

## **To believe that the Russian parliament intended to introduce revolutionary changes to the law would be erroneous**



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Russian sports law

30th March 2017, 14:20

In Russia, professional sports have been growing as potential sources of income both for clubs and sportsmen since the fall of the Soviet Union. Sports in the Soviet Union were traditionally amateur and most sportsmen had a primary job along with their sports ‘career’. Therefore, development of the statutory regulation of the professional sphere of sports has been delayed to some extent in the modern Russian Federation.

However, on November 22, 2016 the Russian President signed off on a draft law implementing changes to the Russian federal legislation regulating the field of professional sports and related issues. This law came into effect on December 3, 2016 (except for several regulations effective from January 1, 2017).

As a result, professional sports now have additional regulations governing organisation of official (professional) sporting events, management of professional sports leagues, delegation of the operation of official sporting events to professional sports leagues, fiscal rules for use of subsidies to professional sports clubs from regional or state budgets, etc.

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### **The majority of the new rules have been introduced simply to put on paper the long-standing relationships already in place in professional sports**

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But to believe that the Russian Parliament intended to introduce revolutionary changes to the law would be erroneous. The majority of the new rules have been introduced simply to put on paper the long-standing relationships already in place in professional sports.

For instance, the Russian international professional hockey league (Kontinental Hockey League - KHL) has successfully implemented such professional sports relationships since February 2008 (the date of its establishment) and, thus, it can currently be considered as the benchmark for professional sports leagues and sports businesses in the country.

As an example, the new law implements the procedures and regulations on delegation of the rights to host a national championship that have been effective at the KHL since March 2008. The same principles were implemented for the establishment of the VTB United League (basketball).

Nevertheless, having these new legislative regulations, we can say that professional sports now have particular 'rules of the game', the aim of which is their unified and transparent implementation by the parties of the business. Traditionally, such unification plays quite a vital role in the development of businesses and in their cooperation with the state authorities.

Moreover, taking into account that such major professional leagues as the KHL and/or VTB United League are established on the basis of their international membership of clubs from different countries, it would also be helpful for new professional teams located abroad to understand the rules of Russian professional sports regulation and to be sure that joining these Russian international leagues is a valuable step forward for their business.

It is important to note that this new statute also contains some new rules obliging Russian professional sports leagues to introduce additional preventive anti-doping measures in order to mitigate the risks of implementing sports sanctions (e.g., to identify the relevant officer responsible for organizing anti-doping work within the professional sports league and communication with the relevant sport federation).

In particular, it is a matter of necessity for Russian sports federations in order to be able to somehow stop the practice of banning international sports events like the international sports federations of biathlon, figure skating and bobsleigh did.

The implementation of fiscal rules on the use of subsidies from regional or state budgets to professional sports clubs is another major development in professional sports in Russia. Currently, the starting point for such use is a ban on paying agents' fees and compensation to sportsmen and coaches for termination of contracts and transfer fees with budgetary money.

Of course this does not mean a total ban on budgetary financing of professional sports. Indeed the transfer to self-sufficient professional sport, although a matter of necessity, will have to be gradual.

The main reason for this is that the budgetary dependency of professional sport in Russia is significant, if not critical, especially for professional clubs located outside Moscow or St. Petersburg. Therefore, to be competitive as a business, professional sports must develop their own business instruments and seek financial self-support.

As for the new rule on arbitration of labour disputes, it is true that for Russian local procedural law such disputes were earlier not subject to arbitration. Nevertheless, the Court of Arbitration for Sport in Lausanne (CAS) has been a traditional tribunal for Russian professional sports.

This statutory innovation for professionals follows the changes that were introduced earlier by the new federal laws regarding arbitration (arbitral proceedings) in the Russian Federation adopted on December 29, 2015 (most of the changes are effective from September 1, 2016). However, their efficient implementation in Russia requires separate analysis.

Sports lawyers will also remember the summer of 2016 as the time when eSports were recognised as official sports in Russia a second time (for a second time because the initial recognition, in 2001, was later annulled by the Ministry of Sports).

However, the recognition of eSports is merely the first step of their incorporation into the Russian system of 'traditional' sports, which should be followed by the accreditation of an official all-Russian eSports federation by the Russian Ministry of Sports as well as the adoption of official eSports rules and detailed sports regulations.

The principal question is whether professional eSports really need this recognition, as all parties in this industry currently have the option of independent regulation of their contractual relations (mostly under civil law). Moreover, the professional leagues in this field are currently developing a self-sustaining ecosystem, which is regulated quite professionally with direct interference and monitoring by the gaming corporations organizing eSports tournaments.

Thus, full incorporation into the state system of sports in Russia will most likely lead to the situation where the major eSports events would be subject to detailed state administrative rules, which are not very attractive from a legal and business point of view.

Time will tell which option professional eSports will choose. However, having the state system of eSports in Russia with the direct assistance of the all-Russian eSports federation will help to expand this sport among amateurs and to enlarge the targeted audience.

In conclusion, it is obvious that the sports statutes in Russia have significantly changed over time, but not in a timely manner in most cases. Therefore, the main goal of the Russian parliament should be recognising this problem and trying to anticipate the need for modern and helpful regulation in sports, especially on the threshold of major events.

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