In accordance with the Russian legislation, such products are recognised as printed mass media outlets, and a legal entity that decides to create printed mass media outlets is recognised as a founder of such mass media outlets and often as an editorial board.

Please note that from 1 January 2016 a statutory restriction will take effect on the establishment of all kinds of mass media entities, including printed mass media, by a foreign legal entity or a Russian legal entity with foreign membership. Acting as an editorial board is also prohibited for such legal entities.

Main new developments

The restrictions to take effect¹ are as follows:

It is prohibited for the following entities jointly or individually to act as a founder (member) of a mass media entity, as an editorial board of a mass media outlet, or as a broadcasting company (legal entity):

- a foreign state,
- an international organisation,
- an organisation controlled by a foreign state and/or an international organisation,
- a foreign legal entity,
- a Russian legal entity with foreign membership,
- a foreign individual,
- a stateless person,
- a Russian citizen holding citizenship of another state.

The above entities are not permitted to establish any other forms of control over a founder of a mass media entity, an editorial board of a mass media outlet, or a broadcasting organisation (legal entity), as well as over any parties that are participants in (members or shareholders of) the founder of a mass media entity, if this results in the above entities obtaining an opportunity to own or manage, either directly or indirectly, such founder (editorial board or organisation), control it and to determine its decisions.

¹ Federal Law No. 305-FZ dated 14 October 2014 'On amending the law of the Russian Federation 'On the mass media'.

It is prohibited for the following entities jointly or individually to own, manage or control, either directly or indirectly, over 20 percent of shares in the charter capital of an entity that is a participant in (a member or a shareholder of) the founder of a mass media entity, an editorial board of a mass media outlet, or a broadcasting organisation (legal entity):

- a foreign state,
- an international organisation,
- an organisation controlled by a foreign state and/or an international organisation,
- a foreign legal entity,
- a Russian legal entity with over 20 percent of foreign membership in its issued capital,
- a foreign individual,
- a stateless person,
- a Russian citizen holding citizenship of another state.

Founders of mass media entities or of editorial boards of mass media outlets must bring their constituent documents into line with the new requirements before 1 February 2016.

From 1 January 2017, the new restrictions will be applicable to a foreign legal entity and a Russian legal entity with over 20 percent of foreign membership in the issued capital of such legal entities if the following conditions are met simultaneously by such legal entities:

- 1) such entities, either in aggregate or individually, own, manage or control (either directly or indirectly) over 20 percent of shares in the issued capital of an entity that is the founder of a mass media entity, the editorial board of a mass media outlet;
- 2) one or several Russian entities, have, either directly or indirectly, a dominant participation share of 80 or more percent in each such entity.

Such entities must bring their constituent documents into line with the new requirements before 1 February 2017.

What to think about

The fact of registration as a mass media item is not a determining factor for a journal (any other printed publication) to be recognised as a mass media outlet. The registration is a condition for a mass media item to be produced and released.

The remit and specialisation of a journal (whether advertising, corporate, etc.) is of no importance in terms of whether or not such journal is recognised as a mass media outlet.

Help from your adviser

Pepeliaev Group's lawyers are ready to propose a solution to exclude the possibility that: (i) a company's journals and other 'products' may be recognised as mass media outlets in accordance with the Russian legislation; and (ii) their founder may be recognised as the founder of a mass media outlet or its editorial board.

Contact details



Elena Ovcharova
Group Head "Administrative Law
Defence of Business
Pepeliaev Group
Tel.: (495) 967-00-07
e.ovcharova@pgplaw.ru