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Some Aspects of Harmonization of the Russian and EU Legislations Regulating Business Relationships: Problems and Prospects

T.V. Shashikhina

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Tel (7-095) 926-0411
Fax (7-095) 926-0299
E-mail info@recep.ru
Web www.recep.ru
Russia 107996 Moscow, K-31, GSP-6
Kuznetsky most str., 21/5, entr.1

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T.V. Shashikhina
Deputy Directory
Senior Lecturer, Chair of European Law
Institute of European Law
Moscow State Institute of International Relations
RF Ministry of Foreign Affairs

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At this juncture in the development of business relations between Russia and the European Union, the topicality of the Russian legislation approximation with the legal standards established by and effective in all EU member states, e.g. EU corporate legislation, is ever more felt. In the early nineties of the 20th century, Russian businessmen's attention was focused first and foremost on the international (including European) best business practices and on seeking foreign partners. The urge to "see the world and let the world see you" along with the wish to secure thyself and thy family and business against the instability of the Russian economy were behind the emergence on the foreign markets of a host of companies owned *de jure* and more often *de facto* by Russian citizens. A question arises as to whether it was beneficial to Europeans themselves? Back then the answer was positively – Yes. The same stuff, the instability in both economic and political life, the lack of a developed services market, Russian visa problems, etc. was normally used as an excuse by our foreign partners for not going to Russia.

Today, the situation has changed 180 degrees. Now, an entrepreneur from Europe himself comes to the Russian market driven by economic reasons: cheap labor; flawed corporate legislation (e.g. Law on Joint Stock Companies comes at variance with the Civil Code of the Russian Federation) that allowed and still allows to circumvent many law provisions; a possibility to deal with a problem by way of 'payoffs' or 'sweeteners' and, finally, enormous hunger of SME for investments. Rep offices or dealerships of foreign companies can currently be encountered in every field or sector. The baby food market can serve as a graphic example: HIPP, GERBER, SEMPER operate through official dealers whose task is to deal with whatever problems may arise in the Russian Federation. In the machine building, FORD, in addition to the chain of dealerships, has launched production of Ford Focus cars in St. Petersburg as a result of which the cost of the car in standard package has visibly decreased whetting the interest in this

model in general. Again, the same question may arise: "Does Russia avail of it?" There is no unambiguous answer. The time will highlight both the positive and negative aspects but one thing remains obvious: differences and even contradictions in the Russian and EU legislations have had an adverse effect on the development of business in Russia.

Approximation of Russia's and the EU laws is envisaged in the existing Agreement on Partnership and Cooperation.

Before we start analyzing, it would seem reasonable to look at the very nature of the EU corporate law. Regulation of entrepreneurship in the EU is based, on the one hand, on the internal legislation of the EU member states, and, on the other hand, on the acts of the EU institutions which prevail over and have direct effect in respect of the national laws. As for corporate activities, at the European Union's level regulation is primarily performed by way of harmonization, i.e. adoption of Directives. Directives represent a relatively flexible legal tool of the EU institutions that set forth the aims whereas the means of their achievement are left at the discretion of the national legislator. Such a definition of Directive has a dual meaning. What is negative about Directives is the fact that in implementing a Directive's provisions into national laws, the legislator often differently construes the same provisions giving rise thereby to differences in the regulation of the harmonized aspects of entrepreneurship in the member states. An indisputable advantage of a Directive lies in its contents as the European legislator having acquired an in-depth understanding of an issue's regulation at the national level, may come up with something amounting to the 'golden mean' which eventually is defined as the Directive's primary objective; or, absent the respective regulation, helps to fill gaps in the national legislation. The EU Directives set a minimal level of standardization which the national laws shall never fail to comply with. It would be fair to say, though, that the majority of countries have already adopted or drafted laws on many aspects in question that contain far stricter requirements, i.e. envisage a higher level.

Accordingly, it may be said that Directives contain the basic principles underlying the regulation of business relationships. This enables us to assume that there will be no insurmountable difficulties in the harmonization of the legislations of Russia and the EU (we are not talking, of course, about legislations of individual member states).

The adopted or drafted procedures in this area basically implement charters of new legal forms of businesses whereby the presence of at least members/shareholders subject to different legislation of member states is mandatory (so-called cross-border European element). For Russia, this experience may be used only within the CIS, provided the charter of an enterprise with the legal form in question is not introduced by a mandatory act.

In this connection it would be interesting to compare the Russian and the EU legislations regulating ***certain aspects*** in corporate activities and the way the existing laws are coped with by Russian businessmen.

First of all, we need to discuss the question of business registration which unless resolved will not permit a company to engage in business or other relationships. In the European Union, this issue is dealt with by the First Company Law Directive of 1968 which is also called 'Directive on Disclosure of Information'. It should be noted that the first congress of the Russian industrialists and entrepreneurs passed a resolution to bring the Russian legislation in compliance with this Directive.

In Europe, companies are registered by a special registration body/chamber of an EU member state and the information about registration is subject to mandatory disclosure/publication. The same requirement is known in Russia. However, pursuant to the Directive on Disclosure of Information publication must take place in a printed publication and each country has an official publication readily accessible in every newsstand. These are the so-called Bulletins of Official Announcements.

In Russia, each corporation or firm is subject to obligatory registration; starting from 2002 registration takes place at the tax inspectorate offices. Then, a 'one window' concept of registration was introduced which means that where formerly a Russian entrepreneur had to independently gather all necessary documents, permits and authorizations, specifically: tax registration certificate, certificates of registration with the Russian Pension Fund (RPF), Social Insurance Fund (SIF), Federal Obligatory Medical Insurance Fund (FOMIF), information letter from the State Statistical Committee (SSC), etc. (i.e. whatever time it might take for the package preparation was solely dependent on the entrepreneur himself), with the introduction of the 'one window' concept the whole procedure has changed. Now, all documents are supposed to be transferred to a regional tax inspectorate (which of late has to be Tax Inspectorate No. 46 only) and the latter deals with the statutory funds. Accordingly, certificates of registration with RPF, SIF, FOMIF, information letter from SSC, and copies of the documents are now issued together with the Registration Certificate. So, on the face of it the 'one window' concept looks remarkably good. Not much so in practice. Just one example: in June 2004 documents were filed for registration of a limited partnership (acc. to FTS). Five months had elapsed but the registration certificate was yet to be received. Why? By a simple reason that the regional tax inspectorate where the documents had been submitted did not communicate with the pension fund during those five months due to some technical problems (equipment failure). A minor problem which might have easily been dealt with in 'an old fashion', i.e. by fetching documents

to the pension fund instead of waiting until the equipment is put right. No doubt, in the past our businessman would have done that much but the 'one window' principle hampers him in that he could not get anything from the pension fund until the latter receives the information from the tax inspectorate. The registration as it appears may take several months during which the company cannot engage in any commercial activity. That said, it should be noted that companies (or persons acting on their behalf) in the process of registration are not relieved of any of their obligations. That is why a small business entrepreneur who has nonetheless managed to register his enterprise and stayed afloat throughout the registration ordeals and met all his debt or whatever other obligations, should be 'ordered for commendation' as was aptly put by President of the Russian Federation V.V. Putin at one of the congresses of the Russian industrialists and entrepreneurs.

The European countries are also aware of (and actively apply) the 'one window' system, where a complete set of documents is submitted, and after an established period of time (which is not to exceed one month) passes, a COMPLETE SET OF REGISTRATION DOCUMENTS IS ISSUED. The Russian legislation also establishes a timeframe for a company registration - 5 business days after the decision is taken that documents are accepted for registration with the tax authorities. However, the period within which such decision must be taken is not indicated. It is only established that a decision may be taken only after a complete set of documents is gathered. In the above example it took five months to establish relations between the regional tax authorities and the pension fund …. Unfortunately, this is how the European 'one window' principle works in Russia.

The problem of registration in the Russian Federation is not confined to time related problems. Under the First Directive on Disclosure of Information it is required to ensure adequate administrative, judicial or preventive control of documents submitted to the registration authorities of a EU member state. If this rule is not complied with, the documents are not accepted or the company may be recognized invalid, even if the breach is established after the company is registered. In Russia, the tax registration authorities accepting the documents are not obliged to verify the documents as to whether they comply with the Russian law. Furthermore, the documents are not subject to any other control procedures under the Russian law. However, the registration authorities (i.e. the tax inspectorate) reserve the right to invalidate a company judicially and liquidate it if any non-compliances are identified. Therefore, in practice, if anybody finds out by chance, at any time after a businessman received a registration number

after many months, that something was wrong with the documents submitted, the businessman will lose his business.

A legal *requirement on mandatory preliminary control (preventive or notary's) of a company's documents should be established*, which would reduce the risk that any discrepancies may be disclosed in future and reduce expenses for duties, fines, etc. It is also proposed *to establish the general liability of a company for not publishing information in the form of non-reference of the unpublished information (when unpublished information may not be referred to in relations with third parties)* (the liability may be expanded by special regulations issued by the ministries). The non-reference principle was establish by the EU First Directive (1968) to enhance the protective rights of third parties and is included in the laws of all EU member states.

Another issue of concern is the lack of qualified personnel. Tax officers are not knowledgeable enough, or, rather they do not have the skills of operating modern technologies in the right way: they enter data somewhere but they do not know where this information goes afterwards. For example, the documents to be submitted to the Pension Fund and other authorities must be certified by an electronic signature, the procedure which is well-known in Europe. In Russia, the tax officials are not aware of this technology and can not use it. The technical ignorance of the tax officials is primarily explained by a high rate of staff turnover and the need to train young personnel. Even more problems are caused by the fact that the tax officials do not have enough professional knowledge. For example, when one prospective (limited liability) company filed its registration documents to a tax inspectorate in Moscow the tax officers specified that if a company does not own real property where the company will be officially located, it is required to submit a premises lease contract. Firstly, a list of documents to be filed is established by the Federal Law Concerning State Registration, and such list does not include any reference to a contract or any other document confirming the rights to use premises as a 'legal address' (official location). Secondly, the Department of State Registration and Accounting of Legal Entities and Individuals issued several explanations, including publications on the website of the Federal Tax Service prohibiting the demand to submit documents that are not envisaged by the law. Thirdly, the company's location can be changed, therefore, the contract will also change. It should be taken into account that any amendments in the charter or constituent documents shall be registered with the tax authorities on a mandatory basis, which means that companies will have to go through practically the same procedure as in case of initial registration… The EU law does not have much to say in this respect, the only thing that is established (Directive on Disclosure of Information) is that any amendments are to be entered into the corporate registry or file and published. However, in practice, this procedure

takes only the time required for publishing information, i.e. not more than 15 days, which is different from the situation in Russia.

Taking into account the above specified issues of concern arising at the initial stage, i.e. registration of a company, the primary concern of Russian law-makers should be to *ensure that the theoretical legal basis of entrepreneurship is brought into practice.*

The registration authorities and extra-budgetary funds are constantly exchanging information. In the EU the funds enter data directly to the registers. This is allowed by the direct access rules establishing the well-defined rights of the user, and such practice can possibly be used in Russia. Such access can also be provided to other government organizations. This will considerably simplify the existing bureaucratic system (thus, to formalize a subsidy the entrepreneur must be present during registration, which is not economically justified). *Therefore, a unified data base should be established which allows for free access, subject to various rights depending on the category.*

- **1st category** – restricted rights - user. Legal entities and individuals – right to have access to officially published information: company name, registration authority, registration date, address – that is kind of an extract from a corporate file of a legal entity. This will considerably simplify the procedure of searching for partners, verification of reliability and solvency of partners and clients.
- **2nd category** – active user – governmental authorities – look through the data base, the right to print out the documents for referential use
- **3rd category** – maximum scope of rights – extra-budgetary organizations: 1st category + 2nd category rights + the right to enter data concerning certificate issue, etc.

To simplify the transfer to such system the existing FTS base can be used.

The EU has long adopted such practice. About five years ago relevant amendments were made to the First Directive on Disclosure of Information, which dealt, among other things, with the right to obtain and provide information via electronic mail, both in the language of the country of registration and in any other language as required for doing business. Furthermore, a unified European electronic commercial and entrepreneurial registry was set up. One can find a partner company there operating in any country and in any industry.

There is a similar data base in Russia – the Unified State Register (USR) of the Federal Tax Service. There is only one problem. On the European site, one can search by the company name or business segment, for example, Telecommunication Services. The search results will

include a list of companies operating and registered on the territory of the EU member states and a number of non-EU states operating in this field. The Russian search system is a bit different. To obtain free information in the Unified State Registry of Legal Entities (USRLE) the following rule is applied: one should enter the company name, primary state registration number, state registration number, taxpayer identification number, registration date and period. Even if we assume that all this information is entered in relevant fields, the search results will include information on the fact that such company really existed, its setup date, address, the fact that it exists as of the moment an information request/ search was launched, the current location of the company and reorganization data. This range is an absolute one. Any additional information can be obtained from OOO Valaam, which has access to all updates in the registry in all existing data bases. Information will be provided in full, however, such services are fee-based. In accordance with the Procedure of providing electronic data of the Unified State Registry of Legal Entities and Unified State Registry of Individual Entrepreneurs approved by the order of the Federal Tax Service of October 21, 2004, the fees for providing Information are as follows:

- 50 thousand rubles – for one-time provision of Public information in full;
- 5 thousand rubles – for one-time provision of Public updated information;
- 150 thousand rubles – for annual subscription of one workstation.

The European database is free-for-all and provide information gratis. Moreover, back in 1968, the First Company Law Directive provided for obligatory publication of information in an <u>official</u> paper (relatively <u>cheap</u>, <u>publicly available</u> and <u>commonly known</u>). Such information should include the main data about the company (actual address, registered address, founders, main goals, core activities, etc. including annual financial statements) so that creditors and third parties could understand the real status and the market position of the company.

In Russia, we cannot call the Bulletin of the Federal Tax Service publicly available. More often than not the companies which have to publish information about registration or changes but do not have the Bulletin content themselves with a receipt about payment of the state duty and a certificate evidencing that the required information was published.

However, the publication requirement is included in any Russian regulations concerning entrepreneurship. For instance, Statute No. 03-32/ps about the disclosure of information by issuers of securities dated July 2, 2003 establishes the disclosure procedure. Therefore, information should be published:

- ✓ First of all, <u>in a newsline/news bulletin</u>, a regularly updated online information resource provided by the news agency authorized by the Federal Commission to publicly present information required to be disclosed for the securities market).

- ✓ Secondly, when the information is published in Internet, except for the publication in the news bulletin, the issuer may use its own domain or another domain indicating the website. Free access to such website should be ensured, moreover, website addresses should be provided to interested persons at their request.
- ✓ Thirdly, when the information must be published in a periodical, the latter should have a run of :

  - not less than ten thousand – for public offering of securities (therefore, it may be the newspaper *Vozhmozhny Varianty* (*Possible Options)* running into **23,500** copies and freely distributed along the Kaluzhsky Highway);

  - not less than 1,000 – in certain cases.

In addition, such information should also be published in the Supplement to the Bulletin of the Russian Federal Commission for Securities and Exchanges.

Therefore, a person wanting information about a securities issue should know the following:

1. where to find the newslines of authorized information agencies;
2. the website where the issuer published the information, or to find the issuer's contact information and request the website address;
3. where and when such information was published in print media;
4. the date of publication in the Supplement to the Bulletin of the Russian Federal Commission for Securities and Exchanges, if an interested person (a company, creditor or any other interested person) is subscribed to the Bulletin of the Russian Federal Commission for Securities and Exchanges.

France, for instance, has the single Bulletin of Legal Obligatory Announcements (BALO) which can be bought in any newsstand. If any securities regulators demand that the announcement must be published in other editions too, such requirement is additional, not replacing the first one. BALO provides the main information and if required give reference to other publications. The same is true about the Internet resources. All information is accumulated on the single European site for businessmen and users of SOLVIT which in its turn provides necessary links.

Therefore, the lack of a single free and publicly available data base largely impedes the development of entrepreneurship in Russia and does not make the Russian markets more attractive for foreign partners. Consequently, we need not only a single publication but, *considering the vast territory of the Russian Federation, a single free Internet resource with a simplified navigation system.*

Implementation of this task will require *a uniform legal framework, i. e. a general document/act regulating the main aspects and minimal disclosure requirements* so that various authorities refer to such Disclosure Act instead of inventing new wording for copy book maxims in their regulating documents. The EU Directive of 1968 on information disclosure can be taken as a pattern.

Considering the identified gaps in our legislation we should also note certain positive aspects in the regulation of entrepreneurship in Russia.

First of all, the development of the Code of Corporate Behavior (CCB) is certainly a great achievement. In Russia CCB was implemented not long ago while in Europe it has been effective since mid-90s. It should be noted that such document is rather unusual for Russian businessmen. First of all, the Code is a recommendation, not an obligatory regulation, however, it was recommended that all joint stock companies use it in their internal policies and procedures. So, it is a standard document which the company participants may or may not comply with at their own discretion. For example, RAO UES and Gasprom have adopted their own codes of corporate behavior.

It is too early to judge whether the domestic version of CCB is good or not. It is important that the writers of the Russian CCB managed to meet the European standards, with due account of the Russian specific realities. However, Russian businessmen were not aware of such form of recommendation. That is why the final document is twice or three times as long as the European analogue. The Code was developed by a special task force, a commission combining theoretical knowledge and practical work. Russian and foreign companies were involved in this work. The joint effort brought about a good deliverable: the Code of Corporate Behavior..

In addition to the Code of Corporate Behavior we should mention the **implementation of international financial reporting standards in Russia**. Russia had to transfer to these standards in 2005 but failed as there was no official translation of the standards into Russian. There was an unofficial translation but it did not meet all the requirements and there were inconsistencies unacceptable in the uniform standards because such important document should rule out different interpretations. Russia must have an official translation which would be approved and recommended by the special committee with the headquarters in London. Nevertheless, at the request of the Commission for the Securities Market, Russian banks had to submit their financial statements developed in accordance with the international standards as of December 1, 2004. It can be safely stated that the Russian banks (and so far only banks) have transferred to the new reporting system. However, these statements were not audited. Although

IFRS require that the *annual financial statements must be audited.* There was nothing new for the European companies because the Fourth EU Directive (1978) and the Seventh EU Directive (1983) dealing with financial statements of companies and groups of companies, provide for an obligatory audit of financial statements. The European Union also issued the Eighth Directive on auditing. Taken together, the Fourth Directive on financial reporting of companies, Seventh Directive on consolidated financial statements of companies, Eighth Directive on audit and additional directives which amend the above Directives, represent a sort of Accounting Code of the European Union. Unfortunately, the Russian audit practice is lagging behind the European experience. Unlike the European laws, Russian laws require that only an audit organization can perform audits while in Europe it can be carried out by an individual auditor. IFRS provide for an audit by an audit organization which should have an international permit, a license for auditing annual financial statements developed in accordance with IFRS. There is no organization in Russia meeting such criteria as yet therefore, the companies entrust the audit of their annual financial statements to the international companies operating on the Russian market.

Presently in Russia the IFRS requirements apply only to banks but starting from 2007 the companies which prepare accounting statements in accordance with the US GAAP will have to change over to international standards. If after 2007, those companies continue operating in American stock markets, they will have to compile accounting statements in accordance with IFRS as stipulated by the Russian legislation, and in accordance with GAAP as stipulated by the American legislation as a prerequisite to get access to national exchanges, unless America changes over to IFRS which is not foreseen at the moment. In addition to that, they will continue preparing statutory (Russian) reports, thus preparing the third set of financial reports. By 2010, even small enterprises in Russia that are shareholders of other companies will have to change over to IFRS. For domestic small and medium-size businesses that is practically an insurmountable task. First of all, specialists conversant with IFRS are highly valued; therefore a small or a medium-size enterprise will have to hire expensive experts and to pay them significantly higher salaries in comparison with rank-and-file accountants. Secondly, accounting statements will have to be subjected to a mandatory audit performed by a company holding a specific certificate. Compliance with that rule will also demand high expenses. An IFRS audit costs dozens of thousand of dollars, on average.

It should not be forgotten that transition to IFRS does not release companies from the obligation to compile accounting statements according to Russian accounting standards (RAS). Thus, Russian lawmakers requested duplication of reports. The only explanation to that can be that the majority of specialists lack knowledge of international accounting standards and that

may hinder analysis of the company's position by interested parties. According to the EY regulations, EU member states as well as Russia obliged their companies and not only the listed ones to move over to IFRS starting from January 1, 2005. Nevertheless, if a company falls under the provision to compile financial reports according to IFRS, it shall be released from the obligation to submit financial reports according to national standards which are based on the above-mentioned Accounting code of the European Union.

Taking into account problems with IFRS transition which emerge as a result of perfunctory consideration, interests of primarily small and medium-size businesses should be taken into account. It is possible to create for them a flexible system to facilitate their transition to international accounting standards due to:

1. Possibility to choose between international and statutory standards.
2. Development of a separate/special IFRS transition program for small and medium-size enterprises.
3. Exemption of small and medium-size companies from full public disclosure (if that is required by the legislation) of annual statements, unless companies are listed at exchanges and foreign investors participate in the authorized capital.

At the same time is seems significant *to introduce mandatory audit checks of all forms of business operations* irrespective of the standards applied to compilation of financial reports and the size of an enterprise: small, medium or large. That will significantly reduce the number of claims and disagreements voiced by tax inspection as auditors, first of all, will help investigating potential violations, secondly, they will be liable for reliability of audit results. Also, experience of the European Union and provisions of the Corporate Governance Code should be used to *introduce into annual financial reports prepared according to statutory requirements certain obligations to take environmental aspects into account.* This provision is, first of all, conditioned by realities of our time. Possibly, development of an ecological label and its application legal procedures similar to EU is not the most urgent objective for Russia. Nevertheless, Russian law makers should oblige companies to comply with basic requirements, such as to ensure environmentally-friendly working places (protection of workers' health), reduction of damage inflicted as a result of production operations or from company's operations to regional/district environment; to increase environmental safety spending in every sphere of company's operation, etc. Here the experience of EU where they developed a detailed program of social responsibility of enterprises in general may also be applied.

Implementation of the above-mentioned proposals will transform the IFRS transition plan put forward by the RF Central Bank and the Commission for the Securities Market into an actually performing mechanism. Otherwise, the existing program in its present, original form will result in closure of the majority of companies which in its turn will negatively affect the unemployment level.

EU experience in the area of development of the legal base of supranational legal entities may be also of interest, mostly within the CIS framework. Those organizational and legal structures which function according to acts of supranational (European) law, in particular EU regulations may be defined as supranational legal entities. At the EU level such structures include the European Economic Interest Grouping (EEIG) – its Charter being introduced by EU regulation in 1986, the European company (SE) – the Charter introduced by EU Regulation in 2001, the European Cooperative Group (ECG) – the Charter introduced by EU Regulation in 2003, the European Association – the draft Charter will be introduced by EU Regulation, the European Mutual Assistance Treaty - the draft Charter will be introduced by EU Regulation. Out of the above-mentioned business structures the most acceptable form for Russia and CIS states is the European Economic Interest Grouping.

The European Economic Interest Grouping is established for an indefinite term, it does not require equity capital segregated from the capital of the Grouping founding companies, it is exempt from taxes (only distributed profit is subjected to taxation in accordance with the national legislation of participating enterprises).

In Russia such form may be appropriately introduced through development of a uniform document of a recommendatory character, similar to the Corporate Governance Code. In the European Union, this mechanism became actively used in recent years within the framework of entrepreneurial relations. Earlier they were talking only about a mechanism to achieve harmonization and unification objectives. Today the Principles of the European contractual law drafted by the Commission chaired by Ole Lando, the Rome Convention of 1980 on the law applicable to contractual obligations, the Code of EU contractual obligations, etc - all of them serve as an example of the mechanism to develop some kind of a uniform legislation of the European Union.

For Russia, the positive aspect of introduction of a mechanism similar to EEIG will be the transition of domestic enterprises and entrepreneurs to official cooperation with counteragents from near abroad states. This will significantly reduce the inflow of cheap labor and illegal movement of money across Russian borders to near abroad territories…

Summing up, it should be once again stated that in theory regulation of entrepreneurial relations in Russia does not differ greatly from that in Europe. The present analysis of individual aspects of operations of economic agents revealed those practical difficulties which an entrepreneur is faced with in the process of practical implementation of theoretical provisions of laws, codes, and other acts and documents. Proposals to align the Russian legislation on entrepreneurial activity with the European one may emerge only in case the basic documents of the European Union which touch upon the aspects to be harmonized are translated into Russian. Availability of numerous and often contradictory translations lead to incorrect interpretation and understanding of major ideas of European lawmakers. In order to prevent that it is proposed to establish a group of specialists on *European law from representatives of different institutes and universities*. The working group activity may result in preparation of sets of EU official documents translated into Russian. Translated documents given to Russian entrepreneurs will significantly facilitate understanding of common issues in legislations of member states based on the EU law.

Thus, domestic lawmakers in the short-term perspective should focus on:

1. Introduction of changes into applicable legislation to ensure transition towards practical implementation of theoretical provisions;
2. Introduction into legislation of a requirement to exercise mandatory preliminary control over/check of company's registration documents;
3. Creation of a uniform official database with different user rights;
4. Drafting of a uniform document (of an official character and mandatory for implementation), to contain minimal requirements concerning public disclosure of information and introduction into applicable legislation of liability provision related to non-compliance with the public disclosure requirement;
5. Development of guidance documents – standard documents/acts – similar to the Corporate Governance Code, thus providing the right of choice to entrepreneurs in carrying out their operations;
6. Development of the legal and regulatory base for operations of new organizational and legal forms within CIS states (possibly through application of proposal stated in para 2).
7. Development of a flexible IFRS transition program, particularly for small and medium-size enterprises.