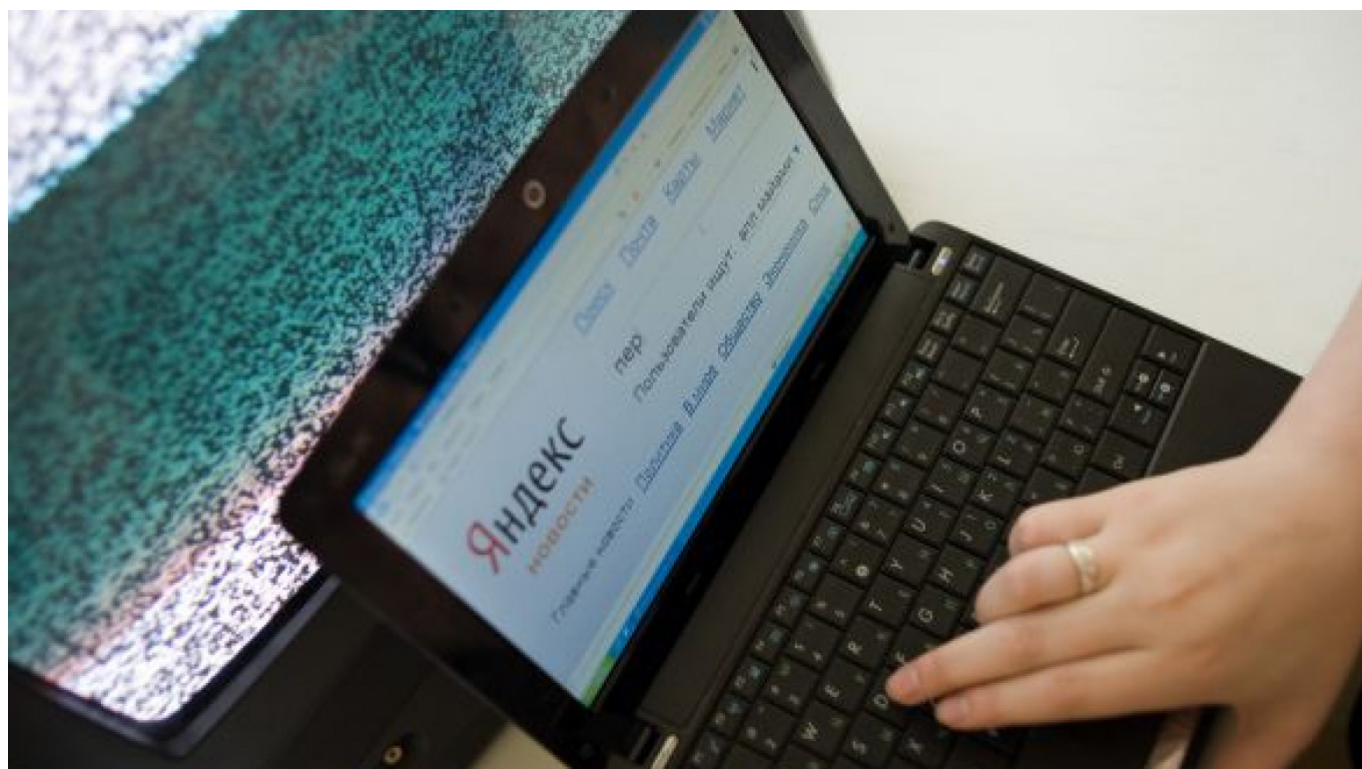


Scope of Strategic Investment Law May Expand

By [The Moscow Times](#)

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Yandex would be among the companies affected by a bill establishing strategic status for major Internet firms.

Decisions on foreign investment in popular Internet services and any print media would be made by Prime Minister Dmitry Medvedev under a draft bill amending the law on foreign investment approved by the State Duma Property Committee.

Currently such restrictions apply only to television and radio and print media with a circulation of more than 1 million.

The Duma committee is proposing to expand the list of companies that have strategic importance, adding Internet companies that provide socially important services, all printed publications regardless of circulation and printing and broadcasting companies.

The bill was submitted during the previous session of the Duma but work on the document

was resumed only recently. The Property Committee, headed by Communist Party Deputy Sergei Gavrilov, earlier this month recommended changes to the first reading.

The bill would establish strategic status for major Internet companies — those with at least 20 million users per month for six months — since foreign investment in them is not currently regulated by law, said Anatoly Gubkin, one of the authors of the document.

According to Gubkin, the bill's goal is not to block foreign investment, but only to regulate the process. In the case of print media, the circulation threshold would be removed because the country has almost no publications that exceed it, he added.

Komsomolskaya Pravda advertising director Vladislav Gemst took exception to that claim, however.

"I can name Argumenty i Fakty, Komsomolskaya Pravda, TV guides Antenna and Teleprogramma and the Zhizn newspaper off the top of my head," he said.

The foreign investment law establishes a special procedure for investments in strategic companies and makes it possible to buy more than 10 percent of voting shares only with the permission of the government's Foreign Investment Commission and the Federal Anti-Monopoly Service, said Dmitry Lobachev, a lawyer with Yukov, Khrenov & Partners. The commission is headed by the prime minister.

If the amendments are passed, Vkontakte would be subject to them, if it decided to place shares on a stock exchange or among foreign investors.

Even Russian investors completing a deal through an offshore company would need the authorities' permission. The restrictions would affect the current share placement by the RBC media holding company, if transactions are made by offshore companies.

The bill also affects the interests of strategic investors. For example, there are large foreign owners in Yandex — Baring Vostok Capital Partners (19.1 percent of votes) and Tiger Global (16.7 percent), which would have difficulty withdrawing from the company if the buyer of their assets were foreign. A source close to Yandex shareholders said Yandex is already covered by the law on foreign investments as the company uses cryptography in its Yandex.Money service.

The bill was initiated by the presidential administration, a legislator said, but the administration also held up its passage last year. The Kremlin, however, says the presidential administration has no connection to the bill, and its prospects are unclear.

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