

The State Duma has passed amendments to the Law on Protecting Competition

FAO: CEOs and employees of companies' legal departments

Pepeliaev Group advises that, on 17 December 2024, the State Duma passed in the third reading a Law¹ which establishes an additional mechanism of control over economic concentration transactions by large financial organisations.

The amendments seek to solve the problem connected with the increasing concentration in the financial services market which, in turn, has an adverse effect on the condition of the competitive environment.

The law also contains several other targeted amendments to the Law on Protecting Competition².

Provisions of this Law take effect on 1 September 2025.

Let us look at the new developments.

1. Strengthening control over economic concentration in financial markets

Please be reminded that, according to the current version of article 29(1) of the Law on Protecting Competition, obtaining in advance the approval of transactions with shares (membership interests) and assets of a financial institution or with rights relating to a financial institution is required when:

- the value of the financial institution's assets according to its last balance sheet exceeds the amount established by the Russian Government and agreed with the Russian Central Bank; and
- the transaction falls under one of the eight categories established by article 29(1) of the Law on Protecting Competition.

Therefore, if the value of a financial institution's assets is less than the established amount, any number of such organisations may be purchased

¹ <https://sozd.duma.gov.ru/bill/709858-8>

² Federal Law No. 135-FZ "On protecting competition" dated 26 July 2006.

without the antimonopoly authority's approval, which would result in a significant growth of economic concentration.

In order to minimise these risks, the law provides that transactions in which large financial institutions participate, the value of whose assets (the aggregate value of assets of financial institutions that belong to the same group of entities) exceeds the amounts established by the Russian Government, including those agreed with the Bank of Russia, require the antimonopoly authority's approval to be obtained in advance, regardless of the value of assets of the financial institution which is the object of economic concentration.

Pepeliaev Group's comment

On the one hand, these new developments are altogether logical and will help increase the level of legal protection for all financial market participants because the Antimonopoly Service will receive the opportunity to exercise control over transactions which may adversely affect the condition of competition.

On the other hand, the need to agree such transactions with the Russian Federal Antimonopoly Service will affect the timeframes required for completing such transactions, and these will inevitably increase.

2. Other amendments to the Law on protecting competition

2.1 Changes in the procedure for how state and municipal preferences are granted

There have been amendments to articles 19 and 20 of the Law on Protecting Competition, which regulate the procedure for how state and municipal preferences are granted.

Among other things, a possibility is established for a preference to be granted without the antimonopoly authority's approval being obtained in advance if such preference is granted under a Russian national programme (or a programme of a constituent entity of Russia) or a municipal programme that includes events aimed at developing individuals who are not individual entrepreneurs and who apply the special tax regime "Tax on professional income".

The time limit has been clarified for the antimonopoly authority to decide that its approval is not required for a preference to be granted. This will now be 10 days from when the application for the approval is received.

2.2 Changes in the procedure for complying with a warning demanding that an action (omission) be discontinued which contains elements of a violation of antimonopoly legislation.

According to article 39.1(5) of the Law on Protecting Competition, the time limit for complying with a warning demanding that an action (omission) be discontinued which contains elements of a violation of antimonopoly legislation may be extended only further to a well-grounded petition of the person who has been issued with the warning.

According to the amendments which have been passed, this time limit can also be extended at the initiative of the antimonopoly authority.

In addition, part 8 of the article in question provides that in the case of a failure to comply with the warning within the established time limit, the antimonopoly authority initiates a case regarding a violation of antimonopoly legislation. The law provides for an exception from this procedure, particularly if the warning was issued by a commission which was considering a case regarding a violation of antimonopoly legislation during the period when another case which had already been initiated was being considered regarding a violation of antimonopoly legislation.

The law also clarifies as follows:

- the list of information to be included in the claim that antimonopoly legislation has been violated (now it must include the claimant's signature);
- the grounds for the antimonopoly authority to leave such claim unconsidered - if the claim or the materials do not contain information and documents that must be enclosed with a claim that antimonopoly legislation has been violated; and
- the situations when the commission has a right to postpone the consideration of a case regarding a violation of antimonopoly legislation. This will now become possible if the commission issues a warning demanding that an action (omission) be discontinued.

Pepeliaev Group's comment

We believe that these amendments are based on the practical aspects of how the rules are applied of the Law on Protecting Competition and are aimed at eliminating legal uncertainty in legislation.

What to think about and what to do

We recommend reading the text of the Law and taking account of its provisions when carrying out professional activities.

Help from your adviser

Pepeliaev Group's lawyers have significant experience of providing legal support to clients in the sphere of antimonopoly regulation including in obtaining approval of transactions in advance from the Russian Federal Antimonopoly Service.

Our lawyers continually monitor changes in antimonopoly legislation and are ready to promptly advise on any legal aspects that arise in connection with the new provisions being adopted.

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