

The First Dedicated Law Concerning AI

FAO developers and users of AI technologies

Pepeliaev Group advises that a law regulating how artificial intelligence (AI) technologies are applied (the “Law”)¹ has been adopted.

The Law was adopted by the State Duma, the lower chamber of Russia’s Parliament, approved by the upper chamber the Federation Council and, on 17 July 2026, was submitted to the President of the Russian Federation. Compared with the initial version, it has undergone a significant number of changes. In particular, whereas previously the subject matter of regulation was the entire AI market, the adopted version shifts the focus of regulation towards large foundation models (LFMs). It also significantly narrows the range of regulated entities, and removes provisions on trusted models as well as the detailed allocation of liability among participants.

The Law will enter into force on 1 September 2026, except for a number of provisions that are planned to take effect from 1 March 2027.

LFMs

As stated above, the subject matter of the Law is relations in the field of developing, deploying and using LFMs, rather than AI technologies in general.

An LFM is defined as software “intended to perform intellectual tasks at a level comparable to or exceeding the results of human intellectual activity, which uses algorithms and is being trained (has previously been trained) on datasets to infer (recognise) patterns, provide information, make decisions or predict outcomes based on objectives defined by a person”.

At the same time, an LFM differs from ordinary AI in that it must simultaneously:

- serve as a basis for creating and refining various types of software;
- contain at least 1 billion parameters;
- be applicable to a large number of different tasks.

¹ Draft Law No. 1271570-8 “On Supporting the Development of Artificial Intelligence Technologies in the Russian Federation”.

Pepeliaev Group's Comment

The regulation of LFM (rather than all instances of using AI) means for business that the Law applies specifically to those persons who are developing or operating such foundation models, rather than to all companies using AI for individual functions.

Sovereign and national LFM

The provisions discussed in this section are planned to enter into force on 1 March 2027.

The Law introduces two categories of LFM: sovereign and national. The distinction between these categories is aimed at creating an independent Russian AI infrastructure. The legislature links such models to the opportunity of receiving state support, using domestic computing and data centre infrastructure, as well as to potentially making such solutions compulsory to use in certain areas.

Sovereign and national LFM are models that meet the following requirements:

- the developer is a Russian legal entity controlled by the Russian Federation, a constituent entity of the Russian Federation, a municipality of the Russian Federation or a Russian citizen who does not hold foreign citizenship (control is determined by the right to have more than 50% of the votes at one's disposal at a general meeting);
- the processing of responses to user requests and the storage of data are carried out in data centres that are located in the Russian Federation and owned by a Russian entity;
- the LFM has been confirmed as complying with Russian legislation and traditional Russian spiritual and moral values (the procedure for undergoing such confirmation will be established by the Russian Government).

For an LFM to qualify as sovereign or national, the following requirements must be met:

Sovereign LFM	National LFM
The development, determination and modification of its characteristics are carried out by a developer that is a Russian legal entity at all stages of the AI lifecycle	Its essential characteristics (such as its structure, software and configurable parameters), the precise list of which will be determined by the Russian Government, are determined and modified by a Russian legal entity that is the developer of the model
The developer has ensured that it is possible to fully reproduce the development process, including the training stage	The components used in developing the LFM are distributed under an open-source licence

Pepeliaev Group's Comment

A sovereign LFM is a model created with complete technological self-sufficiency. It is developed and controlled by a Russian entity, with its infrastructure being localised in the Russian Federation. Its development and training cycle is fully reproducible within the national jurisdiction.

At the same time, a national LFM is a simplified version of a sovereign LFM. It allows foreign components to be used provided that the processing of requests and storage of data are localised in Russian data centres, with compliance with legislation and traditional values being confirmed.

Labelling AI-generated content

The provisions discussed in this section are scheduled to enter into force on 1 March 2027.

The Law grants a person using an LFM to create audio and/or video content the right to include an information notice indicating that such a model has been used.

In addition, owners of websites, website pages, information systems and software (a "resource") will be required to ensure that users are able to label content where the following conditions are met:

- the resource is intended and/or used by users to create personal pages and distribute information;
- information is distributed in the state language of the Russian Federation, the state languages of republics within the Russian Federation or other languages of peoples of the Russian Federation;
- advertising aimed at attracting the attention of consumers located in the Russian Federation can be placed on the resource;
- the resource is accessed by more than 500,000 Russian users within a 24-hour period.

An LFM developer

The provisions discussed in this section are scheduled to enter into force on 1 March 2027.

The central regulated entity is the LFM developer. This may only be an individual entrepreneur or legal entity engaged in developing a model, including designing and training it, as well as modifying it. Accordingly, developer status may arise not only for the creator of a model from scratch, but also for an entity that further develops an existing LFM independently.

At the same time, the Law imposes specific obligations not on every LFM developer, but on developers of sovereign and/or national models. Such entities are required to take organisational and technical measures to ensure that the model is secure, establish rules for operating it and maintain technical documentation sufficient to assess whether it is safe to use.

Regulation of intellectual property relations

Persons providing LFM for use are required to notify users:

- of the ownership of rights to intellectual property results (IPRs) obtained using the LFM;
- of the terms and conditions for accessing, using and retaining the IPRs that the user creates with the help of such an AI model.

The Law also establishes that the use of protected works to train sovereign and/or national LFM does not constitute an infringement of copyright or related rights if a copy of the work was lawfully obtained or the work has been made available to the public and is freely accessible for analysis.

What to think about, what to do

Companies should assess whether the solutions they use or develop qualify as LFM and should check that they are ready for the requirements that are entering into force on 1 March 2027. In particular, LFM developers should put in place security measures, operating rules and technical documentation for the model.

Developers seeking sovereign or national LFM status should assess in advance their ownership structure, the location of their data centres and whether they are able to comply with the requirements for developing and training the model. Owners of large online resources should also analyse whether their services need to be modified to enable content created using LFM to be labelled.

Help from your adviser

Pepeliaev Group's specialists have considerable experience in the field of legal regulation of IT companies, including matters relating to engaging with government authorities to support legislative drafting activities.

We are ready to provide comprehensive legal support:

- in assessing whether the Law is applicable and the prospects of obtaining sovereign/national model status;
- in preparing legal positions on contentious issues relating to how the Law is applied.

Контактная информация



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