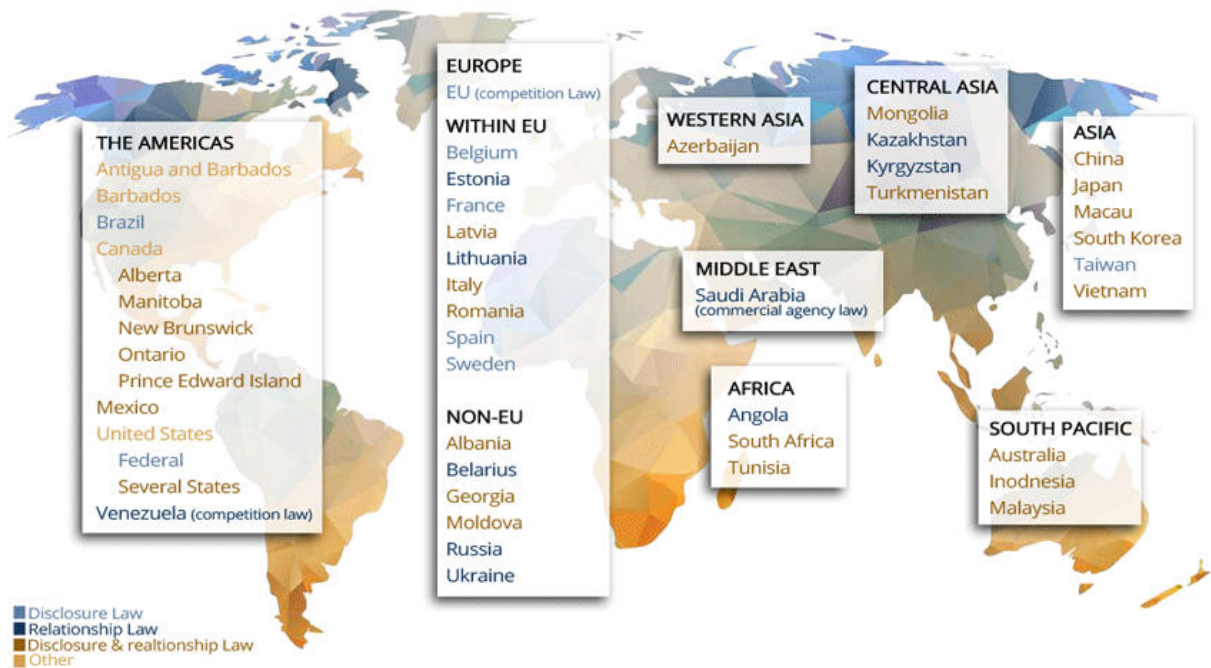




# INTERNATIONAL RESOURCES ABSTRACT

Laws and agencies that regulate the offer and sale of franchises



**RUSSIA**



# RUSSIA

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## Laws and agencies that regulate the offer and sale of franchises

### **Which laws and government agencies regulate the offer and sale of franchises?**

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The offer and sale of franchises are regulated by the RCC. There are no governmental agencies that specifically regulate the offer and sale of franchises, but franchise agreements are to be registered at Rospatent, otherwise they would be considered null.

### **What are the exemptions and exclusions from any franchise laws and regulations?**

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There are no such requirements.

### **Does any law or regulation create a requirement that must be met before a franchisor may offer franchises?**

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There are no such requirements.

### **Are there any laws, regulations or government policies that restrict the manner in which a franchisor recruits franchisees or selects its or its franchisees' suppliers?**

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There are no such restrictions.

### **In the case of a sub-franchising structure, who must make pre-sale disclosures to sub-franchisees? If the sub-franchisor must provide disclosure, what must be disclosed concerning the franchisor and the contractual or other relationship between the franchisor and the subfranchisor?**

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Russian law does not contain any requirements concerning disclosure procedures. In the case of a sub-franchise structure, the procedure of disclosure should be agreed between the franchisor and the franchisee.

### **Is there any obligation for continuing disclosure?**

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This question is not relevant for Russia as there are no requirements for disclosure

### **How do the relevant government agencies enforce the disclosure requirements?**

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This question is not relevant for Russia as there are no requirements for disclosure.

### **In addition to any laws or government agencies that specifically regulate offering and selling franchises, what are the general principles of law that affect the offer and sale of franchises? What other regulations or government agencies or industry codes of conduct may affect the offer and sale of franchises?**

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Offer and sale of franchises are governed by the general principles of the RCC, which are as follows:

- ⚙ participants of civil law transactions are considered equal;
- ⚙ property is indefeasible;



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- ⌘ extralegal interference into private affairs is prohibited;
  - ⌘ civil rights should be exercised in an unhampered way;
  - ⌘ violated rights should be restored and protected by the court;
  - ⌘ individuals and legal entities act voluntarily and in their own interest. They are free to enter into agreements that do not violate law regulations;
  - ⌘ civil rights can be limited only by the federal law and only for the sake of protecting the constitutional system, morality, health, rights and lawful interests of other persons, securing the defence and safety of the state;
  - ⌘ participants of the civil law relations should act in good faith;
  - ⌘ no one may acquire advantages from illegal or unfair activity;
- and
- ⌘ goods, services and financial instruments move freely within the territory of the Russian Federation....

### Do other laws affect the franchise relationship?

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The franchise relationship can be affected by the Federal Law of 2006 on Competition Protection, which contains certain restrictions for the sake of competition protection. For example, it can limit the franchisee's powers to oblige the franchisor not to provide the same franchise to third parties in case it would harm the competition.