

THE GOVERNMENT OF THE RUSSIAN FEDERATION

RESOLUTION

No. 107 of 25 February 2011

Regulation

On Endorsement of the International Financial Reporting Standards and Interpretations of the International Financial Reporting Standards for their Application in the Territory of the Russian Federation

I. General provisions

1. This Regulation establishes the procedure for endorsement of the International Financial Reporting Standards (hereinafter referred to as “IFRS”) and IFRS Interpretations issued by the IFRS Foundation (hereinafter referred to as the “Foundation”) for their application in the territory of the Russian Federation.
2. IFRS and IFRS Interpretations (hereinafter referred to as “documents of international standards”) subject to endorsement in accordance with the present Regulation include the following documents of the Foundation:
 - a) international standards;
 - b) Interpretations of international standards;
 - c) amendments introduced to international standards and its Interpretations;
 - d) other documents defined as an integral part of international standards and(or) its Interpretations by Foundation.
3. Endorsement of documents of international standards is the process of making a decision on putting each document of international standards into force in the territory of the Russian Federation, which consists of the following consecutive actions:
 - a) official receipt of an document of international standards from the Foundation;
 - b) expert analysis of applicability of an document of international standards in the territory of the Russian Federation (hereinafter referred to as the “expert analysis”);
 - c) making a decision on putting an document of international standards into force in the territory of the Russian Federation;
 - d) publication of an document of international standards.
4. Documents of international standards are subject to endorsement for application in the territory of the Russian Federation in the Russian language.

The Ministry of Finance of the Russian Federation ensures the receipt of the translation of each document of international standards into Russian from the Foundation.

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5. An document of international standards is endorsed as applicable in the territory of the Russian Federation if it ensures satisfaction of the objective set out by the second paragraph of section 3 of article 1 of the Federal Law “On Accounting”¹.
6. Decision on putting a document of international standards into force in the territory of the Russian Federation is made with respect to the document as a whole. In case decision on applicability of certain provisions of a document of international standards in the territory of the Russian Federation cannot be made, decision on putting such a document into force in the territory of the Russian Federation is made with respect to the document with the exception of such provisions.
7. An endorsed document of international standards comes into force in the territory of the Russian Federation in stages, unless otherwise indicated in the document. On the first stage, an endorsed document of international standards becomes effective in the territory of the Russian Federation for voluntary application by organizations within the period defined in the document but not earlier than the date of its official publication. On the second stage, an endorsed document of international standards becomes effective in the territory of the Russian Federation for obligatory application by organizations within the period defined in the document.

In case no period and (or) procedure for coming into force are indicated in an endorsed document of international standards or it is endorsed for application in the territory of the Russian Federation after the effective date indicated in it, such a document becomes effective in the territory of the Russian Federation from the date of its official publication.

8. An endorsed document of international standards ceases to be effective in the territory of the Russian Federation from a date defined by the Ministry of Finance of the Russian Federation which makes a decision on putting documents of international standards into force in the territory of the Russian Federation in accordance with this Regulation.

II. Expert analysis of applicability of an document of international standards in the territory of the Russian Federation

9. The expert analysis is performed free of charge by a legal entity selected according to the procedures set out by the attached Principles of Selection of an Expert Body (hereinafter referred to as the “expert body”). Procedure for the participation of the expert body in the endorsement of documents of international standards is defined by this Regulation and an agreement signed between the Ministry of Finance of the Russian Federation and the expert body.

¹ *Federal Law # 129-FZ “On Accounting”, section 3 of article 1, second paragraph: “...providing information needed for the internal and external users of accounting reports to exercise control of the observance of the legislation of the Russian Federation while economic transactions are being performed by the organization and of the feasibility thereof, availability and movements of assets and liabilities, use of material, labor and financial resources in accordance with the approved rates, regulations and cost estimates”*

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10. The expert analysis shall ensure comprehensive consideration of each document of international standards in order to confirm its applicability in the territory of the Russian Federation.
11. The expert analysis is performed with respect to documents received from the Ministry of Finance of the Russian Federation.
12. The expert analysis is performed within 40 working days after the receipt of a document of international standards. If it is necessary, an expert body may extend this period subject to approval by the Ministry of Finance of the Russian Federation, however, the period shall not be extended by more than 40 working days.
13. The results of the expert analysis are documented as a report of an expert body.
14. The report of an expert body may contain one of the following conclusions:
 - a) confirmation of applicability in the territory of the Russian Federation of a document of international standards as a whole;
 - b) confirmation of applicability in the territory of the Russian Federation of a document of international standards with the exception of certain provisions of the document whose applicability in the territory of the Russian Federation cannot be confirmed;
 - c) conclusion about impossibility to confirm applicability in the territory of the Russian Federation of a document of international standards as a whole.
15. In cases mentioned in paragraphs 14 b) and 14 c) of this Regulation, the report of the expert body shall contain, along with the above-mentioned confirmation or conclusion, conditions under which applicability of a document of international standards (or certain provisions of a document of international standards) in the territory of the Russian Federation can be confirmed.
16. Information about the activities of the expert body shall be publicly available.

III. Decision on putting a document of international standards into force in the territory of the Russian Federation

17. Decision on putting a document of international standards into force in the territory of the Russian Federation is made by the Ministry of Finance of the Russian Federation in coordination with the Federal Financial Markets Service and the Central Bank of the Russian Federation based on the report of the expert body.
18. The Ministry of Finance of the Russian Federation submits a document of international standards to the Federal Financial Markets Service and the Central Bank of the Russian Federation, simultaneously submitting it to the expert body.
19. The Ministry of Finance of the Russian Federation, within 15 days from receipt of the report of the expert body, submits to the Federal Financial Markets Service and the Central Bank of the Russian Federation, together with the report of the expert body, a draft decision on putting the document of international standards into power in the territory of the Russian Federation or draft reasoned objection to the above report.
20. The Federal Financial Markets Service and the Central Bank of the Russian Federation, within 15 days from receipt of the draft decision stipulated in the paragraph 19 of this Regulation or the draft reasoned objection to the report of the expert body, agree with the

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draft decision (or draft reasoned objection) or submit a reasoned refusal to do so to the Ministry of Finance of the Russian Federation.

21. The Ministry of Finance of the Russian Federation, within 15 days from receipt of the draft decision stipulated in the paragraph 19 of this Regulation, agreed by the Federal Financial Markets Service and the Central Bank of the Russian Federation, or the draft reasoned objection to the report of the expert body, makes the decision or submits to the expert body a reasoned objection to the report provided.
22. If the Ministry of Finance of the Russian Federation submits to the expert body the reasoned objection to the report provided, then within 20 working days from the receipt of the objection the expert body reconsiders the document of international standards with regard to the objections of the Ministry of Finance of the Russian Federation. Results of the reconsideration of the document are presented as a report of the expert body.
23. A decision on putting the document of international standards into power in the territory of the Russian Federation is documented by the Ministry of Finance of the Russian Federation.
24. Decision on the document of international standards previously endorsed in the order prescribed by this Regulation ceasing to be effective in the territory of the Russian Federation is made by the Ministry of Finance of the Russian Federation in the same procedure as that defined by this Regulation for making the decision on putting an document of international standards into power in the territory of the Russian Federation. If the decision on the document of international standards previously endorsed in the procedure prescribed by this Regulation ceasing to be effective in the territory of the Russian Federation is made by the Ministry of Finance of the Russian Federation based on the respective document received from the Foundation, the expert analysis is not performed. A decision on the document of international standards ceasing to be effective in the territory of the Russian Federation is documented by the Ministry of Finance of the Russian Federation.
25. In case if in the course of application of a document of international standards in the territory of the Russian Federation a difference is identified between the document in the Russian language and the text of this document in the English language, any interested party may appeal to the expert body. The expert body, within 40 working days from the receipt of such appeal, performs an expert analysis of the identified difference with respect to conformity of the text in the Russian language to the text in the English language.

The expert body, upon confirmation of the difference concerned, and upon identification of such difference, submits its conclusion to the Ministry of Finance of the Russian Federation for introducing the relevant clarification to the text of the document in the Russian language in the procedure defined by the Ministry of Finance of the Russian Federation in coordination with the Foundation.

IV. Publication of a documents of international standards

26. A document of international standards is to be published in an official printed media determined by the Ministry of Finance of the Russian Federation.

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27. A document of international standards is published on the official Internet website of the Ministry of Finance of the Russian Federation.
28. The Ministry of Finance of the Russian Federation publishes information regarding the documents of international standards in the process of endorsement and the stage of the endorsement process of documents of international standards on its official Internet website.

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APPENDIX

to the Regulation on Endorsement
the International Financial Reporting Standards
and Interpretations of the International
Financial Reporting Standards
for their Application
in the Territory of the Russian Federation

**PRINCIPLES
of selection of an expert body**

1. A legal entity pursuing objectives of endorsement and application of International Financial Reporting Standards and Interpretations of International Financial Reporting Standards (hereinafter referred to as “documents of international standards”) in the territory of the Russian Federation is acknowledged as an expert body subject to its compliance with the following criteria:

a) Incorporation in accordance with the legislation of the Russian Federation in the form of a foundation or a coalition of legal entities (union or association);

b) Representation of interests of a wide range of users and preparers of accounting (financial) statements, as well as representatives of accounting and auditing professions;

c) Experience in performing methodical, research and other similar tasks in the field of accounting and financial statements;

d) Inclusion in the bodies, established in accordance with the charter documents of the legal entity, of qualified professionals with knowledge in the field of accounting and financial statements (including documents of international standards), skills of application of documents of international standards and a free command of Russian and English languages.

e) Experience of participating in activities conducted by the IFRS Foundation;

f) Availability of sources of funding for activities connected with the expert analysis of applicability of documents of international standards in the territory of the Russian Federation.

2. The expert body is selected according to the criteria set in paragraph 1 of this Principles on a tender basis by a commission appointed by the Ministry of Finance of the Russian Federation comprised of representatives of the Ministry of Economic Development of the Russian Federation, the Federal Financial Markets Service and the Central Bank of the Russian Federation (one representative from each body).

3. The procedure of conducting a tender for appointment of the expert body is defined by the Ministry of Finance of the Russian Federation in coordination with the Ministry of Economic Development of the Russian Federation, the Federal Financial Markets Service and the Central Bank of the Russian Federation.

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