

DRAFT

FEDERAL LAW

On Skolkovo Innovation Center

Chapter 1. General Provisions

Article 1. Subject of Legal Regulation

1. This Federal Law regulates relations that arise during implementation of the project aimed to create and support operation of an autonomous territorial complex dedicated to research and development and commercialization of deliverables thereof (hereinafter ‘Skolkovo Innovation Center’).

2. All and any relations that are not covered herein shall be governed and regulated by the laws of the Russian Federation.

Article 2. Basic Terms in this Federal Law

For the purposes of this Federal Law, the following basic terms shall be used:

1) Project – the aggregate of measures aimed to achieve the goal of creating and supporting operation of Skolkovo Innovation Center;

2) Skolkovo Innovation Center – the aggregate of the Center’s area infrastructure and interaction mechanisms that exist between the parties involved in the Project (hereinafter ‘the Center’);

3) Site of the Center – the land lots that comprise the area designated for the needs of the Project, such land lots to be allocated pursuant to the procedures determined by the President of the Russian Federation and owned by the Management Company;

4) Area Infrastructure – the aggregate of property, including the Site of the Center, and buildings, constructions and other objects, including public utilities located on the Site of the Center;

5) Settlement – the settlement where the Center is based;

6) Management Company – a Russian legal entity entrusted with, pursuant to relevant procedures prescribed by the President of the Russian Federation, with implementation of the Project;

7) Management Company’s Subsidiary, or Subsidiary – a business entity established by the Management Company for subsequent delegation thereto, pursuant to this Federal Law, of certain of the Management Company’s functions pertaining to implementation of the Project;

8) Management Companies – the Management Company and its Subsidiaries;

9) Project Member – a Russian legal entity established solely and only for the purposes of Research Activities pursuant to this Federal Law and awarded the status of the Project Member pursuant to this Federal Law;

10) Research Activities – research and development and commercialization of deliverables thereof by a Project Participant in such fields that are determined by this Federal Law, and other activities as may be necessary to carry out research and development and commercialization of deliverables thereof;

11) Project Participant – the Management Company, its Subsidiary, Project Members, other legal entities engaged in activities aimed to implement the project, and physical persons engaged in labor activities on the Site of the Center. This term does not include federal government authorities and local government authorities.

12) Project Rules – the aggregate of rights and obligations of Project Participants, such rights and obligations to be approved by the Management Company pursuant to this Federal Law as part of creating interaction mechanisms between Project Participants, and such rights and obligations shall be binding on the parties above interacting within the Project;

Chapter 2. Area Infrastructure

Article 3. Site of the Center

1. The land lots that comprise the Site of the Center belong to the Management Company by the right of ownership.

2. The Management Company shall not dispose of the land lots that comprise the Site of the Center, including, *inter alia*, disposition by alienation or encumbrance, except when leased by the Management Company to a Project Participant. However, the foresaid land lots cannot be further subleased.

3. The land plots that comprise the Site of the Center can be leased to Project Participants solely for the purposes of the Project.

4. As regards the land lots that comprise the Site of the Center, the Management Company shall be entitled to determine special terms of lease to Project Participants, depending on their contribution to implementation of the Project.

5. The terms and procedures of lease of the land lots that comprise the Site of the Center to Project Participants, as well as the terms and procedures that apply to the use of such land lots shall be determined by the Project Rules with due regards to the provisions of this Article.

Article 4. Property Comprising the Area Infrastructure

1. The Property that comprises the Area Infrastructure of the Center can be used only and solely for the purposes of the Project.

2. Residential properties that comprise the Area Infrastructure belong to the Management Company by the right of ownership.

3. The Management Company cannot dispose of the residential properties that comprise the Area Infrastructure, including, *inter alia*, disposition by alienation or encumbrance, except when leased to Project Participants without the right of further sublease of the foresaid residential properties.

4. The limitation to the sublease of residential properties pursuant to Part 3 herein does not apply to the lease of residential properties to the Management Company's Subsidiaries for their further sublease to Project Participants.

5. The Management Company shall be entitled to determine special terms of lease of the property that comprises the Area Infrastructure depending on the contribution of relevant Project Participants to the Project.

6. The terms and procedures that apply to the use of the property that comprises the Area Infrastructure shall be determined by the Project Rules with due regards to the provisions of this Article.

Article 5. Support of Operation of the Area Infrastructure

1. In order to support operation of the Area Infrastructure, the Management Company shall undertake organization of (and shall carry out) the following for the Site of the Center (and on the Site of the Center):

1) approval of master plans of the Settlement, as well as approval of land-use and site development rules and regulations; approval of area planning documentation prepared on the basis of the master plans of the Settlement; issue of construction permits, authorization of object commissioning after

construction, reconstruction, major overhaul of capital construction objects on the territory of the Settlement;

2) naming of streets, squares and other territories in residential areas, numbering of houses, organization of street lighting, installation of street and house identification signs;

3) issue of permits for qualifying use of a land lot or capital construction object;

4) approval of the shape of an individual land lot in the context of the city development plan;

5) Due diligence of project documentation on construction objects;

6) Construction and operation of the area traffic circuit;

7) Construction and operation of Area Infrastructure objects;

8) Organization and provision of transport services, including transport connection with neighboring settlements and nearby transport hubs;

9) Electricity, heat, gas and water supply, water disposal, fuel supply to the residents;

10) Collection and disposal of domestic waste and refuse, area development and landscaping;

11) Creation of a favorable environment to ensure availability of and access to communication services, public catering, shopping, public services, and leisure opportunities;

12) Allocation of accommodation;

13) Provision of secondary and preschool education (as part of the non-state educational system);

14) Provisions of health care services (as part of the non-state health care system).

2. The Management Company shall carry out the activities described in Part 1 of this Article on its own or by way of outsourcing.

3. The Management Company shall finance the activities described in Part 1 of this Article with its own resources or the same of its Subsidiaries, through the federal budget and other sources pursuant to the laws of the Russian Federation.

Chapter 3. Activities of Project Participants.

Article 6. General Terms and Procedures Applying to Project Participants

1. Project Participants shall act pursuant to and in compliance with the laws of the Russian Federation, this Federal Law and the Project Rules.

2. The activities of Project Participants shall comply with the goals of the Project.

3. The Management Company shall carry out compliance assessment of activities of Project Participants pursuant to the provisions of this Federal Law.

Article 7. **Project Rules**

1. The Project Rules shall be developed and approved by the Management Company. The Project Rules shall be public and shall be binding on Project Participants. The Project Rules shall include, *inter alia*, such rules and procedures that apply to certain activities prescribed by or pursuant to this Federal Law.

2. The Project Rules shall not conflict with the laws of the Russian Federation and shall apply solely and only to the activities related to implementation of the Project and (or) carried out on the Site of the Center.

3. Compliance with the Project Rules shall be an express condition for all transactions entered into by Project Participants.

4. The Management Company shall control compliance with the Project Rules pursuant to this Federal Law.

5. The Project Rules shall be published on the Internet site of the Management Company.

6. Any Project Participant to have violated the Project Rules shall lose its right to further participate in implementation of the Project.

Article 8. **Activities of the Management Company**

1. The activities of the Management Company are detailed by this Federal Law, resolutions passed by the President of the Russian Federation and by the Management Company's constituent documents. All and any changes to

the Management Company's constituent documents shall be introduced subject to prior approval by the Russian Federation President's Commission for Modernization and Technological Development of Russia's Economy.

2. For Project implementation purposes, the Management Company shall exercise the following essential functions:

1) general organizational direction and coordination within the Project, including;

a) development and approval of documents that contain Project Rules, and control of compliance therewith;

b) development and approval of other documents as may be necessary for Project implementation;

c) securing effective coordination among Project Participants between themselves and with federal government authorities, local government authorities and other organizations;

2) Support of operation of the Area Infrastructure;

3) Organization and support of research activities, including:

a) decision making in relation to the award of the status of a Project Member (or disqualification of a Project Member);

b) maintenance of the register of Project Members and delivery of documents confirming the status of a Project Member to federal government authorities and local government authorities;

c) organization of delivery to Project Members of such services

(including, *inter alia*, legal and bookkeeping services, customs broker's (representation) services) as may be necessary in the course of their activities and for public registration of intellectual activity results produced by Project Members during their research;

d) extension to Project Members of an opportunity to use the Area Infrastructure on preferential terms;

4) issue of documents as may be necessary for refund of customs expenses incurred by Project Participants;

5) approval of placement of advertising materials on the Site of the Center and issue of instructions to dismantle unauthorized advertising structures;

6) exercise of other functions prescribed by this Federal Law and the Management Company's constituent documents.

3. The Management Company shall develop special document forms that shall be used to deliver information to federal government authorities and local government authorities. Such document forms shall classify as registered high-security forms and shall be subject to registration with the federal authority in charge of development and implementation of the federal policy in the area of registration of non-profit organizations and legal control thereof.

4. The activities of the Management Company shall be financed from the Management Company's own funds, from the federal budget and other sources pursuant to the laws of the Russian Federation.

Article 9. **Specific Aspects Applying to the Activities of the Management Company's Subsidiaries**

1. The Management Company shall be entitled to delegate certain functions related to the Project implementation to its Subsidiaries subject to the following terms and conditions:

1) the Management Company's Subsidiary is created by the Management Company solely and only to exercise the functions related to the Project implementation delegated to such Subsidiary;

2) the Management Company owns one hundred per cent of shares (equity stakes) in the share (equity) capital of the Management Company's Subsidiary;

3) the Management Company's Subsidiary does not carry out any activities unrelated to implementation of the Project.

2. The Management Company cannot delegate to its Subsidiaries any of the functions specified in subparagraphs 'a' and 'b' of Part 1 of Chapter 2, subparagraphs 'a' and 'b' of paragraph 3, and paragraphs 4 through 6 of Part 2 of Article 8 of this Federal Law.

5. In case of delegation to the Management Company's Subsidiary of certain functions pertaining to implementation of the Project, the activities of such Subsidiary shall be governed by the provisions of this Federal Law that apply to the activities of the Management Company in respect of the same functions.

Article 10. **Specific Aspects Applying to Project Members**

1. A legal entity shall acquire the status of a Project Member on the day of its inclusion in the register of Project Members. The decision on inclusion of a legal entity in the register of Project Members shall be made subject to relevant procedures prescribed by the Management Company.

2. The decision on inclusion of a legal entity in the register of Project Members shall be made subject to compliance with all of the following conditions:

1) a legal entity is incorporated in the form of a business entity and its permanent executive body as well as other bodies or persons authorized to act on behalf of such legal entity are permanently based on the Site of the Center;

2) the legal entity's constituent documents assume that the legal entity engages solely in the research activities pursuant to this Federal Law;

3) the legal entity undertakes to carry out research activities pursuant to this Federal Law and to comply with the Project Rules;

3. The Management Company shall be entitled introduce auxiliary conditions that are not covered in paragraph 2 herein that shall be binding on the legal entity of its inclusion in the register of the Project Members. Management Companies can not act as founders (shareholders) of a Project Member.

4. A legal entity shall lose its status of a Project Member upon expiration of ten years following the date of inclusion of such legal entity in the register of the Project Members, or from the day of its early exclusion from the register of

the Project Members, or upon liquidation of such legal entity pursuant to the laws of the Russian Federation. A decision on early exclusion of a legal entity from the register of the Project Members shall be made subject to relevant procedures prescribed by the Management Company.

5. A decision on early exclusion of a legal entity from the register of the Project Members shall be made when:

- 1) a Project Member fails to comply with the Project Rules;
- 2) a Project Member fails to comply with the provisions of this Federal Law;
- 3) a Project Member withdraws from the Project.

6. Procedures applying to the register of the Project Members and document forms for presentation to federal government authorities and local government authorities in order to confirm the status of a Project Member shall be developed and approved by the Management Company.

7. A Project Member shall carry out research in line with the terms and conditions to be determined by the Management Company pursuant to this Federal Law.

8. The research shall focus on the following areas:

- 1) Energy efficiency and energy saving, including development of innovational energy technologies;
- 2) Nuclear technologies;
- 3) Space technologies, primarily space telecommunications and

navigation systems (including creation of relevant ground infrastructure);

4) Medical technologies: equipment, pharmaceutical products;

4) Strategic computer technologies and software.

9. For the purposes of this Federal law, all and any activities that contradict the goals of this Project, its Rules and (or) provisions of this Federal law shall not qualify as research activities. Carrying out by a Project Member of any activities that do not qualify as research activities hereunder shall be a violation of the Project Rules.

10. The Management Company shall on its own exercise control of research activities for compliance with the Project Goals, its Rules and the provisions of this Federal law.

Chapter 4. Regulation of Certain Relations during the Project

Article 11. Refund of Customs Expenses

1. Customs expenses incurred by Project Participants in connection with their Project activities shall be refundable to such Project Participants pursuant to budget legislation of the Russian Federation subject to delivery to the authorized federal executive body of relevant documents issued by the Management Company with a description and quantities of merchandise on which the customs duties were paid and with information on the party to declare such merchandise to the customs authority.

2. Value Added Tax (VAT) expenses incurred by Project Members upon entry of merchandise on the customs territory of the Russian Federation in connection with their activities in the Project shall be refundable pursuant to the budget legislation of the Russian Federation provided that such Project Members are granted a remission of VAT liability by provisions of Article 145 of the Russian Federation Tax Code and subject to delivery to the authorized federal executive body of relevant documents issued by the Management Company with a description and quantities of merchandise on which the value added tax was paid and with information on the party to declare such merchandise to the customs authority.

3. The Management Company shall register the documents indicated in Part 1 of this Article in compliance with its internal procedures and shall deliver such documents to the authorized federal state authority.

Article 12. Advertising Placement and Advertising Media on the Site of the Center

1. Placement of outdoor advertising on the premises of the Site of the Center on billboards, advertising stands, building wraps, banners, electronic displays, hot air balloons and manned balloons, other facilities with fixed location assembled and placed on exterior walls, roofs, other construction elements of buildings, constructions and outside them, and the use of public transport stops (hereinafter ‘installation of advertising constructions’) shall be

allowed in accordance with advertising legislation of the Russian Federation and subject to written coordination with the Management Company.

2. Installation of advertising constructions without coordination with the Management Company (unauthorized installation) shall not be allowed. In the event of unauthorized installation such advertising constructions shall be subject to dismantling by virtue of the Management Company's decision.

3. The cost of dismantling of an advertising construction installed without authorization shall be covered by the party which installed such advertising construction. If no such party can be identified, the cost of dismantling shall be covered by the owner of the land lot, building or other property to which such advertising construction is attached, or by the party designated by the owner of such property, including tenants.

4. The order of coordination and approval of installation of advertising constructions on the Site of the Center and issue of decisions to dismantle of unauthorized advertising constructions shall be determined by the Management Company.

5. Advertising structures and their location on the Site of the Center shall comply with the terms and provisions of relevant technical regulations as prescribed by this Federal Law.

Article 13. Technical Regulations Applicable on the Site of the Center

1. All activities that are carried out on the Site of the Center shall be

subject to safety requirements, including fire safety, for products and related development and design processes (including research), manufacture, construction, assembly, start-up, operation, storage, transportation, their sale and disposition, as prescribed by technical regulations, standards, rules or, prior to their entry into force, by relevant regulatory legal acts of the Russian Federation and regulatory instruments of federal executive authorities except instances described in this Article.

2. In relation to the products used on the Site of the Center or to related requirements applicable to relevant product development and design processes (including research), their manufacture, construction, assembly, start-up, operation, storage, transportation, their sale and disposition, instead of individual safety requirements prescribed by technical regulations, standards, codes, rules or, prior to their entry into force, by relevant regulatory legal acts of the Russian Federation and regulatory instruments of federal executive authorities, and when no such requirements are determined, the regulations or requirements contained in technical regulations of state parties of the customs union or of member countries of the Organization for Economic Cooperation and Development can apply.

3. A decision on the use and applicability on the Site of the Center of the regulations or requirements specified in Part 2 of this Article shall be made by the Management Company. When making such decision, the Management Company can specify the use of such regulations or requirements on the Site of the Center.

4. The decision indicated in Part 3 herein shall be circulated by the Management Company to the federal executive authority in charge of rendering government services in the area of technical regulation and measurement assurance. Such decision shall also be released through the Internet site of the Management Company.

5. Safety requirements indicated by the decision of the Management Company shall apply on the Site of the Center from the day of circulation of such decision to the federal executive authority indicated in Part 4 of this Article.

6. In instances specified in Part 2 of this Article, no conformity assessment, including confirmation of conformity, shall be conducted.

7. In instances specified in Part 2 of this Article, the subject of government control (state monitoring) shall be the assessment of compliance with safety requirement that apply, pursuant to the provisions of this Article, to the products used on the Site of the Center or to relevant product development and design processes (including research), their manufacture, construction, assembly, start-up, operation, storage, transportation, their sale and disposition.

8. Failure to comply with the provisions of this Article shall entail liability pursuant to the laws of the Russian Federation.

Article 14. Ensuring Sanitation and Epidemiological Security on the Site of the Center

1. Activities shall be carried out on the Site of the Center in compliance with the sanitation and epidemiological rules and standards, as well as requirements not included in the technical regulations, except as set forth herein.

2. The sanitation and epidemiological regulations or requirements set forth in the technical regulations of the member states of the customs union or Organization for Economic Cooperation and Development subject to the terms set forth herein may be applied on the Site of the Center.

3. Application of sanitation and epidemiological regulations or requirements set forth in Part 2 hereof shall ensure avoidance of hazardous impact of habitat factors on the Site of the Center and its adjacent areas. Safety criteria stipulated in the indicated regulations or requirements shall correspond to the level of the criteria set forth by the laws of the Russian Federation and (or) international standards.

4. Decision on the application on the Site of the Center of regulations or requirements indicated in Part 2 hereof shall be taken by the Management Company. Taking such a decision the Management Company is entitled to determine the specific conditions for the application of the said regulations or requirements on the Site of the Center.

5. Decision indicated in Part 4 hereof shall be submitted by the Management Company to the federal executive body authorized to carry out control and supervision over the sanitation and epidemiological security of the population, and shall be posted on the Internet site of the Management Company.

6. Sanitation and epidemiological requirements envisaged by the decision of the Management Company are applied on the Site of the Center as of the day of its submission to the federal executive body mentioned in Part 5 hereof.

7. In the case described in Part 2 hereof the object of state control (supervision) of sanitation and epidemiological security of the population shall be compliance with the sanitation and epidemiological requirements set forth based on the provisions hereof.

8. Failure to comply with the sanitation and epidemiological requirements set forth herein shall entail liability established by the laws of the Russian Federation.

Article 15. Regulation of Town-Planning Activities on the Site of the Center

1. The preparation of the master plan of the settlement shall be undertaken by the Management Company, in which case no decision of the head of administration with respect to the preparation of the draft master plan is required.

2. For the purposes of master plan preparation the Site of the Center shall be included within the boundaries of the populated localities.

3. No co-approval of the draft master plan by the state and local authorities is required.

4. The master plan of the settlement is subject to the approval by the

Management Company.

5. No public hearing with respect to the draft master plan of the settlement shall be instituted.

6. The master plan of the settlement shall be approved within one month as of the submission of the prepared master plan to the representative local authority of the settlement.

7. Any amendments to the master plan are to be made in the order set forth in Parts 1,3-5 hereof.

8. The land use and area development rules applicable to the Site of the Center shall be elaborated by the Management Company, while Parts 5 - 17 of Article 31 of the Town-Planning Code of the Russian Federation shall not apply.

9. The land use and area development rules applicable to the areas with no relevance to the Site of the Center shall be prepared in accordance with the laws of the Russian Federation on town-planning.

10. No public hearing with respect to the draft land use and area development rules shall be instituted.

11. Land use and area development rules prepared with respect to the Site of the Center shall be approved by the Management Company.

12. Land use and area development rules prepared with respect to the areas beyond the Site of the Center shall be approved as set forth by the laws of the Russian Federation on town-planning.

13. Any amendments to the land use and area development rules prepared with respect to the Site of the Center are to be made in the order set forth in Parts 7,8 and 10 hereof.

14. The town-planning regulations elaborated in accordance with the land use and area development rules prepared with respect to the Site of the Center shall equally apply to all the land plots and capital development objects located within the boundaries of the areas covered by such town-planning regulations.

15. Permits to the admissible use of a land plot or an object of capital development as well as permits to deviate from the boundary parameters of the permitted development, as well as the reconstruction of capital development objects stipulated by the land use and area development rules elaborated with respect to the Site of the Center shall be issued in accordance with the said land use and area development rules.

16. Any documents with respect to the center area planning shall be issued by the Management Company, in which case no decision of the local authority on the issue of such town-planning documentation is required.

17. No public hearing with respect to the development and land-marking plan of the Management Company shall be instituted.

18. Documents on the center area planning are subject to the approval of the Management Company.

19. The form of the land plot development plan shall be determined by the Management Company.

20. The preparation of the master plan of the settlement, land use and area development rules with respect to the Site of the Center, center area planning documents, design documentation; the construction, reconstruction, capital repair of capital development objects on the Site of the Center; as well as the upkeep of buildings and facilities constructed on the Site of the Center shall comply with the technical regulations or requirements set forth in the technical regulations of the member states of the customs union or Organization for Economic Cooperation and Development subject to the terms set forth in Article 13 of the present Federal Law.

21. Design documentation of the capital development objects planned to be constructed, reconstructed or subject to the capital repair on the Site of the Center, as well as the results of engineering survey carried out in order to issue such documentation shall not be subject to state expert review.

22. No state construction supervision shall be carried out over the construction, reconstruction and capital repair of objects on the Site of the Center.

23. The Management Company shall perform a due diligence of the design documentation of the objects planned to be constructed, reconstructed or

subject to the capital repair on the Site of the Center; oversee the construction, reconstruction and capital repair of such objects; as well as issue permits for the construction and commissioning of such objects. The form of the construction and commissioning permits for such objects shall be approved by the Management Company.

24. The state control (supervision) over the upkeep of the buildings and facilities shall be regulated by the technical regulations or requirements set forth in the technical regulations of the member states of the customs union or Organization for Economic Cooperation and Development, subject to the terms set forth in Article 13 of the present Federal Law.

25. Failure to comply with the requirements set forth herein shall entail liability established by the laws of the Russian Federation.

Article 16. Engaging Foreign Citizens in Work on the Project

1. Foreign citizens being highly qualified specialists can be engaged in the work aimed at the implementation of the project as set forth by Federal Law No.115-FZ as of 25 July, 2002 “On the legal status of foreign citizens in the Russian Federation” (hereinafter, “The Federal Law “On the legal status of foreign citizens in the Russian Federation”).

2. Other foreign citizens shall be engaged in the work on the project by the Project Participants (hereinafter, “the Employers”) without any permits for

engaging and employment of foreign employees and without any notices of their employment.

3. Work permits for foreign citizens engaged in the work on the project in accordance with Part 2 hereof, as well as invitations for their entry to the Russian Federation for work purposes shall be issued without regard to the quotas established by the Government of the Russian Federation in accordance with the Federal Law “On the legal status of foreign citizens in the Russian Federation”.

4. Invitations for the entry to the Russian Federation as well as work permits for foreign citizens engaged in the work on the project in line with Part 2 hereof shall be issued by the special department of the federal executive agency authorized to carry out the control and supervision of immigration (hereinafter, “the special department of the federal executive agency for immigration”).

5. To obtain invitations for the entry to the Russian Federation as well as work permits for foreign citizens engaged in the work on the project in line with Part 2 hereof, the employers shall submit an application to the Management Company, which is to resolve upon its relevance in the order determined by the Management Company. The form of the said application shall be approved by the Management Company.

6. To arrange for the issue of invitations for the entry to the Russian Federation as well as work permits for foreign citizens, the Management Company shall submit to the special department of the federal executive agency for immigration the following documents:

- 1) an application approved by the Management Company;
- 2) a 30 x 40 mm color photograph of the foreign citizen;
- 3) a copy of the identity document of the foreign citizen;
- 4) draft employment contract or draft civil law contract on the performance of works (provision of services).

7. No documents certifying that the foreign citizen is not suffering from drug addiction or infectious diseases hazardous for the population as per the list approved by the federal executive body authorized by the Government of the Russian Federation, as well as 'No HIV Certificates' are required.

8. Invitations for the entry to the Russian Federation as well as work permits for foreign citizens shall be issued to the Management Company for their subsequent transfer to the respective employer.

9. The work permit shall be handed over to a foreign citizen by the employer engaging such an employee against signature with subsequent notice thereof to the special department of the federal executive agency for immigration.

10. Work permits as well as ordinary work visas for foreign citizens engaged in the work in line with Part 2 hereof shall be issued for the effective period of the employment contract or civil law contract on the performance of works (provision of services) concluded with the foreign citizen, however it shall not exceed three years as of the day of entry to the Russian Federation with the possibility of subsequent repeated extension for the term of up to three years. The work permit shall contain data on the employer engaging a foreign citizen in

the work on the project.

11. The procedure for the issue of the invitation for the entry to the Russian Federation for work purposes and a work permit; the procedure for the extension of the ordinary work visa and work permit and the list of documents to be submitted for the above purposes, as well as the form of the work permit shall be determined by the special department of the federal executive agency authorized to carry out the control and supervision of immigration.

12. Work permits issued to foreign citizens engaged in the work on the project in line with Part 2 hereof shall be cancelled as prescribed by the Federal Law “On the legal status of foreign citizens in the Russian Federation”, as well as in the event of loss of the Project Participant’s status by the employer engaging a foreign citizen in the work on the project in accordance herewith.

13. An employer engaging a foreign citizen in the work on the project shall notify the special department of the federal executive agency for immigration on the instances of unauthorized abandonment by a foreign employee of the place of work or residence, breach by a foreign employee of the terms of employment contract or civil law contract on the performance of works (provision of services), as well as on the early termination of such contracts.

14. Any expenses incurred in connection with the administrative exile beyond the territory of the Russian Federation or deportation of the foreign citizen recruited for work in breach of the procedure established in the present

Federal Law on the engagement and use of foreign employees shall be assumed by the employer engaging such a foreign citizen for work.

15. Immigration record of foreign citizens indicated in Part 2 hereof shall be carried out in the order set forth by Federal Law No. 109-FZ “On the immigration record of foreign citizens and stateless persons in the Russian Federation” as of 18 July, 2006.

Article 17. Civil, Administrative and Criminal Liability

1. Failure by Project Participants to comply with the established and (or) applied in accordance with the present Federal Law on the Site of the Center of sanitation and epidemiological requirements, fire safety regulations, town-planning regulations, requirements to advertising, as well as to technical regulation objects shall entail civil, administrative and criminal liability prescribed by the laws of the Russian Federation.

2. Establishment by the Management Company of sanitation and epidemiological requirements, fire safety regulations, town-planning regulations, requirements to advertising, as well as to technical regulation objects on the Site of the Center, the compliance with which led to the damage to people’s life and health and (or) material losses for the purposes of the present Federal Law shall be deemed to be a breach of the respective laws of the Russian Federation and is subject to civil, administrative and criminal liability in accordance with the laws of the Russian Federation.

3. The Management Company shall approve the list of employees of the Management Company directly involved in the elaboration of requirements indicated herein as well as the control of their execution.

Chapter 5. Exercise of Powers of the Government and Local Authorities on the Site of the Center

Article 18. Exercise of Powers by the Federal Executive Bodies on the Site of the Center

1. Federal executive bodies exercise their powers on the Site of the Center in conformity with the laws of the Russian Federation subject to the provisions of this Federal Law.

2. For the purpose of exercising state powers and control on the Site of the Center, special units immediately subordinated to the federal executive bodies shall be formed, to exercise powers in the following areas:

- 1) internal affairs;
- 2) immigration;
- 3) tax control;
- 4) customs;
- 5) fire prevention and fire-fighting, as well as protection of the territory and people from emergencies;
- 6) consumer protection and protection of human welfare;
- 7) intellectual property, licensing and brand names.

3. The powers vested onto federal executive bodies and relating to areas

set forth in Part 2 of this article may not be exercised by other government and local authorities.

4. Special units immediately subordinated to federal executive bodies and specified in Part 2 of this article shall be financed from the federal budget in accordance with the budgeting legislation of the Russian Federation.

5. Special units immediately subordinated to the federal executive bodies shall be formed in accordance with the laws of the Russian Federation governing relevant legal relations.

**Article 19. Restriction of Powers of Government Bodies of
Constituent Entities of the Russian Federation and Local
Authorities on the Site of the Center**

1. The state bodies of the constituent entities of the Russian Federation shall not exercise powers on the Site of the Center that are exercised by the Management Company in accordance with this Federal Law, including the following:

1) reservation and expropriation of land plots for state needs of the constituent entity of the Russian Federation;

2) activities related to motorways of regional and inter-municipal significance;

3) organization of transport support of the population with automobile, railway, waterborne and air transport (suburban and inter-municipal services);

4) establishment of administrative liability for the breach of laws and

other regulatory acts of the constituent entity of the Russian Federation and regulatory acts of local authorities;

5) approval of the layouts of spatial planning of the constituent entity of the Russian Federation, approval of documents on area planning for the location of capital development objects of regional significance, approval of regional town-planning standards, carrying out of state construction supervision in cases stipulated by the Town-Planning Code of the Russian Federation;

6) formation, maintenance and organization of operations of emergency rescue services and (or) emergency rescue units;

7) organization and implementation of events stipulated by the laws of the Russian Federation on energy saving and enhancement of energy efficiency;

8) carrying out of regional state control of conformity of residential facilities and apartment buildings with the requirements set to energy efficiency and availability of energy meters throughout the period of their use as set forth by the laws of the Russian Federation on energy saving and enhancement of energy efficiency.

2. Within the center's area the powers delegated to the Management Company as well as the following powers shall not be exercised by local authorities:

1) reservation and expropriation of land plots, including purchase of land plots, within the boundaries of the settlement for municipal needs, execution of land control over the utilization of settlement land;

2) formation, maintenance and organization of operations of emergency rescue services and (or) emergency rescue units within the settlement area;

3) providing conditions necessary for the activities of voluntary units formed by the local community for the protection of public order;

4) provision of housing to disadvantaged citizens who live in the settlement and are in need of better living conditions in accordance with the laws of the Russian Federation, organization of construction and maintenance of municipal residential properties, creation of conditions for residential construction;

5) issuance of permits for advertisements installation, cancellation of such permits, issuance of orders for demolition of unauthorized advertisement constructions which actions are regulated by Federal Law No. 38-FZ as of 13 March 2006 ‘On advertising’;

6) road activities with regard to local automobile roads, as well as other powers relating to use of automobile roads and road activities as provided for in the laws of the Russian Federation;

7) taking measures provided for by the laws of the Russian Federation on energy saving and energy efficiency enhancement;

8) organization and implementation of actions relating to civil defense, protection of the residents and territory of the settlement from natural or industrial accidents.

3. The powers of the government and local authorities not specified in Parts 1 and 2 of this article shall be exercised in accordance with the legislation

of the Russian Federation subject to the terms of this Federal Law.

Article 20. Effectiveness of this Federal Law

This Federal Law shall become effective from the date of its official publication.

President

of the Russian Federation