



Positive clarification of new regulations in Russia affecting the circulation of non-Russian securities

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As mentioned in our July 2009 alert, amendments to Russian securities market law seemed to imply that shares acquired by Russian-based employees under multinational employers' ordinary share plans offered internationally could be subject to regulation after May 2009.

Ernst & Young recently met with Mr. Milovidov, Head of the Federal Financial Markets Service, at a meeting organized by the American Chamber of Commerce, to discuss those amendments to the Russian securities law.

Mr. Milovidov stated that, when the changes were introduced, there was no intention for the amendments to impact multinational companies offering share based incentive plans to employees in Russia, nor in his view do they prevent this continuing on the same basis as up to May 2009.

He indicated that the Federal Financial Markets Service has issued private letters confirming this to some individual companies and expressed a willingness to continue to issue such letters of clarification.

Based upon this, multinational companies may wish to write to the Federal Financial Markets Service in order to apply for such a letter confirming their ability to include Russia-based employees in share plans. Ernst & Young would be pleased to help companies in applying for such letters of clarification in relation to their specific share plans extended to employees in Russia.