

GOVERNMENT OF THE RUSSIAN FEDERATION

**RESOLUTION
No. 107 of 25 February 2011**

**APPROVAL OF THE REGULATIONS GOVERNING THE
ENDORSEMENT OF INTERNATIONAL FINANCIAL REPORTING STANDARDS
AND INTERPRETATIONS OF INTERNATIONAL FINANCIAL REPORTING STANDARDS
WITH A VIEW TO THEIR APPLICATION IN THE
RUSSIAN FEDERATION**

In accordance with part 3 of Article 3 of the Federal Law “*On consolidated financial statements*,” the Government of the Russian Federation has resolved to approve the accompanying *Regulations Governing the Endorsement of International Financial Reporting Standards and Interpretations of International Financial Reporting Standards with a View to Their Application in the Russian Federation*.

Chairman of the Government
of the Russian Federation
V. PUTIN

Approved
by Resolution of the Government
of the Russian Federation
No. 107 of 25 February 2011

**REGULATIONS GOVERNING THE ENDORSEMENT
OF INTERNATIONAL FINANCIAL REPORTING STANDARDS
AND INTERPRETATIONS OF INTERNATIONAL FINANCIAL REPORTING STANDARDS
WITH A VIEW TO THEIR APPLICATION IN THE
RUSSIAN FEDERATION**

I. General

1. These regulations establish the procedure for the endorsement of International Financial Reporting Standards (IFRS) and the Interpretations of IFRS issued by the International Accounting Standards Board (IASB) for the purposes of their application in the Russian Federation.

2. The IFRS and Interpretations of IFRS (IFRS documents) endorsed in the manner set forth in these regulations shall include the following documents issued by the IASB:

- a) IFRS
- b) Interpretations of IFRS
- c) Amendments made to IFRS and IFRS Interpretations
- d) Any other documents defined by the IASB as an integral part of IFRS and/or the Interpretations

3. Endorsement of IFRS documents is defined as the process of deciding on the adoption in the Russian Federation of each IFRS document, which involves the following actions:

- a) Official receipt of the IFRS document from the IASB
- b) Expert examination of the IFRS document with respect to its applicability in the Russian Federation (hereinafter, “expert examination”)
- c) Issuing a decision on the adoption of the IFRS document in the Russian Federation
- d) Publication of the IFRS document

4. Only IFRS documents in Russian may be endorsed for application in the Russian Federation. The Ministry of Finance of the Russian Federation shall ensure that a translation of each IFRS document into Russian is obtained from the IASB.

5. An IFRS document shall be endorsed for adoption in the Russian Federation if it facilitates the achievement of the tasks specified in paragraph 2, clause 3 of Article 1 of the Federal Law “*On accounting*.”

6. All decisions regarding the adoption of an IFRS document in the Russian Federation shall be taken with respect to the document in its entirety. If no decision can be reached regarding the applicability of certain provisions of the document in the Russian Federation, the document shall be adopted with the provisions in question deleted from the document.

7. An endorsed IFRS document shall be adopted in the Russian Federation on a stage-by-stage basis, unless the document provides otherwise. At Stage 1, the endorsed IFRS document shall come into effect in the Russian Federation for voluntary adoption by entities at the date specified in the document, but not earlier than its official publication. At Stage 2, the endorsed IFRS document shall come into effect in the Russian Federation for obligatory adoption by entities at the date specified in the document.

If an endorsed IFRS document does not define the date and/or procedure for adoption, or is endorsed for application in the Russian Federation after the effective date specified therein, then it shall come into effect in the Russian Federation upon its official publication.

8. An endorsed IFRS document shall cease to be effective in the Russian Federation from the date defined by the Ministry of Finance of the Russian Federation, which shall issue a decision on the adoption of the IFRS document in the Russian Federation in accordance with these regulations.

II. Expert examination of the applicability of an IFRS document in the Russian Federation

9. Expert examination shall be performed on a free-of-charge basis by a legal entity appointed in the manner established by the Rules Governing the Appointment of an Expert Body, as set out in the Appendix (hereinafter, the "Expert Body"). The procedure governing the Expert Body's participation in the endorsement of IFRS documents is established in these regulations, as well as in the respective agreement between the Ministry of Finance of the Russian Federation and the Expert Body in question.

10. Expert examination shall involve comprehensive examination of each IFRS document with a view to confirming its applicability in the Russian Federation.

11. Expert examination shall be carried out with respect to documents received from the Ministry of Finance of the Russian Federation.

12. Expert examination shall be carried out within 40 business days of receiving an IFRS document. Where necessary, the Expert Body can extend this period, subject to agreement by the Ministry of Finance of the Russian Federation, by a maximum of 40 business days.

13. The results of the expert examination shall be documented in the Expert Body's opinion.

14. The Expert Body's opinion shall contain one of the following conclusions:

- a) Confirmation of the applicability of the overall IFRS document in the Russian Federation
- b) Confirmation of the applicability of the IFRS document in the Russian Federation following the deletion of certain provisions, which may not be applied in the Russian Federation
- c) Confirmation of the inapplicability of the entire IFRS document in the Russian Federation

15. In the circumstances envisaged by sub-clauses "b" and "c" of clause 14 of these regulations, the Expert Body's opinion, along with the respective conclusion, shall specify the conditions, under which the applicability of the IFRS document (or certain provisions of the document) in the Russian Federation may be approved.

16. Information on the expert examination activities of the Expert Body shall be publicly available.

III. Issuing a decision on the adoption of an IFRS document in the Russian Federation

17. All decisions to adopt an IFRS document in the Russian Federation shall be taken by the Ministry of Finance of the Russian Federation, with the concurrence of the Federal Service for Financial Markets and the Central Bank of the Russian Federation, based on the opinion of an Expert Body.

18. The Ministry of Finance of the Russian Federation shall send an IFRS document to the Federal Service for Financial Markets and the Central Bank of the Russian Federation simultaneously upon sending it to the Expert Body.

19. The Ministry of Finance of the Russian Federation shall send a draft decision on the adoption of the IFRS document in the Russian Federation, or motivated objections it has drafted in regard to the opinion, along with the Expert Body's opinion, to the Federal Service for Financial Markets and the Central Bank of the Russian Federation no later than 15 business days after receiving the Expert Body's opinion.

20. Not later than 15 business days from the receipt of the draft decision as provided by clause 19 of this Regulation, or draft motivated objections to the Expert Body's opinion, the Federal Service for Financial Markets and the Central Bank of the Russian Federation, shall sign off the draft decision (draft motivated objections) or provide the Ministry of Finance of the Russian Federation with a motivated refusal to sign off.

21. Not later than 15 business days from the receipt of the draft decision provided for by clause 19 of this Regulation signed off by the Federal Service for Financial Markets and the Central Bank of the Russian Federation or draft motivated objections to the Expert Body's opinion, the Ministry of Finance of the Russian Federation, shall issue the decision or send written motivated objections thereto to the Expert Body.

22. If the Ministry of Finance of the Russian Federation sends the Expert Body motivated objections to its opinion, the Expert Body shall reconsider the IFRS document, taking these objections into account, within 20 business days of receiving the objections. The results of this reexamination of the document shall be documented in the Expert Body's opinion.

23. All decisions on the adoption of an IFRS document in the Russian Federation shall be issued by the Ministry of Finance of the Russian Federation.

24. All decisions to terminate the validity of an IFRS document in the Russian Federation, which has been previously endorsed in the manner established in these regulations, shall be taken by the Ministry of Finance of the Russian Federation, following the procedure set forth in these regulations for decision-making in connection with the adoption of an IFRS document in the Russian Federation. Where the Ministry of Finance of the Russian Federation makes such a decision on the basis of an appropriate document received from the IASB, no expert examination shall be performed. All decisions to terminate the validity of an IFRS document in the Russian Federation shall be issued by the Ministry of Finance of the Russian Federation.

25. Any stakeholder may contact the Expert Body upon identifying differences between the Russian version of an IFRS document and the English text during its application in the Russian Federation. Within 40 business days of receiving this information, the Expert Body shall perform an expert examination of the differences to ensure consistency between the Russian and English texts.

If the Expert Body discovers or confirms differences between the texts, it shall send an opinion to the Ministry of Finance of the Russian Federation, requesting that the relevant amendment be included into the Russian text of the document, in the manner established by the Ministry of Finance of the Russian Federation and with the approval of the IASB.

IV. Publication of an IFRS document

26. An IFRS document shall be published in an official printed publication, as determined by the Ministry of Finance of the Russian Federation.

27. An IFRS document shall be published on the official website of the Ministry of Finance of the Russian Federation.

28. The Ministry of Finance of the Russian Federation shall publish information on its official website regarding IFRS documents that are in the process of being endorsed, along with information on the stage of the endorsement process a particular document has reached.

Appendix
to the Regulations
Governing the Endorsement of International Financial
Reporting Standards and Interpretations of
International Financial Reporting
Standards with a View to Their Application
in the Russian Federation

RULES GOVERNING THE APPOINTMENT OF AN EXPERT BODY

1. The Expert Body shall be a legal entity pursuing the goals of endorsing and applying International Financial Reporting Standards and Interpretations of International Financial Reporting Standards (IFRS documents) in the Russian Federation, which fulfills the following criteria:

a) The legal entity in question is established in accordance with Russian legislation, in the form of a fund or an association of legal entities (union or association)

b) Representation of the interests of a wide range of individual users and those who prepare financial statements, as well as accounting and auditing professionals

c) Experience in performing methodological research and other similar types of analyses in the area of accounting and reporting

d) As stipulated by the legal entity's foundation documents, it employs qualified specialists with knowledge of accounting and reporting (including IFRS documents), the necessary skills to work with IFRS documents, and fluency in both Russian and English

e) Experience in participating in the activities of the International Accounting Standards Board (IASB)

f) Availability of sources of financing for activities related to the expert examination of the applicability of IFRS documents in the Russian Federation

2. The Expert Body shall be appointed on the basis of the criteria set out in clause 1 of these Rules, on a competitive basis, by a commission created by the Ministry of Finance of the Russian Federation, comprising officials of the Ministry of Economic Development of the Russian Federation, the Federal Service for Financial Markets, and the Central Bank of the Russian Federation (one member from each agency).

3. The tender procedure for the appointment of the Expert Body shall be established by the Ministry of Finance of the Russian Federation, with the concurrence of the Ministry of Economic Development of the Russian Federation, the Federal Service for Financial Markets, and the Central Bank of the Russian Federation.