

# Law Introducing Rules for Localization of Personal Data of Russian Citizens



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# New Data Localization Requirement

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- New law amending separate legislative acts of the Russian Federation and introducing strict rules for Russian citizens' personal data (the "**Law**") was **adopted in record-breaking time**: it was first submitted to the lower house of the Russian Parliament on 24 June 2014 and signed by the President on 21 July 2014.

# New Data Localization Requirement (cont.)

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- According to the Law **data operators** processing data of Russian citizens, whether collected online or offline, are obliged to **record**, systematize, accumulate, **store**, update, change and retrieve such data **in databases located within the territory of the Russian Federation.**



# New Data Localization Requirement (cont.)

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- The literal wording of the Law **does not explicitly require** data operators **to perform data processing operations solely within** the territory of **the Russian Federation**; it just requires that a copy of the data be stored in Russia.
- There is also **no explicit prohibition of cross-border transfer** introduced into the Law.

# New Law's Entry into Force

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- Under current version of **the Law**, it **will come into force on 1 September 2016**.
- However, the **draft law** that was submitted to the Russian State Duma (the lower house of the Russian Parliament) for its consideration on 1 September 2014 **suggests revising this date to 1 January 2015**.



- Now there are **unconfirmed reports that this revision will not be adopted** since major businesses (airlines, insurance companies) will not be able to transfer all the data by 1 January 2015.

# Applicability of the Law

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- It is clear that the **new Law will be applicable to Russia-based data operators** (including subsidiaries and representative offices of foreign companies).
- Currently there are **no further official clarifications from the Russian DPA** regarding the applicability of the Law to foreign data operators without an office in Russia (including foreign-based websites processing personal data of Russian citizens).

# Clarifications of the New Law

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- However, a **response from the Russian President's Administration to the Association of European Businesses** was distributed to the public with certain clarifications (**unofficial** clarifications with no binding force).



- The response is very formal and technical.

# Clarifications of the New Law (cont.)

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- The response stipulates the following:
  - **Companies should not make copies of the databases outside of Russia** because the Law says nothing on this, and, therefore, the data should be kept on servers located in Russia.
  - **The Law applies** not only to the storage of personal data collected from the Law's effective date, but also **to personal data that was collected prior to such effective date.**
  - **The Law covers not only Internet companies,** but all other operators as well.

# Restriction of access to the website violating personal data legislation

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- The Russian **DPA will organize a register of personal data violators**, including those who violate the Law's data localization requirements.
- The Law contains a procedure for adding a data operator that violates the law into the register, and **restricting access to that operator's website**.



# Liability for violation of the Law

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- **The Law does not provide any individual right of action.**
- As of today, the **fin**es that may be imposed on legal entities **for violation of the general rules** of collection, storage, use or distribution of personal data amounts to RUB 10,000 (approximately **US \$250**).



# Liability for violation of the Law (cont.)

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- No official clarification as to whether the fine is to be introduced per claim or per violation. Currently in practice these fines are usually imposed per claim.
- The Russian DPA has frequently commented that the amounts of the fines should be increased.



## Links (in Russian)

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- The text of the Law is available at:  
<http://pravo.gov.ru/laws/acts/57/5052504510601047.html>
- The text of the draft law of 1 September 2014 is available at:  
<http://asozd2.duma.gov.ru/main.nsf/%28SpravkaNew%29?OpenAgent&RN=596277-6&02>

# Your key contacts

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### Russia Enacts Data Localization Requirement; New Rules Restricting Online Content Come into Effect

Two developments in Russian law this summer could significantly limit the ability of cloud and other online services to publish online content and to make Russian data remotely available online. The first is the advancement of legislation requiring data

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