

Dear Sirs,

We would like to inform you that Federal law “On amendments to Code of administrative offences of the Russian Federation and the Federal law «On industrial safety of dangerous production facilities» dated July 23, 2010 N 171-FZ will come into force on January 1, 2011 (hereinafter – the Law). The Law intensifies the administrative liability of organizations having dangerous production facilities, and officers of such organizations for breach of industrial safety requirements.

We would like to draw your attention that the definition of term “**dangerous production facilities**” is given in article 2 of Federal law “On industrial safety of dangerous production facilities” N 116-FZ and Annex 1 to it (hereinafter – the Law on industrial safety), according to which such facilities are enterprises or their workshops, sections, platforms and other production facilities where:

1. inflammable substances, oxidants, combustible materials, explosives, toxic materials and highly toxic materials as well as materials which are dangerous for the environment with specific characteristics stipulated by the Law on industrial safety are obtained, used, processed, derived, stored, transported or liquidated;
2. equipment operating under pressure of more than 0, 07 MPa or under temperature of water heating more than 115 degrees C is used;
3. fixed lifting mechanisms, escalators, cableways, funiculars are used;
4. fusions of ferrous metals and nonferrous metals and compositions based on these fusions are derived;
5. mining operations, enrichment of minerals, underground works are performed.

The Law is aimed to prevent violation of industrial safety requirements on pointed dangerous production facilities.

According to the Law the fines for offences in this sphere are raised significantly (10 times and even more) for company officials (persons exercising authorities of the sole executive body as well as persons performing organization and management or administrative functions in the organization) and organizations, i.e.:

**Violation of industrial safety requirements** or **terms of license** on performance of activity in the sphere of industrial safety of dangerous production facilities is subject to administrative fine in the amount of **RUR 2 000 – 3 000** for individuals; **RUR 20 000 – 30 000** or **disqualification for the term of from 6 months till 1 years** for company officials; in the amount of **RUR 200 000 – 300 000** or **administrative suspension of operations for the term of up to 90 days** for legal entities.

Please, note that individuals which perform entrepreneurial activity without foundation of a legal entity are subject to administrative liability as legal entities.

**Gross violation of industrial safety requirements** or **gross violation of license conditions** on performance of activity in the sphere of industrial safety of dangerous production facilities is subject to

administrative fine in the amount of **RUR 40 000 – 50 000** or **disqualification for the term of from 1 till 2 years** for company officials; in the amount of **RUR 500 000 – 1 000 000** or **administrative suspension of operations for the term of up to 90 days** for legal entities.

The breach is considered to be **gross** if it leads to threat to human life and health. A definition of the **gross** violation of license conditions on performance of activity in the sphere of industrial safety of dangerous production facilities is stipulated by the Government of the Russian Federation for each specific type of activity subject to license.

\* \* \*

We hope the information above is helpful for you.

For more information on ALRUD Labour and Employment practice please visit our **Web-site**

or contact directly the Head of the Labour and Employment practice **Irina Anyukhina**, Partner - **ianyukhina@alrud.ru**.

Kind regards,

ALRUD Law Firm

*Please note: This Newsletter should not be considered as a ground for making any decision regarding a particular issue. All the information for this Newsletter was taken from the public sources.*