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FEDERAL LAW of 03.13.2006 #38-FZS (rev. of 02.09.2007) "On Advertising" (adopted by the Russian Federation Federal Assembly State Duma on 02.22.2006)

RUSSIAN FEDERATION

FEDERAL LAW

ON ADVERTISING

Adopted by the State Duma on February 22, 2006

Approved
by the Federation Council

on March 3, 2006

(in rev. of Federal <u>Law</u> of 02.09.2007 #18-FZ, as amended by the Federal <u>Law</u>

as of 12.18.2006 #231-FL)

Section 1. GENERAL PROVISIONS

Article 1. Objectives of the Federal Law

The objectives of the present Federal Law include development of markets of commodity, employment opportunities, and services on the basis of the principles of fair competition; provision of the unity of economic territory in the Russian Federation; enforcement of consumer rights to receive fair and accurate advertising; prevention of any violation of the Russian Federation legislation related to advertising; and suppression of any improper advertising.

Article 2. Scope of Application of the Federal Law

- 1. The Federal Law herein applies to advertising industry relations regardless of the source of production of advertising if such advertising is performed in the Russian Federation.
- 2. The Federal Law herein does not apply to:
- 1) political advertising, including pre-election propaganda and referendum propaganda;
- 2) any information subject to mandatory disclosure, distribution or marketing to consumers, as prescribed by the Federal Law;
- 3) reference and analytical materials (review of internal and external markets, results of scientific studies and tests) which do not primarily target the promotion of market products and are not social advertising;
- 4) messages by governmental authorities, other governmental institutes; messages by local autonomous authorities; messages by municipal authorities outside of local autonomous authorities if such messages do not contain any advertising material and are not social advertising;
- 5) signs and markings which do not contain any advertising material;
- 6) announcements of physical and legal persons which are not involved in any entrepreneurial activities;
- 7) any information regarding a product, its manufacturer, importer and exporter, as placed on such product or its package;
- 8) any other details regarding the get-up of a product placed on such product or its package which are not related to any other product;
- 9) any mentioning of a product, its means of individualization, its manufacturer or seller, which is organically integrated into a scientific work, literature or artwork and which, by itself, is not an advertising material.
- 3. The provisions of the Federal Law related to the product's manufacturer also apply to persons performing the work and providing services.
- 4. Special requirements and restrictions set forth by the Federal Law herein in regard to advertising of certain product types also apply to advertising of the means of individualization of such products, their manufacturers or sellers, unless such advertising of the means of individualization of such products, their manufacturers or sellers is not expressly related to any products in connection of which special requirements and restrictions are set forth by this Federal Law.

Article 3. Main Definitions Used in the Present Federal Law

For the purpose of the Federal Law herein, the following main definitions shall be applied:

1) advertising – information distributed in any manner, in any form and by any means, and addressed to indefinite set of people and aimed at attracting their attention to an

advertising object, forming or maintaining their interest to it, as well as promoting it on market;

- 2) advertising object a product, its means of individualization, manufacturer or seller of such product, results of intellectual activities or events (including sport events, concerts, competitions or festivals based on risk-based games or betting) which such advertising aims to attract attention to:
- 3) product a result of activity (including work, service) designed for sale, exchange or other introduction into circulation;
- 4) improper advertising an advertising which does not comply with the requirements of the Russian Federation legislation.
- 5) advertiser a manufacturer or product seller or any other person which has defined an advertising object and (or) the advertising content;
- 6) advertising producer a person bringing information, fully or partially, into a form which is ready to be distributed;
- 7) advertising distributor a person distributing an advertisement in any manner, in any form and by any means;
- 8) consumers of advertising persons whom an advertisement aims to attract attention to;
- 9) sponsor a person providing finances or facilitating the provision of finances to organize and (or) conduct a sport, cultural or any other event, create and (or) perform tele- or radio broadcasting, create and (or) utilize any other results of creative activity;
- 10) sponsor advertising an advertisement which is distributed on the condition of mandatory indication in it of a certain person as a sponsor;
- 11) social advertising information distributed in any manner, in any form and by any means, and addressed to indefinite set of people and aimed at achieving charitable and other objectives valuable to the community, as well as supporting state interests;
- 12) antimonopoly authorities federal antimonopoly authorities and their territorial forms.

Article 4. Russian Federation Legislation on Advertising

The legislation of the Russian Federation in regard to advertising is comprised of the present Federal Law. Any relations arising as of the process of manufacture, placement, and distribution of adverting also may be regulated by other federal laws adopted under the Federal Law herein, regulatory legal acts by the President of the Russian Federation, and regulatory legal acts by the Government of the Russian Federation.

Article 5. General Requirements to Advertising

- 1. Advertising should be fair and accurate. No unfair and inaccurate advertising is allowed.
- 2. Unfair advertising is an advertisement which:
- 1) contains incorrect comparisons of an advertised product with other products being in circulation produced by other manufacturers or sold by other sellers;
- 2) defiles, discredits or tarnishes the reputation of a person, including a competitor;
- 3) advertises a product which is illegal to advertise in such manner, at such time or in such place if it is performed as advertising of another product whose trademark or service mark is identical or confusingly similar to the trademark or service mark of another product in terms of which certain advertising requirements and restrictions are established, as well as advertising of a manufacturer or a seller of such product;
- 4) is an act of unfair competition under the antimonopoly legislation.
- 3. Inaccurate advertising is an advertisement which contains incorrect information about:
- 1) benefits of an advertised product in comparison with other products being in circulation produced by other manufacturers or sold by other sellers;
- 2) any other product characteristics, including its nature, content, manufacture form and date, purpose, consumer features, terms of product utilization, its place of origin, availability of any compliance certificate or compliance declaration, compliance signs and signs of market circulation, time of service, and expire date of the product;
- 3) product mix and complete set, as well as the possibility of purchase of such product in a certain place and within a certain period of time;
- 4) product's cost and price, manner of payment, amount of discounts, tariffs, and other terms of product purchase;
- 5) delivery, exchange, repair, and maintenance of the product;
- 6) manufacturer's or seller's warranty policy;
- 7) exclusive rights to the results of intellectual activity and legal entity initialization means, product initialization means equated to them.
- 8) rights to use official state symbols (flags, emblems, and hymns) and symbols of international organizations;
- 9) official or public recognition, any receipt of medals, prizes, diplomas or other awards:
- 10) any recommendations of physical or legal persons in regard to the advertising object or approval by physical or legal persons;
- 11) results of studies and tests;
- 12) provision of any additional rights or benefits to a consumer of the advertised product;

- 13) actual demand for the advertised product or any other product:
- 14) volume of production or sales of the advertised product or any other product;
- 15) terms and conditions of any stimulating lottery, competition, game or any other similar event, including the timeframe for submission of applications to participate in it, the amount of prizes or winnings, award claim terms, place, and procedures, as well as the source of information regarding such event;
- 16) terms and conditions of any risk-based games or betting, including the amount of prizes or winnings for risk-based games or betting, award claim terms, place, and procedure in accordance with the results of such risk-based games or betting, as well as the organizer of such risk-based games or betting and the source of information regarding such risk-based games or betting;
- 17) the source of information subject to disclosure under the federal laws;
- 18) the place where, prior to the conclusion of a service agreement, any interested parties can obtain the information which should be presented to such parties under the federal laws or other regulatory legal acts of the Russian Federation;
- 19) any security bound person;
- 10) the manufacture or seller of the advertised product.
- 4. Advertising should not:
- 1) promote any illegal activities;
- 2) promote violence and cruelty;
- 3) be similar to any traffic signs or otherwise endanger the safety of traffic of automobile, railway, waterborne, and airborne transport;
- 4) form any negative opinion towards people who do not use advertised products or criticize such people.
- 5. Advertising should not:
- 1) use any foreign words and expressions which may lead to the distortion of the meaning of the information;
- 2) indicate that the advertising object is approved by governmental authorities or local autonomous authorities or their administrative officials;
- 3) demonstrate acts of smoking and consumption of any alcoholic beverages, as well as beer or beverages containing alcohol;
- 4) use any images of medical and pharmaceutical employees, unless such images are used in advertising of medical services, items of personal hygiene; advertising of a product consumed solely by medical and pharmaceutical employees; advertising distributed in places where medical and pharmaceutical exhibitions, seminars, conferences, and other similar events are organized; or advertising placed in publications designed for medical and pharmaceutical employees;
- 5) indicate that the advertised product was produced using human embryo tissues.

- 6) indicate any medical properties, i.e. any positive impact on the course of a disease, an advertising object, unless such indication is related to advertising of medicines, medical services, including treatment methods, medical products, and medical technology.
- 6. Advertising should not contain any strong language, obscene and offensive images, comparisons and expressions, including any such references based on sex, race, nationality, occupation, social category, age, language of a person and a citizen, official state symbols (flags, emblems, hymns), religious symbols, any objects of cultural heritage (historical and cultural monuments) of any peoples of the Russian Federations, as well as any objects of cultural heritage included in the World Heritage List.
- 7. No advertising is allowed which does not include a portion of essential information related to the advertised product, its terms of purchase and use if such non-inclusion leads to the distortion of the meaning of such information and misleads consumers of such advertising.
- 8. Advertising of any products, in relation to which there are rules of use, storage or transportation or regulations of use established in a prescribed manner, should not contain any information which does not comply with such rules or regulations.
- 9. No use or distribution of indirect advertising, i.e. advertising which may indirectly influence consumers' consciousness, including by using special video inserts (double recording) or any other techniques, is allowed in radio-, tele-, video-, audio-, and motion-picture products or any other products.
- 10. No advertising is allowed in any textbooks designed for education of children under programs of elementary and general education, as well as any school journals and school exercise books.

Pursuant to Federal <u>Law</u> of 12.18.2006 #231-FL, Clause 11 of Article 5 shall be presented in the following revision as of January 1, 2008.

- "11. During production, placement, and distribution of advertising, the requirements set forth by the Russian Federation legislation, including the requirements set forth by the civil legislation, the legislation regarding the official language of the Russian Federation should be observed."
- 11. 11. During production, placement, and distribution of advertising, the requirements set forth by the Russian Federation legislation, including the requirements set forth by the <u>legislation</u> regarding the official language of the Russian Federation, <u>legislation</u> regarding copyright and other related rights should be observed.

Article 6. Protection of Minors in Advertising

For the purpose of protection of minors from violation of their trust and lack of experience in advertising, the following is prohibited in advertising:

- 1) defamation of parents and teachers, erosion of their credibility;
- 2) incitement of minors to convince their parents or other individuals to purchase the advertised product;

- 3) presentation of a distorted image aimed at minors regarding the accessibility of the product for any family of any income level;
- 4) presentation of an image aimed to convince minors that purchasing the advertised product will put them in an advantageous position among their peers;
- 5) formation of inferiority complex at minors who do not posses the advertised product;
- 6) representation of minors engaged in dangerous situations;
- 7) understatement of the level of skills required for the utilization of the advertised product by minors of that age group which such product is designed for;
- 8) formation of inferiority complex at minors related to their unattractiveness.

Article 7. Products Which are Illegal to Advertise

It is illegal to advertise the following:

- 1) products which are illegal to produce and (or) sell under the legislation of the Russian Federation:
- 2) narcotics, psychotropic substances, and their precursors;
- 3) explosives and materials, except for fireworks;
- 4) human organs and (or) tissues as objects for sale;
- 5) products subject to state registration in case such registration is not available;
- 6) products subject to mandatory certification or any other mandatory confirmation of compliance with technical regulations in case such compliance certificate or confirmation is not available;
- 7) products which, in order to be produced and (or) sold, require licenses or any other special permits in case such permits are not available.

Article 8. Advertising of Distance Selling Products

Advertising of distance selling products should indicate information about sellers of such products: name, location, and legal entity entry state registration number, last name, first name, patronymic, main state registration number of physical person entry state registration as an individual entrepreneur.

Article 9. Promotional Advertising

Promotional advertising of lotteries, competitions, games, and any other similar events which require the purchasing of a certain product (hereafter – "Promotional Event") should specify:

1) timeframe of such an event;

2) source of information regarding the organizer of such event, its conduct rules, number of prizes or winnings, award claim terms, place and procedures.

Article 10. Social Advertising

- 1. Advertisers of social advertising can be any physical or legal persons, governmental authorities, any other state authorities and local autonomous authorities, as well as municipal authorities outside of the structure of local autonomous authorities.
- 2. Governmental authorities, any other state authorities, and local autonomous authorities, as well as municipal authorities outside of the structure of local autonomous authorities place order for the production and distribution of social advertising under the Russian Federation <u>legislation</u>.
- 3. In order to distribute social advertisement, advertising distributors are obliged to conclude an agreement within 5% of annual volume of the distributed advertisement (including total run time of the advertisement distributed in TV and radio shows, total area designed for the advertisement in a publication, total area designed for the advertisement in advertising constructions). Such agreements are concluded in the manner prescribed by the Civil Code of the Russian Federation.
- 4. Social advertising should not mention any specific product trademarks (models, articles), brands, service marks, and any other individualization means, physical and legal persons, except for indication of governmental authorities, any other state authorities, local autonomous authorities, municipal authorities outside of the structure of local autonomous authorities and sponsors.

Article 11. Duration of Accepted Advertising

If, under the Civil <u>Code</u> of the Russian Federation, an advertisement is deemed accepted, such acceptance is valid for two months as of the advertisement distribution date provided that such advertisement does not specify another duration.

Article 12. Storage Period of Advertising Materials

Advertising materials or their copies, including any changes made in them, as well as advertising production, placement, and distribution agreements should be stored for one year as of the last day of the advertising distribution or as of the expiry dates of such agreements, except for any documents in regard to which the legislation of the Russian Federation stipulates otherwise.

Article 13. Provision of Information to Advertisers

Advertisers, upon demand of advertising distributors, are obliged to provide documented information regarding the compliance of the advertising with the requirements set forth by this Federal Law, including any information regarding license availability, mandatory certification, and state registration.

Chapter 2. PECULIARITIES OF CERTAIN ADVERTISING DISTRIBUTION METHODS

Article 14. Advertising in TV Programs and Shows

- 1. Any advertising interruption of a TV program or a TV show, i.e. any discontinuation of the TV program or TV show broadcasting for the purpose of an advertising demonstration, should be preceded by a message regarding the following advertising broadcast, except for interruption by a sponsor advertisement.
- 2. Upon combining an advertisement with a TV program in the manner of "running letters" or any other method of overlapping an advertisement over a frame of the broadcast TV program, such advertisement should not:
- 1) occupy more than seven per cent of the frame's area;
- 2) overlap any subtitles, as well as any explanatory messages.

ConsultantPlus: note.

For the period from July 1, 2006, till January 1, 2008, the total duration of advertising distributed in a TV program (including such advertising as TV shops), advertising interruptions of a TV program (including any sponsor advertising), and the superposition of an advertisement with a TV program by the method of "running letters" or any other method of overlapping the advertisement over a frame of the broadcast TV program should not exceed twenty per cent of the broadcast time within an hour and fifteen per cent of the broadcast time within 24 hours (Clause 4 of Article 39 of the present document).

Clause 3 of Article 14 shall enter into force as of January 1, 2008 (Clause 3 Article 39 of the present document).

- 3. The total duration of an advertisement distributed in a TV program (including such advertisement as TV shops), advertising interruptions of a TV program (including any sponsor advertisement), and the superposition of an advertisement with a TV program by the method of "running letters" or any other method of overlapping the advertisement over a frame of the broadcast TV program, should not exceed fifteen per cent of the broadcast time within an hour.
- 4. The following TV programs should not be interrupted by any advertising or superposed with any advertising performed in the manner of "running letters":
- 1) religious TV shows;
- 2) TV programs which do not exceed fifteen minutes in duration.
- 5. TV shows specified in <u>Clause 4</u> of the present Article may be interrupted by sponsor advertising immediately in the beginning and immediately before the end of such TV

shows provided that the total duration of such advertising does not exceed thirty seconds.

- 6. Broadcasting of any campaign materials distributed through TV programs and TV shows under the legislation of the Russian Federation on elections and the legislation of the Russian Federation on referendum should not be interrupted by any advertising, including any sponsor advertising.
- 7. Educational TV shows and TV shows for children which are no less than fifteen minutes in duration may be interrupted by advertising immediately in the beginning of a TV show for one minute and immediately before the end of the TV show for one minute. Educational TV shows and TV shows for children which are no less than twenty five minutes in duration may be interrupted by advertising immediately in the beginning of a TV show for one and a half minutes and immediately before the end of the TV show for one and a half minutes. Educational TV shows and TV shows for children which are no less than forty minutes in duration may be interrupted by advertising immediately in the beginning of a TV show for two and a half minutes and immediately before the end of the TV show for two and a half minutes. Educational TV shows and TV shows for children which are no less than one hour in duration may be interrupted by advertising immediately in the beginning of a TV show for three and a half minutes and immediately before the end of the TV show for three and a half minutes.
- 8. Live broadcasting or recording of a sport event (including sport matches, games, fights, races) may be interrupted by advertising, including sponsor advertising, only during the breaks during such sport events or during the pauses during such sport events.
- 9. Live broadcasting or recording of a sport event which has no breaks or pauses may be interrupted by advertising provided that such interruption does not cause any loss of any essential information regarding such sport event. In addition, the total duration of such advertising should not exceed twenty per cent of the actual broadcast time of such sport event.
- 10. Any other TV shows, including movies, may be interrupted by advertising provide that the duration of each such interruption of the said TV shows does not exceed four minutes.
- 11. The requirements specified in <u>Clauses 1</u> <u>10</u> of the present Article do not apply to any TV shows which are registered as mass media specializing in advertising massages and materials and are broadcast on the basis of a broadcasting license, provided that in such TV shows the duration of advertising is eighty per cent or more of the actual broadcasting within 24 hours.
- 12. During broadcasting of an advertisement, the volume level of such advertisement, as well as the volume level of a message regarding the following broadcasting of the advertisement should not exceed the average volume level of a TV program or a TV show interrupted by such advertisement. Specifications in regard to the ratio of the advertisement volume level and the volume level of a TV program or a TV show interrupted by such advertisement are defined by the technical regulations.
- 13. No advertising is allowed during any TV programs which are broadcast under the Federal Law of January 13, 1995, # 7-FL "On Procedures of Showing Activities of Governmental Authorities in State Mass Media" (hereafter Federal Law "On Procedures of Showing Activities of Governmental Authorities in State Mass Media").

- 14. No advertising is allowed during any TV shows on days of mourning as declared in the Russian Federation.
- 15. The restrictions specified by the Federal Law herein in regard to advertising in TV shows of certain products do not apply to:
- 1) any advertising placed during broadcasting of a live event or broadcasting of a recording, except for productions specifically created for broadcasting;
- 2) any advertising distributed in TV programs, TV shows through channels which are accessible exclusively for a fee, using decoding technical devises.
- 16. The requirements of the present Article do not apply to:
- 1) any information placed in TV shows regarding such TV shows which are broadcast through a certain channel;
- 2) logo of a TV show and information regarding such TV show.

Article 15. Advertising in Radio Programs and Radio Shows

- 1. Any advertising interruption of a radio program or a radio show should be preceded by a message regarding the following advertising broadcast, except for interruption by a sponsor advertisement.
- 2. The duration of an advertisement in radio programs which are not registered as mass media and specialize in advertising messages and materials should not exceed twenty per cent of the broadcast time within 24 hours.
- 3. The following radio programs should not be interrupted by any advertising:
- 1) religious radio shows;
- 2) radio shows which do not exceed fifteen minutes in duration.
- 4. Radio shows specified in <u>Clause 3</u> of the present Article may be interrupted by sponsor advertising immediately in the beginning and immediately before the end of such radio shows, provided that the total duration of such advertising does not exceed thirty seconds.
- 5. Broadcasting of any campaign materials distributed through radio programs and radio shows under the legislation of the Russian Federation on elections and the legislation of the Russian Federation on referendum should not be interrupted by any advertising, including any sponsor advertising.
- 6. Educational radio shows and radio shows for children which are no less than fifteen minutes in duration may be interrupted by advertising immediately in the beginning of a radio show for one minute and immediately before the end of the radio show for one minute. Educational radio shows and radio shows for children which are no less than twenty five minutes in duration may be interrupted by advertising immediately in the beginning of a radio show for one and a half minutes and immediately before the end of the radio show for one and a half minutes. Educational radio shows and radio shows for children which are no less than forty minutes in duration may be interrupted by

advertising immediately in the beginning of a radio show for two and a half minutes and immediately before the end of the radio show for two and a half minutes. Educational radio shows and radio shows for children which are no less than one hour in duration may be interrupted by advertising immediately in the beginning of a radio show for three and a half minutes and immediately before the end of the radio show for three and a half minutes.

- 7. Live radio broadcasting or recording of a sport event (including sport matches, games, fights, races) may be interrupted by advertising, including sponsor advertising, only during the breaks during such sport events or during the pauses during such sport events.
- 8. Live radio broadcasting or recording of a sport event which has no breaks or pauses may be interrupted by advertising, provided that such interruption does not cause any loss of any essential information regarding such sport event. In addition, the total duration of such advertising should not exceed twenty per cent of the actual broadcast time of such sport event.
- 9. Any other radio shows may be interrupted by advertising as many times as there are 15-minute-periods included in such radio shows and additionally by sponsor advertising immediately in the beginning and immediately before the end of such radio shows, provided that the total duration of such sponsor advertising does not exceed thirty seconds.
- 10. The requirements specified in <u>Articles 1</u> <u>9</u> of the present Article do not apply to any radio shows which are registered as mass media specializing in advertising massages and materials and are broadcast on the basis of a broadcasting license, provided that in such radio shows the duration of advertising is eighty per cent or more of the actual broadcasting within 24 hours.
- 11. During broadcasting of an advertisement, the volume level of such advertisement, as well as the volume level of a message regarding the following broadcasting of the advertisement should not exceed the average volume level of a radio program or radio show interrupted by such advertisement. Specifications in regard to the ratio of the advertisement volume level and the volume level of a radio program or a radio show interrupted by the advertisement are defined by the technical regulations.
- 12. No advertising is allowed during any radio programs which are broadcast under the Federal Law "On Procedures of Showing Activities of Governmental Authorities in State Mass Media."
- 13. No advertising is allowed during any radio shows on days of mourning as declared in the Russian Federation.
- 14. The requirements of the present Article do not apply to:
- 1) any information placed in radio shows regarding such radio shows which are broadcast through a certain channel;
- 2) information regarding the title of a radio show and its broadcasting frequency and any other information regarding such radio show.

Article 16. Advertising in Periodical Printed Publications

Any placement of advertising texts in periodical printed publications which do not specialize in advertising messages and materials should be followed by a note "advertising" or a note "by advertising rights." The volume of advertising in such publications should not exceed forty per cent of the volume of one issue of such periodical printed publications. The requirements regarding the said volume do not apply to any periodical printed publications which are registered as specializing in advertising messages and materials and whose covers and imprints contain information regarding such specialization.

Article 17. Advertising Distributed During Presentation of Movies and Videos

No advertising interruption is allowed during presentation of movies or videos, and no superposition of advertising and a movie by the manner of "running letters" or any other method of overlapping of such advertising over a frame of a broadcast movie is allowed.

Article 18. Advertising Distributed Through Telecommunication Networks and Mailing Pieces

- 1. Advertising may be distributed through telecommunication networks, including telephone, facsimile and mobile radio telephone systems only upon prior consent by a subscriber or an addressee to receive such advertising. In addition, such advertising is deemed distributed without a prior consent by a subscriber or an addressee if the advertising distributor fails to prove that such consent was obtained. The advertising distributor is obliged to immediately terminate the distribution of advertising to a person who made such request.
- 2. Telecommunication networks should not be used for the distribution of advertising based on the application of means of selection and (or) dialing up of subscriber numbers without subscriber participation (automatic dialing, automatic distribution).
- 3. Upon information phone support (both paid and free toll), including by using mobile radio telephone system, advertising may be presented only after providing the information requested by a customer.
- 4. Upon providing telephone connections based on the time-based payment system terms, the duration of an advertisement should not be included into the cost of such telephone connection services.
- 5. Advertising may be placed on mailing pieces if a permit issued by federal communication authorities in the manner prescribed by the Government of the Russian Federation is available.

Article 19. Outdoor Advertising and Installment of Advertising Constructions

1. Outdoor advertising using boards, stands, construction grids, banners, electronic scoreboards, balloons, aerostatic balloons, and other technical means of stationary spatial placement (hereafter - advertising constructions) installed and placed on outdoor walls, roofs, and any other constructive elements of buildings, constructions, structures, and any area outside of them, as well as any public transportation stopping points is

performed by an owner of an advertising construction, being an advertising distributor, in compliance with the requirements set forth by this Article.

- 2. An advertising construction should be used exclusively for the purpose of advertising distribution.
- 3. No advertising is allowed on a traffic sign, its bearing or any other device designed for traffic control.
- 4. An advertising construction and its spatial placement should comply with the technical regulations.
- 5. Installment and operation of an advertising construction is performed by its owner under an agreement entered into by and between an owner of the land lot, building or any other real property to which such advertising construction is added or with a person authorized by the owner of such property and a lessee.
- 6. In case such real property to which such advertising construction is added is owned by another person on the basis of economic control rights, operative management rights or any other proprietary rights, an agreement to install and operate such advertising construction is concluded with a person with economic control rights, operative management rights or any other proprietary rights in regard to such real property.
- 7. In case such real property to which such advertising construction is added has been transferred by its owner into beneficial ownership, an agreement to install and operate such advertising construction is concluded with a beneficial owner, provided that the beneficial ownership agreement does not limit the capacity of the beneficial owner to perform such activities in regard to such property.
- 8. During the period of the agreement, the owner of the advertising construction has the right of free access to the real property to which such advertising construction is added, as well as the right to use such property for the purposes related to the performance of the rights to which the owner of the advertising construction is entitled, including its operation, maintenance, and removal.
- 9. Installment of an advertising construction is allowed upon obtainment of a permit to install an advertising construction (hereafter permit) issued, on the basis of an owner's application or any other lawful owner of the relevant real property, as specified in Clauses 5 7 of this Article, or the owner of such advertising construction, by municipal district local autonomous authorities or city district local autonomous authorities, where such installment of an advertising construction is planned to be performed.
- 10. Any installment of an advertising construction without such permit (unauthorized installment) is not allowed. In case of an unauthorized installment of an advertising construction, it is subject to removal on the basis of the regulations of municipal district local autonomous authorities or city district local autonomous authorities, where such installment of an advertising construction is planned to be performed.
- 11. The following should be submitted along with the application specified in <u>Clause 9</u> of this Article:
- 1) information about the applicant a physical person, or information about state registration of a legal entity or state registration of a physical person as an individual entrepreneur;

- 2) written confirmation of the owner's consent or any other lawful owner of the relevant real property, as specified in <u>Clauses 5</u> <u>7</u> of this Article in regard to the addition of the advertising construction to such property if the applicant is not the owner or any other lawful owner of such real property.
- 12. Municipal district local autonomous authorities or city district local autonomous authorities have no right to demand that the applicant submits any documents or information which have no relation to the spatial placement, surface appearance, and technical specifications of the advertising construction, as well as to collect any additional fee, apart from <u>state fees</u>, for the preparation, filing, issuance of the permit, and performance of any other activities related the issuance of the permit.
- 13. Municipal district local autonomous authorities or city district local autonomous authorities, by themselves, obtain approval of authorized agencies required to make decision in regard to whether to issue a permit or deny such request. In addition, the applicant has the right to independently obtain such approval from authorized agencies and present it to municipal district local autonomous authorities or city district local autonomous authorities.
- 14. Written decision in regard to whether to issue a permit or deny such request should be sent by municipal district local autonomous authorities or city district local autonomous authorities to the applicant within two months as of the date of the admission from the applicant of all required documents. An applicant who does not receive a written decision in regard to whether to issue a permit or deny such request from municipal district local autonomous authorities or city district local autonomous authorities should, within three months, apply to a court or an arbitration court with a request to declare such failure to act by the relevant local autonomous authorities unlawful.
- 15. A decision to deny to issue the permit should be reasoned and adopted by municipal district local autonomous authorities or city district local autonomous authorities on the following grounds:
- 1) incompliance of an advertising construction project and its spatial placement with the technical regulations;
- 2) incompliance of the installment of an advertising construction in a filed place with the scheme of spatial planning or general plan;
- 3) violation of the requirements of the traffic safety regulations;
- 4) disruption of the exterior architectural appearance of the existing settlement or city district housing system;
- 5) violation of the requirements of the Russian Federation <u>legislation</u> regarding objects of cultural heritage (historical and cultural monuments) of the peoples of the Russian Federation, their protection and usage.
- 16. In case of denial to issue a permit by municipal district local autonomous authorities or city district local autonomous authorities, the applicant may, within three months as of the receipt of such decision of denial, apply to a court or an arbitration court with a request to declare such decision unlawful.
- 17. The permit issued by municipal district local autonomous authorities or city district local autonomous authorities is valid for 5 years.

- 18. A decision to annul such permit is adopted by municipal district local autonomous authorities or city district local autonomous authorities as follows:
- 1) within a month as of the day of the submission to them by the owner of the advertising construction of a notice in writing regarding his/her decision to abandon the right for such permit;
- 2) within a month as of the day of the submission to them by the owner or any other lawful proprietor of the real property to which the advertising construction is added of a document confirming the termination of the agreement concluded by and between such owner or such proprietor of such real property and the owner of the advertising construction:
- 3) if within a year as of the date of the issue of the permit, the advertising construction is not installed;
- 4) if the advertising construction is utilized for any purposes other than distribution of advertising.
- 19. The annulment decision may be appealed in a court or an arbitration court within three months as of the day of the receipt of such decision.
- 20. Such decision may be declared invalid in a judicial procedure in case of:
- 1) repeated or gross violation by an advertising distributor of the legislation of the Russian Federation regarding advertising, upon a claim by antimonopoly authorities;
- 2) detection of any incompliance of the advertising construction project and its spatial placement with the technical regulations, upon a claim by authorities controlling such compliance with the technical regulations;
- 3) incompliance of the installment of the advertising construction in such place with the scheme of spatial planning or general plan upon a claim by local autonomous authorities;
- 4) disruption of the exterior architectural appearance of the existing settlement or city district housing system upon a claim by local autonomous authorities;
- 5) incompliance of the advertising construction with the requirements of the traffic safety regulations upon a claim by authorities performing traffic safety control.
- 21. In case the permit is annulled or declared invalid, the owner of the advertising construction or the owner any other proprietor of the relevant real property to which such construction is added should remove such advertising construction within a month.
- 22. In case of failure to perform such obligation to remove the advertising construction, municipal district local autonomous authorities or city district local autonomous authorities have the right to submit to a court or arbitration court a claim demanding the removal of such advertising construction to be enforced. In case the court or the arbitration court adopts a resolution to enforce the removal of such advertising construction, the removal, storage or, if required, demolition should be performed at the expense of the owner or any other lawful proprietor of the real property to which the advertising construction is added. Upon demand by the owner or any other lawful proprietor of such real property, the owner of the advertising construction is obliged to compensate any reasonable damage caused by the removal, storage or, if required, demolition of the advertising construction.

- 23. The requirements of this Article with regard to the obtainment of the permit do not apply to windows, kiosks, stands, mobile retail stations, street stalls.
- 24. The regulations stated in this Article which specify the powers of local autonomous authorities apply to intracity municipal institutes of cities with federal status such as Moscow and Saint Petersburg if, under the Federal Law of October 6, 2003, #131-FL "On General Principles of Organization of Local Autonomy in the Russian Federation," the laws of the subjects of the Russian Federation cities with federal status such as Moscow and Saint Petersburg do not stipulate the procedures by which the said powers are executed by governmental authorities of the said subjects of the Russian Federation.

Article 20. Advertising on Transportation Means and by Transportation Means

1. Advertising on transportation means is performed on the basis of an agreement concluded by and between an advertiser and an owner of transportation means or an authorized person or a person owning other propriety rights to such transportation means.

Clause 2 of Article 20 has entered into force as of January 1, 2007 (Clause 2 of Article 39 of the present document).

- 2. No transportation means may be used exclusively or solely as mobile advertising constructions.
- 3. No advertising may be placed on the following transportation means:
- 1) transportation means for special and field services of certain coloring and design as required by the technical regulations;
- 2) transportation means equipped with devices designed for special flash and sound signals;
- 3) transportation means of federal mail services which have white diagonal lines against the blue background on the sides of such transportation means;
- 4) transportation means designed for transporting hazardous materials.
- 4. Placement of distinctive trademarks on transportation means is not deemed to be advertising.
- 5. Advertising placed on transportation means should not endanger traffic safety or limit the view for drivers of such transportation means and other traffic participants, and it should comply with other technical regulations.
- 6. Distribution of auditory advertising via transportation means, as well as audio advertising distributed via transportation means is prohibited.

Chapter 3. PECULIARITIES OF CERTAIN ADVERTISING PRODUCTS

Article 21. Advertising of Alcohol Products

- 1. Advertising of alcohol products should not:
- 1) contain any assertion that consumption of alcohol products is important for public recognition, professional, athletic or personal success or that it contributes to improved physical or emotional state;
- 2) criticize any withdrawal from consumption of alcohol products;
- 3) contain any assertion that alcohol products are harmless or beneficial for human health;
- 4) contain any mentioning that consumption of alcohol products is a way to satisfy thirst;
- 5) address to minors;
- 6) use images of minors;
- 2. Advertising of alcohol products should not be placed:
- 1) on the first and last pages of newspapers, as well as the first and last pages and covers of magazines;
- 2) in print publications, audio and video products designed for minors;
- 3) in TV and radio shows, in videos and movies;
- 4) on all public transportation means;
- 5) by using technical means of stationary spatial placement (advertising constructions) installed and placed on roofs, exterior walls, and other constructive elements of buildings, constructions, structures or outside of them.
- 6) in organizations for children, educational, medical, resort, health, and military organizations, theaters, circuses, museums, houses, and recreation centers, concert and exhibition halls, libraries, auditoriums, planetariums and at distance less than hundred meters from the areas occupied by such buildings, constructions, structures;
- 7) in health, athletic facilities and at distance less than hundred meters from such facilities.
- 3. In each case advertising of alcohol products should contain a warning regarding the hazards of alcohol abuse, and such warning should occupy no less than ten per cent of the advertising area (space).
- 4. Advertising events including distribution of samples of alcohol products may be held only in organizations engaged in retail sale of alcohol products while observing the requirements set forth by the legislation of the Russian Federation on advertising. In addition, no minor may be involved in such distribution of alcohol products or offered any such samples.

Article 22. Advertising of Beer and Beverages Containing Alcohol

- 1. Advertising of beer and beverages containing alcohol should not:
- 1) contain any assertion that consumption of beer and beverages containing alcohol is important for public recognition, professional, athletic or personal success or that it contributes to improved physical or emotional state;
- 2) criticize any withdrawal from consumption of beer and beverages containing alcohol;
- 3) contain any assertion that beer and beverages containing alcohol are harmless or beneficial for human health;
- 4) contain any mentioning that consumption of beer and beverages containing alcohol is a way to satisfy thirst;
- 5) address to minors;
- 6) use images of people and animals, including animated images.
- 2. Advertising of beer and beverages containing alcohol should not be placed:
- 1) in TV programs from 7 am to 10 pm (local time) and in radio programs from 9 am to 12 am (local time);
- 2) in print publications, radio and TV shows, audio and video products designed for minors;
- 3) in videos and movies from 7 am to 8 pm of local time;
- 4) on the first and last pages of newspapers, as well as the first and last pages and covers of magazines;
- 5) in mass media registered as specializing in ecology, education, and health;
- 6) in organizations for children, educational, medical, resort, health, and military organizations, theaters, circuses, museums, houses, and recreation centers, concert and exhibition halls, libraries, auditoriums, planetariums and at distance less than hundred meters from the areas occupied by such buildings, constructions, structures;
- 7) in health, athletic facilities and at distance less than hundred meters from such facilities.
- 3. Advertising of beer and beverages containing alcohol, in each case, should contain a warning regarding the hazards of abuse of beer and beverages containing alcohol. In advertising distributed in radio programs, the duration of such warning should be no less than three seconds; in advertising distributed in TV programs, videos and movies no less than five seconds, and such warning should occupy no less than seven per cent of the frame's area; and in advertising distributed via other means no less than ten per cent of the advertising area (space).
- 4. Organization of advertising events, including distribution of samples of beer and beverages containing alcohol may not be held in organizations or places where any retail sale of beer and beverages containing alcohol is prohibited. Upon conducting advertising events, including distribution of samples of beer and beverages containing alcohol in other organizations or places, any involvement of minors in such distribution

of samples of beer and beverages containing alcohol or any offering to minors of such samples of beer and beverages containing alcohol is prohibited.

Article 23. Advertising of Tobacco, Tobacco Products, and Smoking Requisites

- 1. Advertising of tobacco, tobacco products, and smoking requisites, including pipes, hookahs, cigarette papers, lighters, and other similar products should not:
- 1) contain any assertion that smoking is important for public recognition, professional, athletic or personal success or that it contributes to improved physical or emotional state;
- 2) criticize any withdrawal from smoking;
- 3) address to minors;
- 4) use images of minors;
- 2. Advertising of tobacco, tobacco products, and smoking requisites, including pipes, hookahs, cigarette papers, lighters, and other similar products should not be placed:
- 1) in TV and radio programs, videos and movies,
- 2) printed publications, audio and video products designed for minors;
- 3) on the first and last pages of newspapers, as well as the first and last pages and covers of magazines;

Paragraph 4 of Clause 2 of Article 23 has entered into force as of January 1, 2007 (Clause 2 of Article 39 of the present document).

- 4) by using technical means of stationary spatial placement (advertising constructions) installed and placed on roofs, exterior walls, and other constructive elements of buildings, constructions, structures or outside of them;
- 5) on all public transportation means:
- 6) in organizations for children, educational, medical, resort, health, and military organizations, theaters, circuses, museums, houses, and recreation centers, concert and exhibition halls, libraries, auditoriums, planetariums and at distance less than hundred meters from the areas occupied by such buildings, constructions, structures;
- 7) in health, athletic facilities and at distance less than hundred meters from such facilities.
- 3. In each case advertising of tobacco and tobacco products should contain a warning regarding the hazards of smoking, and such warning should occupy no less than ten per cent of the advertising area (advertising space).
- 4. Organization of advertising events, including distribution of samples of tobacco products may not be held in organizations or places where any retail sale of such products or any types of such products is prohibited. Upon conducting advertising events, including distribution of samples of tobacco, tobacco products, and smoking

requisites, any involvement of minors in such distribution or any offering to minors of such samples is prohibited.

Article 24. Advertising of Medicines, Medical Technology, Medical Devices, and Medical Services, Including Treatment Methods

- 1. Advertising of medicines should not:
- 1) address to minors;
- 2) contain any reference to specific cases of recovery, health improvement resulting form using the advertising object;
- 3) contain any expression of thanks to any physical persons in relation to the usage of the advertising object;
- 4) form an idea about the benefits of the advertising object by referring to studies subject to state registration of the advertising object;
- 5) contain any assertion or suggestion that consumers of such advertising may have certain diseases or health problems;
- 6) form an idea that a healthy person needs to use such advertising object;
- 7) form an idea that any referral to a physician is needless;
- 8) guarantee the positive effect of the advertising object, its safety, efficacy, and the lack of any side effects;
- 9) present the advertising object as an active biological supplement and food supplement or any other product which is not a medicine;
- 10) contain any assertion that the safety and (or) efficacy of the advertising object are guaranteed by its natural origin.
- 2. The requirements stated in <u>Paragraph 6</u> of Clause 1 of the present Article do not apply to advertising of medicines administered as disease prevention.
- 3. The requirements stated in <u>Paragraphs 2</u> <u>5</u> of Clause 1 of the present Article also apply to advertising of medical services, including advertising of treatment, diagnostics, prevention, and rehabilitation methods.
- 4. The requirements stated in <u>Paragraphs 1</u> <u>8</u> of the present Article also apply to advertising of medical technology.
- 5. The requirements stated in Paragraphs 2 and 3 of the present Article do not apply to any advertising distributed in places where medical or pharmaceutical exhibitions, seminars, conferences and other similar events are organized; or any advertising placed in specialized publications designed for medical and pharmaceutical employees; and any other advertising of products consumed solely by medical and pharmaceutical employees.
- 6. Any advertising information regarding the properties and characteristics, including the application and usages methods of medicines and medical technology is allowed only

within the limits of the evidence presented in the indications, approved in a prescribed manner, on how to administer and apply such advertising objects.

- 7. Advertising of medicines, medical services, including treatment methods and medical technology, should contain a warning regarding any contraindications in regard to their administration and application, the necessity to read the instructions on how to apply them or consult a specialist. In advertising distributed in radio programs, the duration of such warning should be no less than three seconds; in advertising distributed in TV programs, videos and movies no less than five seconds, and such warning should occupy no less than seven per cent of the frame's area; and in advertising distributed via other means no less than five per cent of the advertising area (advertising space). The requirements stated in this Clause do not apply to any advertising distributed in places where medical or pharmaceutical exhibitions, seminars, conferences, and other similar events are organized; or any advertising placed in specialized publications designed for medical and pharmaceutical employees; and any other advertising of products consumed solely by medical and pharmaceutical employees.
- 8. Advertising of medicines in forms and dosages dispensed on doctors' prescriptions, methods of treatment, as well as medical devices and medical technology requiring special training is only allowed in places where medical or pharmaceutical exhibitions, seminars, conferences, and other similar events are organized or in specialized publications designed for medical and pharmaceutical employees.
- 9. Advertising of medicines containing narcotic substances or psychotropic substances approved for medical purposes and included into the list of restricted and controlled narcotic and psychotropic substances in the Russian Federation, under the <u>legislation</u> of the Russian Federation and international agreements of the Russian Federation, and the list of restricted and partially controlled psychotropic substances, under the legislation of the Russian Federation and international agreements of the Russian Federation, is prohibited, except for advertising of such medicines in places where medical or pharmaceutical exhibitions, seminars, conferences, and other similar events are organized or in specialized publications designed for medical and pharmaceutical employees.
- 10. Organization of advertising events, including distribution of samples of medicines containing narcotic and psychotropic substances is prohibited.
- 11. Advertising of medical services related to abortion should contain a warning regarding possible detrimental consequences for women's health.

Article 25. Advertising of Active Biological Supplements and Food Supplements, Baby Food

- 1. Advertising of active biological supplements and food supplements should not:
- 1) form an idea that they are medicines and (or) have medical properties;
- 2) contain any references to specific cases of recovery, improvement of health resulting from the use of such supplements;
- 3) contain any expression of thanks to any physical persons in relation to the use of such supplements;

- 4) stimulate refusal from healthy food:
- 5) form an idea about the benefits of such supplements by referring to studies subject to state registration of such supplements, as well as use the results of any studies in the form of a direct recommendation to use such supplements.
- 2. Advertising of baby food should not present it as a wholesome substitute for mother's milk or contain any assertion regarding the benefits of artificial feeding of children. Advertising of products designed to be used as a substitute for mother's milk and products included into a child's diet during his/her first year should contain information regarding the age restrictions for the usage of such products and a warning regarding the necessity to consult a specialist.

Article 26. Advertising of Military Products and Weapons

- 1. It is illegal to advertise the following:
- 1) military products, except for advertising of such products for the purposes of militarytechnical cooperation between the Russian Federation and foreign states;
- 2) weapons not indicated in <u>Clauses 3</u> <u>5</u> of the present Article.
- 2. Production, placement, and distribution of military products for the purposes of military-technical cooperation between the Russian Federation and foreign states is performed under the <u>legislation</u> of the Russian Federation on military-technical cooperation of the Russian Federation.
- 3. Advertising of duty weapons and their bullets is allowed only in specialized publications designed for consumers of such weapons, in places of production, sale, and exhibition of such weapons, as well as in places designed for target practice using such weapons.
- 4. Advertising of firearms, their bullets, and cold arms is allowed only in specialized publications, in places of production, sale, and exhibition of such weapons, as well as in places designed for target practice using such weapons.
- 5. Advertising of non-military weapons, including defensive weapons, sport, hunting, and signal weapons is allowed only:
- 1) in periodical publications whose covers and imprints contain information regarding the specialization of the said publications in regard to advertising messages and materials, as well as in specialized printed publications for consumers of non-military weapons;
- 2) in places of production, sale, and exhibition of such weapons, as well as in places designed for target practice using such weapons;
- 3) in TV and radio programs from 10 pm till 7 am of local time.
- 6. Advertising of weapons and advertising of military products distributed in accordance with the <u>legislation</u> of the Russian Federation on military-technical cooperation of the Russian Federation should not:

- 1) directly or indirectly disclose any information classified as state secret, including any information on production technology, military or otherwise modes of use of such weapons;
- 2) address to minors;
- 3) use images of minors;

Article 27. Advertising of Risk-Based Games and Betting

- 1. Advertising of risk-based games and betting should not:
- 1) address to minors:
- 2) form an idea that participation in risk-based games or betting is a way to make living or another way to earn income or another way to acquire means of subsistence;
- 3) contain assertions which exaggerate the probability of winning or diminish the degree of risk;
- 4) contain any evidence of the receipt of winnings by persons who are recognized as winners in accordance with the terms of risk-based games or betting but have not received such winnings;
- 5) contain any assertion that participation in such risk-based games or betting is important for public recognition, professional, athletic or personal success;
- 6) criticize non-participation in risk-based games or betting:
- 7) form an idea that winning is guaranteed;
- 8) use images of people and animals.
- 2. Advertising of risk-based games or betting may be distributed only in:
- 1) in TV and radio programs from 10 pm till 7 am of local time:
- 2) in buildings, constructions, structures in which such games are held, except for objects of transport infrastructure (train stations, airports, subway stations, and other similar objects);
- 3) in periodical publications whose covers and imprints contain information regarding the specialization of the said publications in regard to advertising messages and materials, as well as in specialized printed publications for employees of gambling establishments and (or) persons participating in such games or betting;
- 3. The requirements stated in <u>Clauses 1</u> and <u>2</u> of the present Article respectively apply to any advertising by an organizer of risk-based games or betting, being a gambling establishment, including casinos, slot machine halls, as well as to any advertising of any places where such risk-based games or betting are held if such places are gambling establishments.
- 4. The requirements stated in <u>Paragraph 8</u> of Clause 1 and <u>Clause 2</u> of the present Article do not apply to advertising of lotteries, including promotional lotteries.
- 5. Advertising of risk-based games or betting should contain:

- 1) indication of terms of risk-based games or betting;
- 2) source of information regarding the organizer of such risk-based games or betting, its conduct rules, the prize fund of such games or betting, number of prizes or winnings, award claim terms, place and procedures.

Article 28. Advertising of Financial Services

- 1. Advertising of bank, insurance, and other financial services should contain the title or name of a person performing such services (for a legal entity title, for an individual entrepreneur last name, first name, and patronymic).
- 2. Advertising of bank, insurance, and other financial services should not:
- 1) contain any warranty or promise of the effectiveness of future activities (profitability of investments), including those based on any actual past figures if such effectiveness of activities (profitability of investments) can not be determined as of the date of conclusion of a relevant agreement;
- 2) withhold any other terms related to the provision of services which may influence the amount of income to be received by persons applying for such services or the amount of expenses to be incurred by persons applying for such services if the advertising refers to, at least, one of such terms.
- 3. If an advertisement of services related to credit accommodation, credit use, and credit repayment refers to, at least, one term having an effect on the cost of such credit, such an advertisement should refer to all remaining terms determining and having an effect on the actual cost of such credit for a borrower.
- 4. Advertising of services related to management, including trust management, of assets (among them securities, investment reserves of shareholders' investment funds, mutual funds, pension reserves of non-governmental pension funds, pension accruals funds, mortgage coverage, accruals for housing of military personnel) should contain:
- 1) the source of information subject to disclosure under the federal laws;
- 2) information about the place or the address (phone number) where, prior to the conclusion of a relevant agreement, any interested parties can obtain information regarding the terms of asset management, as well as obtain information about a person performing such asset management and other information which should be presented in accordance with the federal laws and other regulatory legal acts of the Russian Federation;
- 5. Advertising of services related to management, including trust management, of assets should not contain:
- 1) any information which is not document supported if such information is directly related to asset management;
- 2) any information about the results of management of assets, including any changes made to them or any comparisons in past and (or) present time, which is not based on revenue estimates determined in accordance with regulatory legal acts of federal authorities with regard to financial markets, and in cases provided for by the federal law

- determined in accordance with regulatory legal acts of the Central Bank of the Russian Federation:
- 3) any information about reliability guarantees for possible investments and stability of possible income or expenditure levels related to such investments;
- 4) any information about possible benefits related to the methods of asset management and (or) any other activity;
- 5) any claim of a possibility to achieve in future the results of asset management analogous to the achieved results.
- 6. No advertising related to attraction of money of physical persons for housing construction, except for advertising related to attraction of money on the basis of an agreement for participation in joint construction, or advertising of housing cooperatives and building societies, or advertising related to attraction and utilization of housing cooperative funds of physical persons for purchase of housing units is allowed.
- 7. Advertising related to attraction of money of participants of joint construction for construction (creation) of apartment houses and (or) any other real estate objects should contain information about the place and methods of performance of a project announcement as prescribed by the federal law.
- 8. Advertising related to attraction of money of participants of joint construction for construction (creation) of an apartment house and (or) any other real estate object should not be distributed until a permit issued in a prescribed manner for such construction of an apartment house (or) any other real estate object is obtained, a project announcement is published in mass media and (or) placed in public information and telecommunication networks (including Internet), state registration of ownership rights or lease rights for the land lot allotted for construction (creation) of such an apartment house and (or) any other real estate object containing the objects of such joint construction is performed.
- 9. Advertising related to attraction of money of participants of joint construction for construction (creation) of an apartment house and (or) any other real estate object should not be distributed within a period when, under the federal law, the developer's activities are suspended due to such attraction of money of participants of joint construction for construction (creation) of such an apartment house and (or) any other real estate object.
- 10. The requirements stated in <u>Clauses 7</u> <u>9</u> of the present Article also apply to any advertising related to assignment of right of demand under the agreement of participation in joint construction.
- 11. Advertising related to attraction and utilization of housing cooperative funds of any physical persons for purchase of housing units should contain:
- 1) information regarding the procedures of compensation for losses incurred by housing cooperative participants;
- 2) information regarding the entry of a housing cooperative into the housing cooperatives registry;
- 3) an address of a web-site in public information and telecommunication networks (including Internet) where such housing cooperative discloses its information.

12. Advertising related to attraction and utilization of housing cooperative funds of any physical persons for purchase of housing units should not guarantee any timeframe for purchase or construction by such housing cooperative.

Article 29. Advertising of Securities

- 1. No advertising of securities which are not subject to offering to indefinite set of people, as prescribed by the federal law and other regulatory legal acts of the Russian Federation, is allowed.
- 2. No advertising of property rights not certified by securities, which is performed under the pretext of an advertisement of securities, is allowed.
- 3. Advertising of securities should contain details of persons obligated for advertised securities.
- 4. Advertising of equity securities should contain:
- 1) issuer's name;
- 2) source of information subject to disclosure under the legislation of the Russian Federation on securities.
- 5. Advertising of securities should not contain:
- 1) promise to pay dividends on equity issues, as well as income on any other securities, except for any income subject to mandatory payment by a decision regarding the issuance or additional issuance of equity securities, by rules of mutual funds trust management or by rules of mortgage coverage trust management, or any income subject to mandatory payment which is documented in securities;
- 2) prognosis of any increase of securities' market value.
- 6. Advertising of equity securities should not be distributed until their prospectus is registered, except in cases when, under the federal law on public placement or circulation of equity securities, no registration of such prospectus is required.
- 7. The requirements stated in <u>Article 28</u> of the Federal Law also apply to advertising of savings certificates, investment shares of mutual funds, and mortgage participation certificates.
- 8. No advertising of stock bonds is allowed until such bonds are admitted by stock market to trading in stock bonds placement operations.

(Clause 8 has been enforced by Federal Law of 02.09.2007 #18-FL).

Article 30. Advertising of Services for Conclusion of Annuity Contracts, Including Contracts about Perpetual Maintenance

- 1. Advertising of services for conclusion of annuity contracts, including contracts about perpetual maintenance should not contain:
- 1) any expression of thanks by physical persons who have concluded such contracts;

- 2) any assertion that conclusion of such contracts is more beneficial than bequeathing a housing unit or any other property;
- 3) any criticism of any family members or any close relatives of a potential consumer of such services who allegedly do not take care of such potential consumer;
- 4) any mention of any gifts for physical persons who have made a decision to conclude annuity contracts with an advertiser or any other person.
- 2. In case an advertiser serves as a middleman upon conclusion of such annuity contracts, including contracts about perpetual maintenance, advertising of such services for conclusion of such contracts should contain an indication that another person will serve as a payer of annuity under such contracts.

Chapter 4. SELF-REGULATION IN ADVERTISING

Article 31. Self-Regulatory Advertising Organizations

A self-regulatory advertising organization is an alliance of advertisers, producers of advertising, distributors of advertising, and other persons formed as an association, union or non-profit partnership in order to represent and protect the interests of its members, develop advertising ethic standards requirements, and make sure that such requirements are observed.

Article 32. Rights of a Self-Regulatory Advertising Organization

A self-regulatory advertising organization has the right to:

- 1) represent lawful interests of members of a self-regulatory organization in regard to federal authorities, governmental authorities of the subjects of the Russian Federation, local autonomous authorities;
- 2) participate in review by antimonopoly authorities of actions brought on grounds of a violation by members of such self-regulatory organization of the legislation of the Russian Federation on advertising:
- 3) appeal, in an arbitration court, regulatory legal acts of federal authorities, regulatory legal acts of governmental authorities of the subjects of the Russian Federation, regulatory legal acts of local autonomous authorities;
- 4) take liability measures in regard to members of such self-regulatory organization provided for by constituent and other documents of such self-regulatory organization, including exclusion from membership of such self-regulatory organization;
- 5) develop, establish, and publish advertising professional activity rules mandatory for all members of such self-regulatory organization;
- 6) control professional activities of members of such self-regulatory organization with regard to the observance of the requirements of the Federal Law herein and advertising professional activity rules, including professional ethics requirements;

- 7) review complaints related to actions of a member of such self-regulatory organization;
- 8) develop and establish requirements for any persons willing to joint a self-regulatory organization;
- 9) collect, develop, and store information regarding members of such self-regulatory organization which is disclosed in the form of reports under the terms established by constituent and other documents of a self-regulatory organization;
- 10) keep the register of persons who are members of such self-regulatory organization.

Chapter 5. STATE CONTROL OF ADVERTISING INDUSTRY

AND LIABILITY FOR ANY VIOLATION OF THE LEGISLATION OF THE RUSSIAN FEDERATION ON ADVERTISING

Article 33. Powers of Antimonopoly Authorities to Perform State Control of Advertising Industry

- 1. Antimonopoly authorities perform, within their powers, state control of the observance of the legislation of the Russian Federation on advertising, including:
- 1) warn, detect, and suppress any violation by physical and legal persons of the legislation of the Russian Federation on advertising;
- 2) initiate proceedings and review actions on grounds of any violation of the legislation of the Russian Federation on advertising.
- 2. Antimonopoly authorities have the right to:
- 1) issue to advertisers, producers of advertising, distributors of advertising mandatory orders regarding termination of any violation of the legislation of the Russian Federation on advertising.
- 2) issue to federal authorities, governmental authorities of the subjects of the Russian Federation, local autonomous authorities mandatory orders regarding cancellation or amendment of any acts issued by them which contravene the legislation of the Russian Federation on advertising;
- 3) file claims in a court or an arbitration court regarding prohibition of distribution of advertising performed in violation of the legislation of the Russian Federation on advertising;
- 4) file claims in a court or an arbitration court regarding public denunciation of inaccurate advertising (counter advertising) in cases provided for by Clause 3 of Article 38 of the Federal Law herein;
- 5) refer to an arbitration court in regard to an annulment, fully or partially, of non-regulatory acts of federal authorities, non-regulatory acts of governmental authorities of the subjects of the Russian Federation, non-regulatory acts of local autonomous authorities which contravene the legislation of the Russian Federation on advertising;
- 6) refer to an arbitration court in regard to an inoperativeness, fully or partially, of regulatory acts of federal authorities, regulatory acts of governmental authorities of the

subjects of the Russian Federation, regulatory acts of local autonomous authorities which contravene the legislation of the Russian Federation on advertising;

- 7) take liability measures in accordance with the <u>legislation</u> of the Russian Federation regarding administrative offences;
- 8) refer to an arbitration court in regard to an annulment of a permit to install an advertising construction as prescribed by Paragraph 1 of Clause 20 of <u>Article 19</u> of the Federal Law herein.

Article 34. Provision of Information to Antimonopoly Authorities

- 1. Federal authorities, governmental authorities of the subjects of the Russian Federation, local autonomous authorities, and officers of such authorities, as well as individual entrepreneurs, legal persons, and their managers are obliged to submit to antimonopoly authorities any information required for the performance by such authorities of their powers in regard to state control of the observance of the legislation of the Russian Federation on advertising and ensure that officers of such authorities have access to such information.
- 2. Non-performance of the requirements stated in <u>Clause 1</u> of this Article entails liability of guilty persons in accordance with the <u>legislation</u> of the Russian Federation related to administrative offences.

Article 35. Confidentiality Obligations of Antimonopoly Authorities in Regard to Commercial, Official, and Any Other Secret Protected by Law

- 1. Any information constituting commercial, official, and any other secret protected by law received by antimonopoly authorities upon execution of their powers should not be disclosed, except for the cases provided for by the Federal Law.
- 2. Any disclosure by officers of antimonopoly authorities of any information constituting commercial, official, and any other secret protected by law entails liability in accordance with the <u>legislation</u> of the Russian Federation regarding administrative offences or criminal <u>legislation</u> of the Russian Federation. Any losses caused by such disclosure are subject to compensation in accordance with the civil <u>legislation</u>.

Article 36. Resolutions and Orders of Antimonopoly Authorities Based on the Results of Proceedings in Cases Initiated on Grounds of Violation of the Legislation of the Russian Federation on Advertising

- 1. Antimonopoly authorities, within their powers, initiate and review actions brought on grounds of violation of the legislation of the Russian Federation on advertising, adopt resolutions based on the results of proceedings in such actions and issue orders as prescribed by the Federal Law herein.
- 2. Antimonopoly authorities, on their own initiative, on the basis of prosecutor's presentation, appeals by governmental authorities or local autonomous authorities, as

well as on the basis of claims by physical or legal persons initiate a case on grounds of a violation of the legislation of the Russian Federation on advertising.

- 3. An order concerning the termination of a violation of the legislation of the Russian Federation on advertising is issued on the basis of a resolution adopted by antimonopoly authorities regarding declaration of an advertisement inappropriate, and it should contain an instruction to terminate the distribution of such advertisement.
- 4. An order concerning the termination of a violation of the legislation of the Russian Federation on advertising should be executed within the timeframe specified in such order. Such timeframe may not be less than five days as of the date of receipt of such order.
- 5. An order concerning the termination of a violation of the legislation of the Russian Federation on advertising is deemed unexecuted if, upon the expiry of time of performance of such order, inappropriate advertisement continues being distributed.
- 6. Mandatory orders regarding cancellation or amendment of an act contravening the legislation of the Russian Federation on advertising issued by federal authorities, governmental authorities of the subjects of the Russian Federation or local autonomous authorities are issued on the basis of a resolution adopted by antimonopoly authorities regarding contravention by such act of the legislation of the Russian Federation on advertising. Mandatory orders regarding amendment of an act contravening the legislation of the Russian Federation on advertising issued by federal authorities, governmental authorities of the subjects of the Russian Federation or local autonomous authorities should specify the amendments which need to be made in such act so that they can be enforced under the legislation of the Russian Federation on advertising.
- 7. Mandatory orders regarding cancellation or amendment of an act contravening the legislation of the Russian Federation on advertising issued by federal authorities, governmental authorities of the subjects of the Russian Federation or local autonomous authorities should be performed in accordance with the timeframe specified in such orders. Such timeframe may not be less than a month as of the date of receipt of such order by federal authorities, governmental authorities of the subjects of the Russian Federation or local autonomous authorities.
- 8. Non-performance of orders of antimonopoly authorities issued under the Federal Law herein entails liability in accordance with the <u>legislation</u> of the Russian Federation related to administrative offences.
- 9. Consideration by antimonopoly authorities of actions brought on grounds of a violation of the legislation of the Russian Federation on advertising is performed in the manner prescribed by the Government of the Russian Federation.

Article 37. Challenge of Resolutions and Orders of Antimonopoly Authorities

- 1. A resolution or an order by antimonopoly authorities may be challenged in a court or an arbitration court within three months as of the date of such resolution or order.
- 2. A claim to declare a resolution or an order of antimonopoly authorities invalid does not stay an execution of such resolution or order if no ruling has been made by a court or an arbitration court in regard to such stay of the execution of such resolution or order.

3. Any decree of antimonopoly authorities concerning enforcement of administrative liability measures for a violation of the legislation of the Russian Federation on advertising may be appealed, challenged in the manner prescribed by the legislation of the Russian Federation.

Article 38. Liability For a Violation of the Legislation of the Russian Federation on Advertising

- 1. Any violation by physical or legal persons of the legislation of the Russian Federation on advertising entails liability in accordance with the civil <u>legislation</u>.
- 2. Any persons whose rights and interests have been violated as the result of the distribution of inappropriate advertisement have the right to refer in a prescribed manner to a court or an arbitration court, including file claims regarding compensation of any losses, including loss of profits, redress of an injury caused to physical persons and (or) any property of physical or legal persons, as well as compensation for moral damage and public denunciation of inaccurate advertising (counter advertising).
- 3. In case antimonopoly authorities establish the fact of such distribution of inappropriate advertising and issue a relevant order, they have the right to refer in a prescribed manner to a court or an arbitration court with a claim against an advertiser regarding public denunciation of inaccurate advertising (counter advertising) at the advertiser's expense. In addition, a court or an arbitration court determines the terms and conditions of the placement of such denunciation.
- 4. Any violation by an advertiser, producer of advertising, distributor of advertising of the legislation of the Russian Federation on advertising entails liability in accordance with the legislation of the Russian Federation regarding administrative offences.
- 5. An intentional violation of the legislation of the Russian Federation may entail other measures to be established by the federal laws.
- 6. An advertiser is liable for any violation of the requirements established by <u>Clauses 2</u> 8 of Article 5, <u>Clauses 6</u> 9, Clause 4, <u>Clause 10</u>, <u>Clause 12</u>, <u>Clauses 1</u> and 3 of Article 21, <u>Clauses 1</u> and 3 of Article 22, <u>Clauses 1</u> and 3 of Article 23, <u>Clauses 24</u> and <u>25</u>, <u>Clauses 1</u> and 6 of Article 26, <u>Clauses 1</u> and 5 of Article 27, <u>Clauses 28</u> 30 of the Federal Law herein.
- 7. A distributor of advertising is liable for any violation of the requirements established by Paragraph 3 of Clause 4, Clauses 9 and 10 of Article 5, Articles 7 9, 12, 14 18, Clauses 2 6 of Article 20, Clauses 2 4 of Article 21, Clauses 2 4 of Article 22, Clauses 2 4 of Article 23, Clauses 7, 8 and 11 of Article 24, Clauses 1 5 of Article 26, Clauses 2 and 5 of Article 27, Clauses 1, 4, 7, 8 and 11 of Article 28, Clauses 1, 3, 4, 6 and 8 of Article 29 of the Federal Law herein.

(in rev. of Federal Law of 02.09.2007 #18-FZ)

(see text of the previous revision)

8. A producer of advertising is liable for any violation of the requirements specified in Clauses 6 and 7 of the Article herein in case it is established that such violation was due to such producer's fault.

- 9. Fines for violation of the legislation of the Russian Federation on advertising and non-performance of orders issued by antimonopoly authorities are put into budgets of the budgetary system of the Russian Federation in the following manner:
- 1) into federal budget 40%;
- 2) into budget of the subjects of the Russian Federation where a legal entity or an individual entrepreneur who has violated the legislation of the Russian Federation is registered 60%.
- 10. Payment of a fine does not constitute a release from the requirement to execute the order regarding the termination of a violation of the legislation of the Russian Federation on advertising.

Chapter 6. FINAL PROVISIONS

Article 39. Enforcement of the Federal Law Herein

- 1. The present Federal Law shall enter into legal force as of July 1, 2006, except for Clause 3 of <u>Article 14</u>, Clause 2 of <u>Article 20</u> and Paragraph 4 of Clause 2 of <u>Article 23</u> of the Federal Law herein.
- 2. Clause 2 of <u>Article 20</u> and Paragraph 4 of Clause 2 of <u>Article 23</u> of the Federal Law herein will enter into legal force as of January 1, 2007.
- 3. Clause 3 of <u>Article 14</u> of the Federal Law herein shall enter into legal force as of January 1, 2008.
- 4. It is to be established that for the period from July 1, 2006, till January 1, 2008, the total duration of an advertisement distributed in a TV program (including such advertisement as TV shops), advertising interruptions of a TV program (including any sponsor advertisement), and the superposition of an advertisement with a TV program by the method of "running letters" or any other method of overlapping the advertisement over a frame of the broadcast TV program should not exceed twenty per cent of the broadcast time within an hour and fifteen per cent of the broadcast time within 24 hours.

Article 40. Regulation of Relations in Advertising Industry as of the Date of Enforcement of the Federal Law Herein

- 1. As of the date of the enforcement of the Federal Law herein, the following shall be deemed invalid:
- 1) Federal <u>Law</u> dated July 18, 1995 #108-FL "On Advertising" (Corpus of legislative acts of the Russian Federation, 1995, #30, art. 2864);
- 2) Paragraph 3 of <u>Article 1</u> of the Federal Law dated June 18, 2001, #76-FL "On Introduction of Changes into Several Legislative Acts of the Russian Federation" (Corpus of legislative acts of the Russian Federation, 2001, #260, art. 2580);

- 3) Federal Law dated December 14, 2001, #162-FL "On Introduction of Changes into Article 11 of the Federal Law 'On Advertising'" (Corpus of legislative acts of the Russian Federation, 2001, #51, art. 4827);
- 4) Paragraphs 23 and 24 of Article 3 of the Federal Law of December 30, 2001, #196-FL "On Enforcement of the Code of the Russian Federation On Administrative Offences" (Corpus of legislative acts of the Russian Federation, 2002, #1, art. 2);
- 5) Federal Law dated August 20, 2004, #115-FL "On Introduction of Changes into Article 16 of the Federal Law 'On Advertising'" (Corpus of legislative acts of the Russian Federation, 2004, #34, art. 3530);
- 6) Article 55 of the Federal Law of August 22, 2004, #122-FL "On Introduction of Amendments into Legislative Acts of the Russian Federation and Declaration of Several Legislative Acts of the Russian Federation Invalid Due to Adoption of the Federal Laws "On Introduction of Changes and Amendments into the Federal Law 'On General Principles of Organization of Legislative (Representative) and Executive Governmental Authorities of the Subjects of the Russian Federation" and "On General Principles of Organization of Local Autonomous Authorities in the Russian Federation" (Corpus of legislative acts of the Russian Federation, 2004, #35, art. 3607);
- 7) <u>Article 11</u> of the Federal Law dated November 2, 2004, #127-FL "On Introduction of Changes into Part I and II of Internal Revenue Code of the Russian Federation and Several Other Legislative Acts of the Russian Federation, as well as on Declaration Invalid of Certain Legislative Acts (Regulations of Legislative Acts) of the Russian Federation" (Corpus of legislative acts of the Russian Federation, 2004, #45, art. 4377);
- 8) <u>Article 1</u> of the Federal Law dated July 21, 2005, #113-FL "On Introduction of Changes into the Federal Law 'On Advertising' and Article 14.3 of the Code of the Russian Federation On Administrative Offences" (Corpus of legislative acts of the Russian Federation, 2005, #30, art. 3124);
- 2. Until the laws and other regulatory legal acts of the Russian Federation being in force in the Russian Federation and regulating advertising industry relations are adjusted in accordance with the Federal Law herein, the said laws and other regulatory legal acts are applied insofar as they do not contravene the Federal Law herein.

The President

of the Russian Federation

V. PUTIN

Moscow, Kremlin

March 13, 2006

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