



CHAMBERS
Global Practice Guides

TMT

Law and Practice – Russia

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RUSSIA

LAW AND PRACTICE:

p.3

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The 'Law & Practice' sections provide easily accessible information on navigating the legal system when conducting business in the jurisdiction. Leading lawyers explain local law and practice at key transactional stages and for crucial aspects of doing business.

Law and Practice

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CONTENTS

1. General Structure of TMT Regulation and Ownership	p.5	3.7 Rules which Govern the Use of Telephone Numbers	p.12
1.1 Statutes, Laws and Legislation	p.5	3.8 Regulation of Retail Tariff	p.12
1.2 Government Ministries, Regulatory Agencies and Privatised Entities	p.6	3.9 Rules to Promote Service in Underserved Areas	p.13
1.3 Developing Rules and Adopting Policies	p.6	3.10 Extent to Which Local Government Regulations of Telecom Service is Pre-Empted	p.13
1.4 Ownership of Telecoms Media Technology Industries	p.7	4. Wireless	p.13
1.5 Limits on Participation	p.7	4.1 Important Companies	p.13
1.6 Restrictions on Foreign Ownership or Investment	p.7	4.2 General Requirements for Obtaining a Licence/ Authorisation to Provide Wireless Services	p.13
1.7 World Trade Organisation Membership	p.8	4.3 Transfer of Wireless Licences/Authorisations to Provide Wireless Services	p.13
1.8 Appellate Process	p.8	4.4 Spectrum Allocation	p.13
1.9 Annual or Recurring Fees	p.8	4.5 Procedures to Identify and Assign Spectrum Among Competitors	p.13
2. Broadcasting/Media	p.8	4.6 Unlicensed Spectrum Uses	p.13
2.1 Important Companies	p.8	4.7 Government Policy/Regulation to Promote Next Generation Mobile Services	p.13
2.2 Requirements for Obtaining a Licence/ Authorisation to Provide Services	p.9	4.8 Price Regulation for Mobile Services	p.14
2.3 Typical Term for a Licence/Authorisation to Provide Services	p.9	4.9 Regulation of Government and Commercial Wireless Uses	p.14
2.4 Transfer of Licences/Authorisations to Other Entities	p.9	4.10 Extent to Which Local Government Regulation of Wireless Service is Pre-Empted	p.14
2.5 Spectrum Allocated	p.10	5. Satellite	p.14
2.6 Restrictions on Common Ownership	p.10	5.1 Important Changes	p.14
2.7 Content Requirements and Regulations	p.10	5.2 General Requirements for Obtaining a Licence/ Authorisation to Provide Satellite Service	p.14
2.8 Difference in Regulations Applicable to Broadcasting Versus Cable	p.11	5.3 Transfer of Satellite Licences/Authorisations to Other Entities	p.14
2.9 Transition from Analogue to Digital Broadcasting	p.11	5.4 Spectrum Allocation to Satellite Service	p.14
2.10 Extent to Which Local Government Regulation is Pre-Empted	p.11	5.5 International Telecommunication Union Membership	p.14
3. Telecoms	p.11	5.6 Provision of Service by Foreign-Licensed Satellites	p.14
3.1 Important Companies	p.11	5.7 Milestone and Due Diligence Deadlines	p.14
3.2 Requirements for Obtaining a Licence/ Authorisation to Provide Services	p.11	6. Internet/Broadband	p.15
3.3 Transfer of Telecoms Licences/Authorisations to Other Entities	p.12	6.1 Important Companies	p.15
3.4 Regulations for Network-to-Network Interconnection and Access	p.12	6.2 Regulation of Voice-Over-IP Services	p.15
3.5 Accounting, Functional and Legal Separation	p.12		
3.6 Provisions for Access to Public and Private Land	p.12		

RUSSIA LAW AND PRACTICE

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6.3	Interconnection and Access Regulatory Conditions to IP-Based Networks	p.15
6.4	Net Neutrality Requirements	p.15
6.5	Government Regulation of Internet/Broadband	p.15
6.6	Over-the-Top Internet-Based Providers	p.15
6.7	Extent that Local Government Regulation of Internet/Broadband Service is Pre-Empted	p.15
7.	Privacy	p.15
7.1	Government Access to Private Communications	p.15
7.2	Use of Encryption Technology	p.16
7.3	Liability of TMT Companies for Content Carried Over Their Networks	p.16
7.4	Obligation of TMT Companies to Block Access to Certain Sites or Content	p.16
7.5	Obligation of the TMT Companies to Retain Customer Data	p.17
7.6	Prohibited of Unsolicited Communications	p.17
8.	Future	p.17
8.1	Status and Process of Convergence	p.17
8.2	Changes to Statutes, Laws or Legislation	p.17
8.3	Changes to Government Ministries, Regulatory Agencies or Privatised Entities	p.18
8.4	Identification of Assignment of Additional Spectrum	p.18

King & Spalding is a destination TMT practice, with a client list that includes some of the biggest names in the global market. In recent years it has advised on issues related to the organisation of mass media coverage of the FIFA World Cup 2018 to be held in Russia, international TV channel distribution in the country, regulatory matters and broadcast licensing and privacy issues. King & Spalding counsels its TMT clients on complex, market-shaping issues, such as the restructuring of TV channels operations in Russia – hugely significant matters not only for the clients’ EMEA operations, but also for the entire Russian pay TV market against the backdrop of dramat-

ic regulatory changes in the area impacting foreign ownership and advertising on pay TV. Furthermore, it has considerable experience advising Hollywood ‘majors’ on film distribution and co-production matters in Russia, including co-financing and compliance, as well as IP protection issues. The team’s other strengths are privacy and data protection work, which ranges from regulatory advice and counselling on internal policies and procedures for privacy compliance to internal audits and investigations; and technology matters covering software and hardware development and licensing and work on online activities on both regulatory and contractual sides.

Authors



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1. General Structure of TMT Regulation and Ownership

1.1 Statutes, Laws and Legislation

The regulation of the Telecom Media and Technology industries in Russia is formed primarily by several laws, most of which have been broadly amended and supplemented over the last five to ten years, as follows:

- Federal Law No 126-FZ “On communications”, dated 7 July 2003 (as amended), which sets forth the main principles of regulation of all telecommunications activities and contains provisions on telecom licensing (covering a broad range of operations) and requirements for the licence holders (the “Communications Law”);
- Federal Law No 149-FZ “On information, information technologies and on protection of information”, dated 27 July 2006 (as amended) (the “Information Law”) is the key law governing the information distributions matters. Over the last three years this law has been most actively supplemented with new rules and restrictions applicable to activi-

ties in the internet, including rules applicable to information distribution intermediaries (such as social networking sites), news aggregators, online search engines, and others;

- Law No 2124-1 “On mass media”, dated 27 December 1991 (as amended) provides for the framework of regulation applicable to mass media, including some of limitations on the content, and sets forth the procedures for registration of mass media and licensing of broadcasting activity (the “Mass Media Law”);
- Federal Law No 99-FZ “On licensing of certain types of activities”, dated 4 May 2011 (as amended) contains general provisions applicable to licensing requirements, with specific rules in respect of telecom and mass media being set, respectively, in the Communications Law and in the Mass Media Law (the “Licensing Law”);

Other laws that are not industry-specific but impact the TMT industries are:

- Federal Law No 436-FZ “On protection of children against information harmful to their health and development”, dated 29 December 2010 (as amended), which sets forth strict requirements for age rating of the content distributed via television, Internet, printed media and any other means (the “Children Protection Law”);
- Federal Law No 152-FZ “On personal data”, dated 27 July 2006 (as amended) (the “Personal Data Law”);
- Federal Law No 38-FZ “On advertising”, dated 13 March 2006 (as amended) governing advertising in all media (the “Advertising Law”);
- Federal Law No 135-FZ “On competition”, dated 26 July 2006, as amended (the “Competition Law”);
- Federal Law No 160-FZ “On foreign investments”, dated 9 July 1999, as amended (the “Foreign Investments Law”); and
- Federal Law No 57-FZ “On the order of making foreign investment in legal entities of strategic importance for national defence and state security”, dated 29 April 2008, as amended (the “Strategic Investments Law”).

While the above laws are cornerstones of the TMT regulation in Russia, the bulk of the rules expanding on and detailing the various procedures and requirements is formed by numerous regulations adopted by the Russian Government and competent authorities in pursuance of the implementation of the statutory rules and principles.

1.2 Government Ministries, Regulatory Agencies and Privatised Entities

The Government of the Russian Federation adopts regulations implementing the laws with respect to various aspects of all of the Telecom Media Technology industries.

The Ministry for Connection and Mass Communications of the Russian Federation is in charge of determining the state policy and developing regulation in the sphere of information technologies, telecom, mass communications and mass media, including Internet development and television and radio broadcasting, printed media, and processing of personal data. The Ministry adopts regulations and orders to elaborate on various procedures introduced by the laws.

The Federal Service for Supervision in the Sphere of Connection, Information Technologies and Mass Communications (Roskomnadzor, or RKN) is the federal agency under the Ministry overseeing compliance with statutory rules. In that capacity, the agency monitors activities of the market actors and performs remote and on-site audits of compliance. Roskomnadzor is also the licensing authority for mass media and telecom and the holder of registers of personal data operators, information distribution administrators and prohibited websites. Within the framework of its activities, Roskomnadzor from time to time publishes on its website commentaries on the application of some of the newly in-

troduced procedures and legal requirements in the form of statements or guidelines. Such guidelines and comments are valuable as insight on the approaches adopted by the controlling authority, but are not binding.

The State Commission for Radio Frequencies (GKRCh) with the Ministry for Connection and Mass Communications is responsible for allocation of spectrum and also monitors importation of radio electronic equipment and high frequency devices.

The Federal Radio Frequency Service reporting to Roskomnadzor is responsible for control and supervision of compliance with the rules of use of the allocated spectrum. The service also collects fees for the use of frequencies.

The Federal Antimonopoly Service (FAS) deals with market concentration and competition issues, and is the first review instance for deals that require approval under the Strategic Investments Law. Besides, FAS is overseeing advertising activities.

1.3 Developing Rules and Adopting Policies

Pursuant to the Constitution of the Russian Federation, the legislative initiative is vested in the President, the deputies of the Federal Assembly (the parliament), meaning both the lower house (the State Duma) and the higher house (the Federation Council), the Government, as well as the legislative bodies of constituent states within the Russian Federation. In reality, however, virtually all regulation in the TMT areas gets initiated at the federal level.

Every bill of law passes the Ministry of Justice and/or the special committee in the lower house of the Russian legislative body, the State Duma, for legal review.

All drafts of regulatory acts have to be posted on the official website – <http://regulation.gov.ru/> – for public access and discussion, with the few exceptions for state secret and other sensitive national interests. However, given the overwhelming pro-governmental majority in the Federal Assembly, it is not unusual for a bill of law initiated by the Government or the representatives of the majority party to be passed swiftly despite the effectively unanimous criticism from the market.

The Ministry for Connection and Mass Communications and Roskomnadzor adopt regulations and other by-laws to set up the details of procedures and requirements specified in the laws. In the process of developing certain procedures, these authorities often, although not always, invite industry players for discussions. Roskomnadzor also promotes dedicated meetings with certain companies or groups to discuss practical aspects of regulatory compliance and open issues in that regard. However, the authorities are not bound by any recommendations and opinions expressed during such

meetings and may subsequently change the approach or interpretation of the law.

1.4 Ownership of Telecoms Media Technology Industries

There are both state-owned and private players in practically all of the sectors of Russian TMT industries. Russia's most popular television channel, Channel One, is 51% owned by the state. The second most popular channel Rossiya (Russia-1), as well as a number of other nationwide channels are produced by broadcaster VGTRK (All-Russia State Television and Radio Company), a federal state unitary enterprise (ie, state-owned). State-owned operator Rostelecom is the leader in fixed-line services. On the other hand, three major mobile services operators (MTS, Vimpelcom (Beeline) and MegaFon) are private companies, as well as the leading satellite television operators, Tricolor, ER-Telecom and Orion Express.

1.5 Limits on Participation

There are no specific requirements or restrictions on market concentration for the Telecom Media Technology markets; in all cases, general rules set in the competition laws apply. The general rule is that transactions involving parties meeting certain market position, value or revenue thresholds have to be cleared through the Federal Antimonopoly Service (FAS). However, there are certain limitations set for foreign ownership and investment (see **1.6 Restrictions on Foreign Ownership or Investment**, below).

At the same time, in a number of Telecom Media Technology markets in Russia (determined primarily on a geographical basis), the existence of natural monopolies is established, which is understood as the market situation in which the market demand needs are best served in the absence of competition. The natural monopolies in the sphere of publicly available telecommunications services and postal services are subject to specific regulation under the Federal Law No 147-FZ "On natural monopolies", dated 17 August 1995 (as amended) and relevant regulatory acts, which, among other things, provide for tariff regulation in certain cases. Natural monopolies are subject to higher standards of information disclosure, and transactions entered into by, and investments made in, natural monopolies are subject to separate review by FAS.

In addition to the above, some recent import replacement initiatives may be regarded as potential hindrances to free access to the market. These initiatives include the already existing requirement for state agencies and enterprises to use locally produced software and the potential limitation (being discussed) on the percentage of foreign telecom equipment imported in Russia and used for network construction and expansions.

1.6 Restrictions on Foreign Ownership or Investment

Russian laws contain a number of restrictions on foreign ownership and investment, both general and applicable specifically to Telecom Media Technology industries. The tendency over the last ten to 15 years is that such limitations have been tightening.

The oldest restriction (in effect from 2001) precluded foreign parties (and Russian entities with more than 50% foreign shareholding) from the direct ownership of Russian TV channels or broadcasters covering over 50% of the territory of the country or its population. In 2014, the restriction was expanded to limit not only direct participation, but any type of foreign participation (whether direct or indirect) to 20% and to prohibit any forms of foreign control over any Russian mass media and broadcasters. The restriction led to massive restructuring of TV broadcasting models in the market and withdrawal of some international media companies from the Russian market in early 2016.

Foreign entities are not allowed to hold telecom licences in Russia, and foreign telecom licences are not recognised.

Similarly to the regulation on mass media and broadcasters, a 20% foreign control restriction was introduced in 2017 with respect to the online audiovisual services.

Besides, irrespective of the industry or market, there are general restrictions set on foreign investment in Russian companies. Under the Foreign Investment Law, any transaction resulting in establishment of direct or indirect ownership by a foreign state, international organisation or an entity under their control of more than 25% voting shares in a Russian company or acquisition of negative controls in respect of a Russian company, is subject to a preliminary clearance by a special Governmental Commission.

Another approval by the Governmental Commission is required under the Strategic Investment Law for transactions resulting in establishment of foreign control (broadly worded) over Russian companies qualifying as having strategic importance for national defence and state security. The importance for national defence and state security is determined on the basis of the list of activities in which the company is engaged. Among such activities are: television or radio broadcasting in the territory where more than 50% of the population of any federal state resides; telecom services by a company holding dominant position in geographical borders of Russia (except for internet access services), and fixed-line services provided by companies holding dominant position in the territory of at least five federal states of Russia, or within the geographical borders of federal cities (Moscow, Saint Petersburg, Sebastopol).

1.7 World Trade Organisation Membership

Russia has been a member of the WTO since 22 August 2012. Russia has made commitments under the General Agreement on Trade in Services (GATS), including additional commitments by the Russian Federation on basic telecommunications services, with the list of Article II MFN exemptions, including certain limitations for the following.

- Telecommunications services (excluding distribution of television and/or radio programmes) – mode (1): unbound with respect to radio communication services including satellite communication, except none with respect to other satellite services provided by foreign satellite operators to any juridical person of the Russian Federation possessing a licence for telecommunications services (after three years from the date of accession); and mode (3): commercial presence is allowed only in the form of juridical person of the Russian Federation, and the total foreign participation in the charter capital (voting shares) of incumbent operators (listed in the annex to the protocol) may be limited to 49% for a period not to exceed four years after the date of accession.
- Audio-visual services (sale and rental) – mode (3): commercial presence is allowed only in the form of a juridical person of the Russian Federation; in limitations of national treatment: unbound with respect to subsidies and other forms of State support, including access to the financial and other material resources of the State.
- Audio-visual services (cinema theatres only) – mode (1): unbound; mode (3): commercial presence is allowed only in the form of a juridical person of the Russian Federation; and authorisation from local authorities on a non-discriminatory basis is required, taking into account city development planning and programmes of social and economic development in their jurisdiction; in limitations of national treatment: unbound with respect to subsidies and other forms of State support, including access to the financial and other material resources of the State; and unbound with respect to timing and selection of repertoire for selected segments of the population, for example repertoire for children or indigenous ethnic communities or other ethnic groups.

1.8 Appellate Process

Decisions and actions or omissions by regulatory authorities can be challenged within the administrative procedure either by appealing to the higher authority in the chain of command (for example, for Roskomnadzor that would be the Ministry for Connection and Mass Communications), or by filing a claim with the court. Starting from 15 September 2015, the specific procedure to challenge the decisions and actions or omissions by state, regional or municipal authorities is set forth in the Russian Code of Administrative Proceedings.

A claim can be filed within three months of the date when the plaintiff became aware of the violation of its rights, subject to potential extension of the term in case of delay due to reasonable excuse. The plaintiff has to demonstrate which of his legal rights, freedoms or legitimate interests were violated by the decisions, act or omission of the relevant authority.

1.9 Annual or Recurring Fees

The users of spectrum pay a one-time fixed fee plus annual fees in the amounts set by Roskomnadzor for each user specifically. The amounts are determined on the basis of the methodology adopted by the Ministry for Connection and Mass Communications which includes rates and coefficients that vary depending on the frequency range, the number of used frequencies (frequency channels) and technologies applied for the use of the spectrum. For GSM, UMTS, IMT-MC-450, LTE standards and their modifications the amounts are calculated for each decision by the State Radio Frequency Commission on allocation of frequencies and/or each licence for telecommunications services with the use of radio frequency spectrum.

Apart from the above, all operators holding licences for telecommunications services are obliged by the Communications Law (Article 60) to pay 1.2% of their revenues minus taxes quarterly to the universal service fund, a reserve of funds for support of universal telecom services development and maintenance of the data base of ported mobile numbers.

2. Broadcasting/Media

2.1 Important Companies

Russian television market is dominated by terrestrial broadcasters. Federal channels have the largest audience and most of them are mandatorily available via any operator's network (see **2.9: Transition from Analogue to Digital Broadcasting** below). The main broadcasters are state-owned or controlled Channel One, VGTRK (All-Russia State Television and Radio Company), and Gazprom Media Holding. The largest-by-audience privately owned broadcaster is CTC Media.

Since the introduction of 20% foreign ownership limitation in Russian mass media in 2014, the National Media Group (NMG) – a media group with close governmental connections – has gained a substantial market share (estimated as 20%) of the Russian pay TV market by obtaining distribution rights to foreign TV channels through partnering (in the form of joint ventures or otherwise) with a number of major international media players.

According to iKS-Consulting, in 2016 privately owned National Satellite Company (brand name Tricolor) was the platform with the largest pay TV audience in Russia of 12.15

million households (29% of market). The second largest operator was state-owned Rostelecom (IPTV and cable) with a 23% market share.

The state-owned Federal State Unitary Enterprise Russian Televisions and Radio Broadcasting Network (RTRS) acts as the sole operator of digital terrestrial television distribution in accordance with the national digitalisation programme. Together with the Federal State Unitary Enterprise Space Communications, the state satellite operator, RTRS distributes the obligatory publicly available channels in two multiplex packages.

2.2 Requirements for Obtaining a Licence/Authorisation to Provide Services

There are three levels of authorisation applicable to broadcasting and media in Russia.

First, to be distributed in the territory of the Russia Federation all mass media are required to be registered (mass media registration). To apply for a mass media registration, a Russian corporate presence is mandatory. Foreign companies or individuals, as well as companies with foreign participation exceeding 20% and individuals with dual citizenship cannot be holders of a Russian mass media registration or control or manage in any form more than 20% in a party holding the mass media registration (Article 19.1 of the Mass Media Law). Starting from 1 January 2018, the list of persons banned from applying for mass media registration will be supplemented with individuals serving time in prison, individuals with criminal record for crimes committed with the use of mass media or other communication networks including Internet, or crimes related to extremist activities, and individuals under 18 years of age, or judicially incapacitated.

The mass media registration procedure requires filing of an application with the attachment of corporate documents and documents confirming compliance with the requirements of the Mass Media Law, and takes approximately one month. The one-time state fee for the registration of a television channel for distribution in the entire territory of Russia amounts to RUB10,000 (approximately USD173.5).

Second, a broadcasting licence is required for television or radio channels. The broadcasting licence is issued by the same authority, Roskomnadzor, under the provisions of the Mass Media Law (Articles 31, 31.1-31.9), and subject to the foreign ownership restriction (see **1.6: Restrictions on Foreign Ownership or Investment** above). There are two licensing models available – ie, the broadcaster may act as the editorial board (in other words, be responsible for mass media's programming, which is typically the case where the same party holds both the mass media registration and the broadcasting licence), or distribute the mass media owned

by another party. Only the broadcasters acting simultaneously as editorial boards for the same mass media are eligible to apply for universal licences (that allow the distribution throughout the country and in all media, including cable, satellite and terrestrial (subject to obtaining necessary permissions to use spectrum)). If the mass media is distributed under an agreement with a third-party licensed broadcaster, the licence is issued for specific media and territories. The licensing procedure takes approximately one month and the licence fee is RUB7,500 (approximately USD130).

Third, a telecom licence for the provision of telecom services for the purposes of television or radio broadcasting is issued to the operator/platform distributing the relevant mass media in its network under the provisions of the Communications Law. These licences are technology specific and can be issued with regard to cable, satellite or terrestrial transmission of signal (see **3. 2: Requirements for Obtaining a Licence/Authorisation to Provide Services**).

2.3 Typical Term for a Licence/Authorisation to Provide Services

The mass media registration is perpetual. Broadcasting licences are issued for the term requested by the applicant but not exceeding ten years.

The renewal process for the broadcasting licence is essentially similar to the initial application for the licence (Article 31.2 of the Mass Media Law). An application for the renewal of the licence must be filed no later than 60 days prior to the expiration of the current licence term. Roskomnadzor can deny the renewal of licence if the licensee misses the deadline for the application, or, among other reasons, if there is a pending violation of licence terms.

2.4 Transfer of Licences/Authorisations to Other Entities

Mass media registration has to be re-issued in case of a change in the owner of mass media or any of the co-founders. The process is similar to the initial registration, and the new applicant has to provide evidence of transfer of rights to the mass media (a copy of an agreement, or a letter/confirmation from the original founder).

Pursuant to the Licensing Law and the Mass Media Law, broadcasting licences can only be re-issued in case of a corporate reorganisation of the licence-holder.

There is no requirement to notify Roskomnadzor of the change in the ultimate ownership of the licence-holder. However, such a transaction may be subject to clearance pursuant to the competition laws or the restrictions applicable to foreign ownership.

2.5 Spectrum Allocated

Russian television and radio channels are generally transmitted in separate frequency bands within the general range from 49–860 MHz, in accordance with the Frequency Bandwidths Allocation Chart (see **4.5: Procedures to Identify and Assign Spectrum Among Competitors** below).

2.6 Restrictions on Common Ownership

There are no rules limiting cross-ownership or vertical integration.

The general rules on the control over market concentration set by the Competition Law apply to the Telecom Media Technology industries. Among other things, prior clearance is required for transactions involving parties holding a dominant position in a specific market. A company is recognised as having a dominant position if its market share exceeds 50% of the market for certain goods or services and it is capable of affecting the overall conditions of the goods/services circulation in such market. In certain market conditions, the competent authority (Federal Antimonopoly Service) may also determine that a party is dominant in the market even if its market share is below 50% but exceeds 35%.

2.7 Content Requirements and Regulations

Content requirements applicable to mass media include the following:

- Indication of mass media registration details – for a TV channel, such details are to be displayed at least four times every 24 hours for 24/7 channels.
- Age rating requirements – display of age rating marks, certain limitations (such as timing restrictions) on distribution of 18+ content, all in accordance with the Children Protection Law).
- General Mass Media Law requirements prohibit:
 - (a) the use of mass media for the criminal purposes, for disclosure of confidential and secret information;
 - (b) distribution of information calling for or justifying extremism and terrorism, promoting pornography, violence, cruelty;
 - (c) use of obscene language;
 - (d) inclusion of any subliminal messages;
 - (e) distribution of information on any entity liquidated or banned from performing its activity under the Anti-Extremism Law (No 114-FZ, dated 25 July 2002),
 - (f) distribution of information on drug use or methods to produce drugs;
 - (g) propaganda of non-traditional sexual relationships among minors (under the Children Protection Law);
 - (h) there are also limitations set in respect of broadcasting from the site of counterterrorist operations.
- Anti-tobacco requirements. A set of rules in force since 1 June 2014 (Federal Law No 15-FZ, dated 23 February

2013) prohibits demonstration of the process of tobacco consumption or demonstration of tobacco products in any newly created audiovisual works, television or radio programmes, unless justified by the artistic concept. Any previously created programmes featuring such materials are to be preceded with social ads on health problems caused by smoking. The law also prohibits any form of advertising of tobacco, including sponsorship.

- Organising and promoting gambling via telecom networks is prohibited.
- Certain messages are required to be broadcasted by mass media free of charge and within the required term, including, court decisions that require such placement, a message by the registering authority. State-owned mass media are required to publish mandatory messages by the state authorities. All mass media are also required to place urgent information or warning signals in case of natural or industrial disaster, emergency, or military operations.
- Advertising requirements (pursuant to the Advertising Law):
 - (a) General requirements (for advertising to be true and fair, contain no prohibited information and obscene language, not to call for violence, or refer to approval by state authorities or medical professionals, etc).
 - (b) There are categories of goods and services totally prohibited for advertising or allowed subject to additional restrictions. For example, advertising of alcohol is prohibited on television channels and in the information and communications networks (including internet). However, the demonstration of ads displayed at the location of the event broadcasted live or in recording is allowed, unless the location is specifically set for broadcasting. There have been a few cases concerning broadcasts of events featuring display of alcohol advertising on foreign arenas (especially during football games).
 - (c) Time limitations. The maximum allowed percentage of all types of broadcasted advertising is 15% of the broadcasting time per hour (ie, nine minutes). Programmes of less than 15 minutes of duration are not allowed to be interrupted with advertising. Specific requirements are set for religious programming and programmes for children. Advertising of certain goods (civilian weapons, gambling) are limited to the time slot from 10pm to 7am.
 - (d) Importantly, starting from 1 January 2015, the Advertising Law prohibits any advertising on television channels distributed on a paid basis only and/or with the use of decoding devices (introduced by the Federal Law No 270-FZ, dated 21 July 2014). Exempt from the ban are publicly available channels, channels distributed over-the-air with the use of limited radio frequency resources, and the channels with at least 75% of nationally produced programming (which is understood as content locally produced in

Russia or commissioned by Russian mass media with no less than 50% of Russian ownership).

- (e) Obligatory use of Russian language.
- (f) Russian legislation does not recognise such specific type of advertising as product placement. In practice, it is either considered as concealed advertising (prohibited by law), or as an integral part of the plot and, as such, not advertising.
- (g) There are some specific provisions concerning broadcasts of sports events, such as the requirement not to interrupt a live transmission or a recording of an event with advertising, unless on a break. The restriction includes sponsorship advertising as well. In case the event does not have breaks, it can be interrupted with advertising at such moments as to prevent leaving out any substantial information. Such advertising should not take more than 20% of the total broadcasting time of the event (subject to the general requirements).

2.8 Difference in Regulations Applicable to Broadcasting Versus Cable

The principal differences applicable to cable broadcasting or other multichannel video distribution platforms relate to the technical aspects of distribution. The general requirements for mass media, content and advertising are not technology specific.

2.9 Transition from Analogue to Digital Broadcasting

The federal digitalisation programme – officially called “Development of television and radio broadcasting in Russian Federation in 2009-2018” – has the goal of ensuring that 98.4% of the Russian population is enabled to receive the digital signal of terrestrial publicly available channels, and 98.1% of Russian population has the possibility to receive 20 digital FTA channels in their residences.

The programme is implemented by the state-owned Federal State Unitary Enterprise “Russian Television and Radio Network” (RTRS), the natural monopoly handling the transmission of the over-the-air signal of all the obligatory general and free access channels throughout the territory of Russia. In pursuance of the programme, RTRS is constructing new transmission facilities and networks.

As part of the federal programme, the President has approved a list of publicly available channels to be distributed free of charge to all citizens of Russia (the so-called first multiplex) consisting of ten television channels and three radio channels. The Ministry for Connection and Mass Communications carried out the tender for ten positions in the second multiplex, also FTA. All networks and platforms are obliged by law to provide their subscribers with the channels from the first and second multiplexes.

2.10 Extent to Which Local Government Regulation is Pre-Empted

Regulation of broadcasting is adopted on the federal level and may not be altered in separate federal states.

3. Telecoms

3.1 Important Companies

State-owned Rostelecom is the leading fixed-line operator in Russia, especially for long-distance telephony. The company also provides a wide range of other services, including broadband, mobile and IPTV. According to analytics the company’s revenues in 2016 are estimated at RUB300 billion.

Other largest telecom companies by income are the three privately owned mobile operators: Vimpelcom (Beeline), MegaFon and Mobile TeleSystems (MTS), whose profits in 2016 range from RUB278-400 billion.

3.2 Requirements for Obtaining a Licence/ Authorisation to Provide Services

Telecom services are provided on the basis of telecom licences for the provision of relevant types of services issued under the provisions of the Communications Law and supporting regulatory acts (eg, Governmental Decree No 87, dated 18 February 2005, listing types of telecom services and licence requirements therefor). Typically, major operators providing a variety of services hold a number of licences covering all types of services in separate territories of the Russian Federation (licences are not issued for the entire territory of the country). For example, mobile operator MTS holds about 2,000 valid telecom licences.

The person applying for a licence files the application and the required supporting documents with Roskomnadzor, including the description of the telecom services and the network layout. If the services to be provided require the use of spectrum, the applicant must also provide a relevant frequency use permit issued by the State Commission for Radio Frequency Allocation (GKRCh). In cases where the frequency resource is limited, or the territory the person applies for has limited capacity of publicly available networks, including limited number pool, the licences can be issued on the basis of the results of tenders (auctions, or, in certain cases, competitive contests).

Telecom licences are issued in 75 days after filing of all required documents, or within 30 days after the decision on the winner of the auction. Licenses are issued for the term of up to 25 years, but no less than three years. The fee, the same as for the broadcasting licence, is RUB7,500 (approximately USD130).

3.3 Transfer of Telecoms Licences/Authorisations to Other Entities

The licensee can transfer the telecom licence to its legal successor (Article 35 of the Communications Law) without obtaining any additional approval from state authorities, unless such transfer may result in restriction of competition.

When applying for re-issuance of the licence in its name, the new licensee has to provide Roskomnadzor with documents confirming the acquisition of the telecom network and infrastructure necessary for the provision of services under the licence. Where the relevant services are rendered with the use of spectrum, the permission for such use will also have to be transferred to the new licensee prior to the application for re-issuance of the licence.

It is noteworthy that, when re-issuing a licence obtained as a result of tender, the law does not require a new tender.

3.4 Regulations for Network-to-Network Interconnection and Access

The Communications Law sets forth the framework of requirements for network interconnection (Articles 18-20). Network-to-network connections are governed by the terms agreed between the operators in their respective agreements, subject to the rules set forth by the Russian Government in two decrees, for general network interconnections and the interconnection of broadcasting networks.

Operators of publicly available telecom networks are obliged to provide services to other operators under network interconnection agreements. Disputes on interconnection-related issues are resolved through standard judicial procedures in courts.

Operators determined to have a substantial position in publicly available networks (holding, with affiliates or individually, over 25% of the capacity in relevant geographic numeration area) are required to provide equal terms for all connecting operators on the basis of standard published contracts. The costs of connection to such networks are regulated by the state. Operators with a substantial position cannot refuse interconnection with minor exceptions of cases when such connection would contradict their licence terms, or applicable regulation.

3.5 Accounting, Functional and Legal Separation

Operators holding substantial positions in publicly available networks, operators of universal services and natural telecom monopolies are required to keep separate accounting of different types of activities, provided services and different sections of telecom networks (including geographically) used for provisions of such services under the terms of the Order of the Ministry for Connection and Mass Communications No 54, dated 2 May 2006.

3.6 Provisions for Access to Public and Private Land

Provisions concerning land use for telecom purposes are covered in the Land Code of Russia. There is a special category of land used for the industrial purposes, including telecom and broadcasting.

The Land Code contains several rules with respect to linear objects and communications infrastructure in the federal and municipal lands, such as rules on lease of such lands for the installation of communications infrastructure, establishment and recordation of easements on lands in which such linear infrastructure objects are installed and way leave rights for the purposes of repair of telecom infrastructure objects.

3.7 Rules which Govern the Use of Telephone Numbers

In accordance with the provisions of Article 26 of the Communications Law, the rules of use of telephone numbers are established and regulated by the Government of the Russian Federation (Decree No 350, dated 13 July 2004), subject to the Russian System and Plan of Numbers Pool (adopted by the Order of the Ministry for Connection and Mass Communications No 205, dated 25 April 2017). The federal authority responsible for the allocation, re-allocation and revocation of numbers is Roskomnadzor. The numbers are allocated to operators upon request, subject to capacity and payment of state fees. In case of limited capacity the number pool is allocated at an auction.

The subscriber's right to retain his number when switching from one mobile service operator to another entered into effect in 2013 (introduced by Federal Law No 253-FZ, dated 25 December 2012). The Communications Law limits the subscriber's payment for such transfer at RUB100. The data base of ported numbers is financed from the deductions paid by operators to the universal service fund.

3.8 Regulation of Retail Tariff

In accordance with the provisions of Article 28 of the Communications Law, the state controls the tariffs for the provision of publicly available telecom services and postal services by natural monopolies. Publicly available services include, among others, local and intercity fixed-line calls, terrestrial transmission of publicly available channels, and others. The state regulation of such tariffs is carried out by the Federal Antimonopoly Service (FAS) in accordance with the rules set forth by the Russian Government (Decree No 637, dated 24 October 2005) and the methodology for calculation of reasonable costs of services provision accrued by operators developed by the Federal Service for Tariffs of the Russian Federation (FST) (Order No 122-c/1, dated 9 June 2006, for publicly available telecom services, and Order No 211-c/1, dated 22 September 2009 for postal services).

3.9 Rules to Promote Service in Underserved Areas

Pursuant to Article 59 of the Communications Law, the universal service fund (defined as the “reserve for universal services”) is established for financing of provision of universal services and maintenance of the ported numbers data base. The fund is formed by the deductions (non-tax payments) made by all telecom operators in the amount of 1.2% of their revenues minus tax on a quarterly basis. The rules for accumulating and spending of the funds are set by the Russian Government in Decree No 243, dated 21 April 2005.

3.10 Extent to Which Local Government Regulations of Telecom Service is Pre-Empted

Regulation of telecom services is adopted at the federal level and may not be altered by federal states.

4. Wireless**4.1 Important Companies**

The mobile services market is dominated by three private operators MTS, Vimpelcom (brand name Beeline) and MegaFon.

4.2 General Requirements for Obtaining a Licence/Authorisation to Provide Wireless Services

Wireless services are provided on the basis of telecom licences issued by Roskomnadzor, as described in **3.2: Requirements for Obtaining a Licence/Authorisation to Provide Services** above, for data transmission services for the purpose of transmission of voice information and other types of telecom services. Because mobile operators provide a variety of services going beyond the original mobile telephony, they typically hold numerous telecom licences covering effectively all types of services.

4.3 Transfer of Wireless Licences/Authorisations to Provide Wireless Services

See **3: Telecoms**.

4.4 Spectrum Allocation

Russian wireless operators use the following spectrum for wireless services: 900 MHz and 1800 MHz (GSM standard), 2000-2100 MHz (3G standard WCDMA), 791-862 MHz and 2500-2600 MHz for 4G standards LTE and Wi-Max.

On 11 December 2013 the State Commission for Radio Frequencies (GKRCh) made the decision (No 13-22-02) to introduce the principle of technological neutrality for frequency bandwidths 890-915 MHz and 935-960 MHz for development of 3G and bandwidths 1710-1785 MHz and 1805-1880 MHz for LTE technology.

On 4 July 2017 GKRCh made another decision expanding the technological neutrality to allow the use of bandwidths

1920-1980 MHz, 2010-2025 MHz and 2110-2170 MHz for the development of LTE standard. Subject to certain requirements, mobile operators holding relevant permits for the use of frequencies in these bandwidths for UMTS standard can use these for LTE services without the need to modify such permissions.

4.5 Procedures to Identify and Assign Spectrum Among Competitors

Spectrum frequencies are allocated by the State Commission for Radio Frequencies (GKRCh) with the Ministry for Connection and Mass Communications in accordance with the Frequency Bandwidths Allocation Chart adopted by the Governmental Decree No 1049-34, dated 21 December 2011. GKRCh makes general decisions to allocate spectrum to specific services, and issues permissions to use certain bandwidths and frequency channels. In cases where the radio frequency resource is limited in the territory the operator applies for, the spectrum is allocated at auctions.

The Federal State Unitary Enterprise Main Radio Frequency Center acts under the authority of Roskomnadzor as an expert entity performing analysis of electromagnetic compatibility, issuing expert evaluation of potential allocation of spectrum to specific operators and oversees in general the technical operation of spectrum use in Russia.

Compliance with the terms of allocation of radio frequencies is supervised by the Federal Radio Frequency Service.

General provisions on regulation of spectrum are set in Articles 22-24 of the Communications Law.

4.6 Unlicensed Spectrum Uses

Pursuant to Article 24 of the Communications Law, the use of spectrum without permission is prohibited, unless otherwise specified in the Law. In the absence of statutory exemptions, there is no authorised unlicensed spectrum use in Russia.

That said, there are sections of spectrum allocated for use without individual permissions on short range devices, subject to certain technical conditions, by the decisions of GKRCh No 07-20-03-001, dated 7 May 2007, No 10-07-01 of 15 July 2010 (as amended in July 2017).

4.7 Government Policy/Regulation to Promote Next Generation Mobile Services

One of the goals set in the recently adopted national programme “Digital Economy” (Order of the Government No 1632-p, dated 28 July 2017) is to ensure the consistent coverage by 5G mobile services of all major cities of Russia (with the population exceeding one million) by 2024.

By decision of 4 July 2017, GKRCh allocated the first bandwidths (3400-3800 MHz and 25250-29500 MHz) to mobile operator MegaFon through 15 August 2018, for the purposes of research and test development and construction of 5G standard services network in the territory of 11 cities where the 2018 FIFA World Cup events will take place.

4.8 Price Regulation for Mobile Services

In 2017 the Federal Antimonopoly Service (FAS) broadly criticised major mobile operators for setting the unreasonable roaming rates, both inside and outside of the country. As a result of extensive discussions, FAS announced in September 2017 that the regulator agreed with operators that the elimination of roaming would not affect the price of services for subscribers. The Ministry for Connection and Mass Communications has confirmed that it will support the changes in legislation to prohibit roaming services, if the conditions for the subscribers do not deteriorate.

FAS earlier expressed its intentions to have roaming practices eliminated by the first quarter of 2018.

4.9 Regulation of Government and Commercial Wireless Uses

There are no specific requirements for Government wireless uses. A portion of spectrum is allocated to the Ministry of Defense of Russia.

4.10 Extent to Which Local Government Regulation of Wireless Service is Pre-Empted

Regulation of wireless services is set at the federal level and may not be altered by federal states.

5. Satellite

5.1 Important Changes

The largest Fixed Satellite Services operator in Russia is the Federal State Unitary Enterprise Space Communications (GPKS). The company operates an orbital satellite constellation of 12 geostationary satellites and provides a large variety of satellite services.

Another national satellite operator, Joint Stock Company Gazprom Space Systems, operates four orbital satellites of Yamal series. Together Gazprom Space Systems and GPKS provide almost the entire space resource for the Russian market.

A number of FSS operators in Russia provide a wide range of services to large corporations and state enterprises and regulatory authorities.

Joint Stock Company GlobalTel (affiliated with Rostelecom) is the local operator of global MSS satellite system of Globalstar in Russia.

Largest satellite operators for broadcasting services are Tricolor (30% pay TV market share) and Orion Express (7% market share).

5.2 General Requirements for Obtaining a Licence/Authorisation to Provide Satellite Service

Satellite operators hold telecom licences for relevant services. (See also **3: Telecoms**.)

5.3 Transfer of Satellite Licences/Authorisations to Other Entities

See **3: Telecoms**.

5.4 Spectrum Allocation to Satellite Service

A number of separate frequency bandwidths are allocated to satellite services in accordance with the Frequency Bandwidths Allocation Chart.

5.5 International Telecommunication Union Membership

Russian Federation is a member of ITU. GKRCh approves annual plans for preliminary publication, coordination and registration of satellite networks with ITU, as provided by Roskommnadzor.

5.6 Provision of Service by Foreign-Licensed Satellites

The terms of use of foreign satellite systems (registered in ITU by foreign state administrators) in the territory of the Russian Federation are specified in the rules adopted by Governmental Decree No 1194, dated 14 November 2014 (as amended in August 2017). Foreign satellite systems can be used for the purposes of development of Russian satellite systems and for Russia's integration in international systems on the basis of decisions issued by GKRCh and subject to co-ordination of such foreign systems with Russian satellite systems and ground communication services in accordance with the ITU regulations. The use of foreign satellite systems for the needs of state authorities, state defence and enforcement of law and order is allowed only in exceptional cases, if such needs cannot be served by local capacities.

5.7 Milestone and Due Diligence Deadlines

There are no statutory requirements concerning deadlines for construction and launch of satellites by Russian operators

6. Internet/Broadband

6.1 Important Companies

According to TMT Consulting, TOP-5 operators of broadband hold together 68% of the market in Russia and 65% in Moscow: Rostelecom, ER-Telecom, MTS, Vimpelcom (brand name Beeline) and TTK (by order of market share and revenue).

6.2 Regulation of Voice-Over-IP Services

VoIP services are provided by operators holding telecom licences for data transfer for purposes of voice information transmission.

6.3 Interconnection and Access Regulatory Conditions to IP-Based Networks

The legislative position towards the connectivity of data transfer networks of telecommunication networks has not been entirely consistent. At the moment, rules for interconnection of telecom networks adopted by Governmental Decree No 161, dated 28 March 2005, allow the connection of IP-based networks to other networks. Over the last several years there have been legislative initiatives to exclude the data transfer networks from the Rules; however, despite the concerns of VoIP operators, the regulation remains unchanged.

6.4 Net Neutrality Requirements

There are no legal net neutrality requirements in Russia. The Federal Antimonopoly Service (FAS) has expressed its support for the principle on numerous occasions, but confirmed that it sees no need to introduce specific requirements to legislation. In 2016 FAS published the Basic Document on net neutrality on its website explaining the main principles and goals of the idea, which was supported by major telecom operators MTS, Beeline and MegaFon.

6.5 Government Regulation of Internet/Broadband

The state programme “Information Society (2011-2020)” adopted by Governmental Decree No 313, dated 15 April 2014 sets as one of its goals that 95% of Russia’s population should have broadband access to Internet by 2020

6.6 Over-the-Top Internet-Based Providers

The OTT services had until this year remained largely unregulated, and no specific licensing requirements had been established. For telecommunications services, the operators used to obtain telecom licences for data transmission or for telematics services, or for telecom services for cable broadcasting to be able to provide the online streaming of TV channels.

This year, two sets of rules have been made law:

- On 1 July 2017 amendments to the Information Law came into force regulating online audiovisual services, the so-called online cinemas. The regulation is applicable to websites, webpages and software (i) used to form and/or distribute online an aggregate of audiovisual works accessible for a fee and/or subject to viewing advertising aimed at Russia-based audience, and (ii) accessed by no less than 100,000 Internet users based in Russian territory per day. Among other things, the new regulation introduced additional compliance obligations for such services and a 20% foreign control limitation (whether direct or indirect), similar to that applicable to registered mass media.
- The other set of rules applies to online messengers. The amendments to Article 10.1 of the Information Law will come into force on 1 January 2018 to introduce additional requirements for the parties providing instant message exchange services, information systems or software designed or used for the exchange of messages exclusively between the users of such system/software, where such exchange is inseparably tied to the communication services, where sender of the message identifies the receiver, and no information is posted for public access (ie, the messaging is private). The messenger services will be obliged to identify all users by phone numbers through entering into user identification agreements with mobile operators, restrict distribution of bulk messages and illegal information upon request from Roskommnadzor, ensure confidentiality, provide opportunity to refuse messages from certain users and ensure distribution of messages from the state authorities.

6.7 Extent that Local Government Regulation of Internet/Broadband Service is Pre-Empted

Regulation of Internet and Broadband services is set at the federal level and may not be altered by federal states.

7. Privacy

7.1 Government Access to Private Communications

One of the licence terms and a condition to hold a telecom licence is to ensure compliance with requirements for networks and telecommunication facilities for the performance of investigative activities. The general rules of cooperation between telecom operators and competent state authorities performing investigative activities are set by the Government Decree No 538, dated 27 August 2005. Pursuant to the Decree, the authority responsible for communicating with operators, developing a plan for installation of relevant technical means and monitoring any changes thereto is the Federal Security Service (FSB) and its departments.

Telecom operators are required to maintain accurate databases of subscribers, keep the data for at least three years and provide such information to FSB at request.

A series of orders issued by the Ministry for Connection and Mass Communications set forth the technical requirements and connection specifications for various networks. For example, Order No 73, dated 27 May 2010 contain such requirements for data transfer networks.

Technical means for investigations are placed at communication centres (hubs) of relevant networks and effectively enable the access by FSB to all telecom networks in Russia. Performance of any investigative activities is subject to the provisions of the Federal Law No 144-FZ, dated 12 August 1995 (as amended). The cornerstone principle, set in Article 8 of the Law, is that the investigative activities that limit constitutional rights to privacy and secret of correspondence are subject to a court order. In exceptional cases, however, enforcement authorities can go ahead and obtain the judicial order or approval afterwards, which often raises concerns about potential abuse.

7.2 Use of Encryption Technology

Use of encryption (cryptographic) software and hardware, as well as performance of encryption (cryptography) services and import of encryption (cryptography) devices and other activities involving encryption (cryptography) are subject to licensing and certification procedures set forth in Governmental Decree No 313, 16 April 2012. Certification and licensing of encryption (cryptography) related activities are carried out by the Federal Security Service.

Importantly, Russian regulation does not sufficiently elaborate on the distinction between the concepts of cryptography and encoding which results in the lack of clarity about some technologies and services, such as messengers and other common online services, as to whether such activities and software are subject to licensing and certification.

7.3 Liability of TMT Companies for Content Carried Over Their Networks

Article 1253.1 of Part IV of the Civil Code of Russia sets forth the specific terms of liability for copyright and other intellectual rights infringement of an information intermediary, a person delivering materials in telecom network, including Internet, a person providing an opportunity for placement of materials or information on its location, or a person providing access to such materials. Such intermediary's liability arises based on fault and can be exempted provided that such intermediary

- made no changes to materials;
- was not the party that initiated the transfer; and
- had no knowledge of potential infringement.

The intermediary providing opportunity for placement of various materials is not liable if it takes timely measures to stop violation upon a written request from the right-holder.

Under Article 10.4 of the Information Law, owners of news aggregator websites or apps aimed at Russian audience and accessed by at least one million users per day are required to check accuracy of information of social importance and delete incorrect information immediately upon request from authorities.

7.4 Obligation of TMT Companies to Block Access to Certain Sites or Content

Russian regulation provides for numerous grounds to block access to websites.

Roskomnadzor manages and operates the "Register of domain names, URL and webpage addresses allowing identification of websites that contain information prohibited from distribution in Russia" (Article 15.1 of the Information Law). Websites are included in the register upon decisions by competent authorities. The grounds for the content to be blocked are distribution of child pornography, methods of development, production and locations for purchase of drugs, methods of committing suicide, information on minors, identification of victims of crimes, information on gambling in violation of statutory rules, information on remote sales of alcohol; besides, certain online information may be held prohibited from distribution by court. Website owners and hosting companies can avoid inclusion in the register if they delete prohibited information immediately upon request from Roskomnadzor.

Another procedure is set in Article 15.3 of the Information Law for the limitation of access to information distributed in violation of Russian legislation, including calls for extremism, riots and massive public events not approved by the authorities.

Further, a website can be blocked (and included in a separate register maintained by Roskomnadzor) for violations of privacy rules (Article 15.5 of the Information Law). For example, LinkedIn was blocked in the territory of Russia upon a court ruling for the failure to comply with Russian personal data localisation requirements (see **5: Satellite**, above).

A website may also be blocked (including in perpetuity) upon a court order for copyright infringement.

Telecom operators providing Internet access are mandated to block webpages included in Roskomnadzor's stop lists. There are a few acts setting forth the procedures of interaction between Roskomnadzor and operators, including via operators' personal accounts set up in the state informational system. Starting from March 2017 operators who fail to block access are subject to fines for up to RUB100,000 (approximately USD1,750) per occurrence.

7.5 Obligation of the TMT Companies to Retain Customer Data

Operators are bound with general accounting and tax reporting obligations that require storage of customers data. In addition, the following requirements apply, as detailed below.

Information storage requirements are set for telecom operators as part of compliance with investigative activities requirements (see **7.1: Government Access to Private Communications** above).

A similar requirement is set in Article 10.1 of the Information Law for parties organising online distribution of information, understood as persons operating information systems or software designed or used for the receipt, transfer, delivery or processing of electronic messages of Internet users. Such parties are required to keep the metadata of the communications between the users, as well as the information on such users for one year, and the messages for six months. The information has to be provided to investigative authorities at request.

In accordance with the telecom licence terms, operators of universal services, operators of data transfer and operators of telematics services, when providing Internet access at collective access points (public wi-fi) are required to identify every customer by full name by using his or her identification document (passport) or by other means allowing secure identification, including by mobile network subscriber number. As any other data, this information is to be kept by the operator for at least six months under the investigative activities regulation.

For foreign or international online services providers collection of Russian users' personal data can create a risk of violation of Russian data localisation requirements. Effective from 1 September 2015, all operators of personal data of Russian citizens are required by Personal Data Law to store and perform certain processing actions with such data only with the use of databases physically located in the territory of Russia. Failure to comply with the requirement can result in blocking of the entire service, as it happened with LinkedIn in November 2016.

Starting from 1 July 2018 the amendments introduced as part of the so-called "Yarovaya package" will impose on telecom operators additional information storage requirements, essentially similar to those described above with respect to the parties organising online information distribution (see **8.2: Changes to Statutes, Laws or Legislation**, below). As of now, the requirements of Article 10.1 of the Information Law do not apply to licensed telecom operators.

7.6 Prohibited of Unsolicited Communications

Article 44.1 of the Communications Law, introduced in 2014, prohibits sms-spam in wireless telecom networks – ie, automatic delivery to subscribers of short text messages without their consent.

The Advertising Law also prohibits telecom networks from advertising by automatic dialling without human participation (automatic calls, automatic messages). Distribution of advertising in telecom networks is always subject to subscribers' consent. The burden of proof of presence of such consent lies with the advertisement distributor.

8. Future

8.1 Status and Process of Convergence

Russian Telecom Media Technology market follows general convergence trends, with most of the telecom operators providing a wide range of services. Mobile operators traditionally provide broadband and IPTV services in addition to wireless, and cable operators develop additional services, such as VoD and other.

There are traditional printed media and terrestrial television, as well as radio broadcasters that explore new media with online streaming and mobile apps (including radio broadcasters launching YouTube or Telegram channels and adding online media to their operations). At the same time, one can also see purely online media reaching out to social networks and otherwise exploring all opportunities of the new media.

8.2 Changes to Statutes, Laws or Legislation

On 1 July 2018 two federal laws are to come into force introducing amendments to the Information Law and other regulation. In the mass media, the laws were dubbed the "Yarovaya Law" or the "Yarovaya Package" after one of its authors, the State Duma deputy Irina Yarovaya, who has been featured in the headlines many times over previous few years with legislative initiatives aimed at regulation of information distribution.

The regulation requires Russian telecom operators to store in the territory of the Russian Federation the records of all voice data, correspondence, pictures, videos and other messages exchanged, downloaded, shared or uploaded by users for six months from the moment of such transmission, receipt and/or processing. The details of the fact of receipt or transmission of information shall be stored for three years and provided to law enforcement authorities upon request. If the information requested by the law enforcement authorities is encrypted, the operator shall be obliged to decrypt it at the risk of a fine amounting to RUR800,000–1,000,000 (approximately USD12,500–15,600). The new provisions

also expand the powers of Russian enforcement officers with respect to monitoring of data.

The laws were passed despite heavy criticism from telecommunication operators, as well as the Ministry for Connection and Mass Communications. The operators state that the implementation of the new requirements would result in them incurring costs amounting to billions in US dollars and would collapse the industry. In addition, concerns have been expressed that the new regulation may also come in conflict with the EU General Data Protection Regulation 2016/679, since Russian laws do not contain any specific exemptions for collection and storage of foreign citizens' data in Russian telecom networks.

Despite the scheduled application starting from July 2018, the operators and regulatory authorities are still discussing the possibility of modification of requirements or postponement of the entry into effect of the new rules.

The recently adopted Federal Law No. 187-FZ – “On safety of critical information infrastructure” – will come into force on 1 January 2018. The Law defines critical infrastructure as an aggregate of information systems, telecom networks, automatic control systems of state authorities and entities as well as private entities in the sphere of healthcare, science, transport, communications, energy, banking and finance and other selected areas. The Law is effectively a framework regulation, but new regulations and requirements for operators of the relevant infrastructure may stem from it, that may put additional burden on their business and the market in general.

On 1 November 2017 new regulation will come in force prohibiting the use of any technologies allowing access to blocked websites (VPN services, browser plug-ins, anonymous search engines) in the territory of Russia. The new legislation will vest Roskomnadzor with the authority to monitor and block access to websites providing services for users to access resources previously blocked by Roskomnadzor (see 7.4: **Obligation of TMT Companies to Block Access to Certain Sites or Content**, above). Together with the described obligations of messengers and public wi-fi operators to identify users, this regulation reflects the recent tendency for limitation of online privacy in Russia.

8.3 Changes to Government Ministries, Regulatory Agencies or Privatised Entities

There is no information on planned changes in the structure of regulatory authorities for TMT industry.

8.4 Identification of Assignment of Additional Spectrum

There are no details on scheduled auctions for distribution of spectrum for wireless services available as of the date of this overview. Competent authorities are yet to determine the spectrum that will be allocated for 5G. As described above, wireless operator MegaFon was granted with a right of temporary use of frequencies for testing of 5G services during the 2018 FIFA World Cup. However, this will not necessarily result in advantage for the company in future development of the standard.

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