

- 10) contain statements that the safety and/or effectiveness of the advertised object are guaranteed by its natural origin.

Please note that the restrictions in items 2 through 5 above are also applicable to the advertising of medical services, and the restrictions in items 1 through 6 above apply equally to the advertising of medical equipment.

The Law on Advertising contains an important general prohibition against using images of medical and pharmaceutical professionals in any advertisements, except for advertisements of medical services, personal care products, and in advertising exclusively for medical and pharmaceutical professionals.

20. TELECOMMUNICATIONS

20.1 Applicable Laws and Competent State Bodies

The general rules in the telecommunications sphere in the Russian Federation are established by the law “*On Communications*” dated 7 July 2003 (the “**Communications Law**”). The Communications Law governs communications activities in the Russian Federation and assigns certain policy and regulatory functions to various bodies. The Communications Law also establishes a separate procedure for licensing and certification in the sphere of telecommunications.

State regulations on the provision of services and other telecommunications activities are to be drafted by the President, the Government, and the Ministry of Information Technologies and Communications (the “**MITC**”) - the federal governmental authority for communications.

The MITC is the state body responsible for the preparation of draft federal laws, presidential decrees and government resolutions in the area of communications and information technology. The MITC is also entitled to issue its own regulations, such as setting out requirements for the use of numbering capacity, regulations on the use of radio frequencies, rules for providing communications services to subscribers, etc.

The other state agencies in the sphere of telecommunications are: the Federal Service for Supervision in the Sphere of Telecommunications, Information Technology and Mass Communications (“**Roskomnadzor**”), the Federal Agency for Information Technology (the “**FAIT**”), and Rossvyaz - the Federal Communications Agency (the “**FCA**”).

Roskomnadzor is responsible for exercising day-to-day control in the area of communications and mass media, monitoring the use of the frequency spectrum, registration of frequency allocations, mass media registration, issuance of licenses in the area of communications and mass media, and the protection of rights of personal data's subjects.

The FCA is responsible for coordination of international and federal programs in the area of information technologies and communications, numbering capacity of operators, certifying compliance of equipment, and organizing the operation, development and modernization of the federal communications and national information and telecommunications infrastructure.

The MITC also organizes the work of the State Commission for Radio Frequencies (the "SCRF"). The SCRF is made up of representatives of different ministries and state bodies. The main purposes of the SCRF are to coordinate use of the frequency spectrum by different state bodies, and frequency spectrum allocation. The SCRF is responsible for the allocation and use of the frequency spectrum, providing scientific and technical research in the area of use of the frequency spectrum, frequency spectrum demilitarization/ conversion, determination of technical policy for use of the frequency spectrum, and also with regard to electromagnetic compatibility.

Any decision of the MITC, Roskomnadzor or the FCA may be appealed in court.

Communications Networks

In terms of the networks available in Russia, the Communications Law establishes that the unified communications network of the Russian Federation consists of the following categories of communications networks, located on the territory of the Russian Federation:

- public switched telephone network ("PSTN");
- allocated communications networks;
- technological communications networks; and
- special purpose networks and other communications networks for data transfer with the use of electromagnetic systems.

The *PSTN* is designated for the provision of the telecommunication services for the fee for any user of the communication services on the territory of the RF. That communication network has the connection to the *PSTN*'s of the foreign countries.

The *allocated communication network* is designated for the provision of the telecommunication services for the fee for the closed user circle or groups of such circles. Allocated communication network doesn't have the connection to the PSTN and to the communication networks of the foreign countries. The technological aspects of the allocated network's construction could be determined by the owner of the network. The allocated communication network could be connected to the PSTN with its transfer into the PSTN, if this allocated communication network complies with the requirements to the PSTN.

Technological communication network is designated for the execution of the manufacturing activity of the enterprise, management of the technological process at manufacturing. The technological communication network doesn't have the connection to the PSTN, and could be connected to the technological communication networks of the foreign enterprises only for the execution of the unified technological operation. The technological communication network could be connected to the PSTN with its transfer into the PSTN, if this technological communication network complies with the requirements to the PSTN.

Special purpose communication network is designated for the state needs, national defense, state security and law enforcement. That network couldn't be used for the provision of the services for the fee.

20.2 Telecommunications Licenses

Communications services can only be provided on the basis of a license. Among the communications services subject to mandatory licensing are the following:

- local telephone communications services (with or without services via public telephones, points of public access, or separate networks interconnected with the PSTN, provision of international and domestic long-distance communications services;
- telegraph communications services;
- personal calling services;
- radio, cellular, or satellite communications services;
- lease of communications channels services;
- communications services via data transmission networks (including or not including VoIP);
- telematics services.

A license may be obtained upon an application. If the communications service requires use of a radio frequency, numbering capacity or other limited resources, the license may be obtained only through a competitive procedure (auction or tender) for which Roskomnadzor is responsible.

A decision on whether to issue a license is taken by Roskomnadzor within 30 days after filing the application. Licenses are issued for terms from 3 to 25 years.

For considering an application for the issue of a license, a fee is collected in the amount of 300 rubles. The cost of a license for voice-over IP services, provision of communications channels, cable broadcasting, postal services or services that require the use of radio frequencies is 15,000 rubles (approximately US\$ 420) per region. The cost of licenses for other communications services is 1,000 rubles (approximately US\$ 27) per region. These amounts have to be multiplied by the number of regions of the Russian Federation where the services are to be provided (*e.g.*, if the coverage is Moscow, the Moscow Region, St. Petersburg and the Leningrad Region, a license for providing telecommunications channels would cost 60,000 rubles (approximately US\$ 1,550). There are currently 83 regions in Russia in total.

The territory for which the license is valid is specified in the license. There are no restrictions on the number or type of communications licenses that a single licensee may hold.

The Communications Law does not permit the transfer of a license or any rights from the licensee to another person. The license can be re-issued by Roskomnadzor only to a legal successor of the licensee.

Roskomnadzor has the right to terminate a license without applying to the courts if the operator is liquidated, applies for termination of the license, or fails to pay the license fee within three months following the date of issuance of the license.

The license may be suspended if Roskomnadzor discovers a breach of a statute or of conditions of the license by the operator, or non-performance of services for more than three months.

20.3 Rights to Use Radio Frequencies

The Communications Law provides for transparent and open frequency allocation procedures and for the national frequency allocation table. Allocation of the frequency spectrum is organized in accordance with the Frequency Allocation Table, which has to be reviewed at least once every four years.

The procedure for allocation of frequency ranges, bands and channels is established by Roskomnadzor. A decision on frequency allocation is taken within 120 days following the date when an application is made. Radio frequency ranges, bands and channels are allocated for a term of up to ten years.

The agencies responsible for allocation of frequencies are the SCRF and Roskomnadzor.

Roskomnadzor allocates a developed broadcasting frequency to an applicant - either without a tender if the population of the settlements in the broadcasting area does not exceed 200,000, or with a tender if over 200,000. The use of the frequency spectrum is subject to a one-off fee for allocation of the radio frequency, plus an annual fee for use of the radio frequency.

The Communications Law does not provide for the transfer of the right to radio frequency use to another operator without the approval of such transfer by the SCRF.

If the SCRF discovers violations of the terms and conditions set forth in its decision for allocation of the frequency spectrum, the permit for frequency spectrum use can be suspended for the period required for remedying such violation, but not for more than 90 days.

20.4 Registration of Radio Frequency Emitters

Telecommunications facilities and equipment emitting radio frequencies are subject to registration. The responsible authority for such registration is Roskomnadzor. The respective legislation includes a list of equipment subject to registration (most radio transmitting equipment) and some exclusions from such registration procedure (for example, cellular phones, DECT phones, Bluetooth, etc.)

A necessary condition for issuance of a registration certificate is permission for the use of a frequency.

A decision on whether or not to issue a certificate should be taken within ten days. The term of the registration certificate corresponds to the term of the frequency allocation permit.

20.5 SORM Issues

Russian law obliges telecommunications providers (legal entities or individual entrepreneurs that provide telecommunications services on the basis of an

appropriate license) to provide the state authorities that perform criminal investigations with information regarding their clients and the services rendered to them, and to give these authorities the ability to perform investigative work.

On the basis of these provisions the authorities responsible for the security of the Russian Federation have developed a complex of technical devices for communications control facilities needed in order to intercept and/or interrupt communications (e.g., SORM). SORM equipment is installed at a provider's premises and operated remotely by the authorities from a special control panel. SORM provides the opportunity to control communications without the participation of the provider. According to the law, such investigations are allowed only under a court order, or if there is an imminent threat that a crime may be committed.

These regulations affect communications schemes, especially the use of satellite communications channels. In some cases downlink equipment must be placed on Russian territory and equipped with SORM.

20.6 Technical Regulation Requirements

According to the Communications Law all communications devices are subject to the procedure of compulsory confirmation. The mandatory conformity acknowledgement is fulfilled by way of either compulsory certification or compulsory declaration of conformity. The list of devices subject to mandatory certification is approved by *Regulation of the Government No. 896 dated December 31, 2004*. All other devices are subject to a mandatory declaration of their conformity.

A declaration of conformity is a document in which the applicant confirms that the product it has manufactured corresponds to the conformity requirements. To be valid, a declaration of conformity for the relevant telecommunications device is subject to registration with the FCA. A declaration of conformity should be filed for registration by an applicant accompanied with the relevant evidence of the device's conformity available to the applicant and obtained with the help of accredited testing laboratories.

The competent authority for certification is the Certification Agency. A manufacturer or supplier of a device files an application with the Certification Agency, which carries out the certification test. A certificate on conformity should be issued for one or three years, depending on the certification scheme stipulated in the rules for carrying out the certification. The cost of the whole procedure varies significantly.

It is impossible to import telecommunications equipment that must be certified without a certificate, because the certificate is one of the documents required by customs for customs clearance of the equipment.

If equipment is not specified in the statutory certification list, such equipment may be imported without certification. For distribution of such equipment in Russia, a declaration of conformity is required. A declaration of conformity should be filed for registration by an applicant accompanied with the relevant evidence of the device's conformity available to the applicant and obtained with the help of accredited testing laboratories. The declaration of conformity should be registered with the FCA within three days. Applications for certificates of compliance may be submitted only by the manufacturers, sellers or the "legal entities or private entrepreneurs registered in the Russian Federation and providing for compliance of communications equipment with the established requirements on the basis of an agreement with the *manufacturer*" (the latter, the "**Manufacturer's Proxy**"). Declarations of conformity may be made, however, only by Manufacturer's Proxies, or by the manufacturer if registered in the Russian Federation.

Russian laws provide for sanctions for violating the certification rules: using uncertified communications equipment in communications networks, or rendering uncertified communications services where obligatory certification thereof is provided for by law, entails the imposition of an administrative fine with or without confiscation of the uncertified communications equipment.

21. CLIMATE CHANGE

21.1 Introduction

Russia ratified the Kyoto Protocol to the United Nations Framework Convention on Climate Change (the "**Kyoto Protocol**") by Federal Law No. 128-FZ dated November 4, 2004. However, the only Kyoto-related mechanism that was covered by a number of additional enactments is Joint Implementation ("**JI**"). Russia implemented JI-related regulations in several enactments. Of particular relevance are:

- Russian Government Resolution No. 332, "On the Procedure for Adopting, and Checking the Development of Projects Implemented Under Article 6 of the Kyoto Protocol to the United Nations Framework Convention on Climate Change" (the "**Resolution**"); and