Part Three

Adopted by the State Duma on November 1 2001

Approved by the Federation Council on November 14 2001

Section V. Law of Succession

Chapter 61. General Provisions Governing Succession

Article 1110. Succession

1. In the case of succession the deceased's estate (inheritance, assets of estate) shall pass to other persons by universal succession, i.e. in an unchanged, single form at the same time, except as otherwise required by the present Code.

2. Succession shall be governed by the present Code and other laws and, in the cases specified by law, by other legal acts.

Article 1111. Grounds for Succession

Succession shall be by will and by operation of law.

Succession by operation of law shall take place when and where it is not changed by a will and also in the other cases established by the present Code.

Article 1112. Deceased's Estate

The deceased's estate shall incorporate the items and other property owned by the deceased as of the date of opening of the inheritance, in particular, rights in rem and liabilities.

Rights and liabilities inseparable from the personality of the deceased, in particular the right to alimony,

right to damages for harm inflicted to the citizen's life or health and also rights and liabilities prohibited for succession by the present Code or other laws shall not be included in the estate.

Personal incorporeal rights and other intangible wealth shall not be included in the estate.

Article 1113. The Opening of an Inheritance

An estate shall be opened on the death of a citizen. The announcement of a citizen's death by a court shall cause the same legal consequences as the death of a citizen.

Article 1114. The Time of Opening of an Inheritance

1. The day of the citizen's death shall be deemed the date of opening of the inheritance. In the case of announcement of a citizen's death on the day when the decision of the court whereby the citizen is announced dead becomes final shall be deemed the date of opening of the inheritance and in cases when under Item 3 of Article 45 of the present Code the day of death of the citizen is recognised as the date of the citizen's alleged death - the date of death indicated in the decision of the court.

2. Citizens who die on the same day shall be deemed to have died at the same time for the purposes of hereditary succession, and shall not inherit from each other. In such cases the heirs of each of them shall be called upon to inherit.

Article 1115. The Place of Opening of an Inheritance

The deceased's last abode shall be deemed the place of opening of an inheritance (Article 20).

If the last abode of a deceased person who had property on the territory of the Russian Federation is not known or is located outside of it, the place of opening the estate in the Russian Federation shall be deemed the place where the assets of such an estate are located. If such assets of estate are located in different places, the place where the immovable property of the estate or the most valuable part of the immovable property is located shall be deemed the place of opening of the inheritance, or should there be no immovable property, the place where movable property or the most valuable part thereof is located.

Article 1116. Persons Who Can Be Called Upon to Inherit

1. Those left alive as of the date of opening of the inheritance and also persons conceived during the lifetime of the deceased and born after the opening of the inheritance can be called upon to inherit.

In the case of succession by will the legal entities specified in the will and existing as of the date of opening of the inheritance can also be called upon to inherit.

2. In the case of succession by will the Russian Federation, Russian regions, municipal entities, foreign states and international organisations can be called upon to inherit, and in the case of succession by operation of law, the Russian Federation, constituent entities of the Russian Federation, municipal entities in compliance with Article 1151 of the present Code.

Article 1117. Unworthy Heirs

1. The following shall not be entitled to inherit either by operation of law or by will: citizens who by their deliberate illegal actions directed against the deceased or any of the deceased's heirs or against the exercise of the deceased's last intentions expressed in a will assisted or tried to assist in their being called upon to inherit or other persons' being called upon to inherit or who tried to assist in increasing the share of the estate they or other persons are entitled to, if such circumstances have been proven in court. However, citizens to whom the deceased has bequeathed property after they lost their right to inherit shall be entitled to inherit this property.

Parents shall not be entitled to inherit from children in respect of whom parents have been deprived of their parental rights by the court, provided these rights had not been restored as of the date of opening the inheritance.

2. On the application of a person concerned the court shall refuse entitlement to citizens who deliberately and persistently evaded performing their duties of upkeep which the deceased vested in them by law.

3. According to the rules set out in Chapter 60 of the present Code, a person not having a right of inheritance or deprived of a right of inheritance under the present article (unworthy heir) shall return all property received without grounds from the estate.

4. The regulations of the present article shall extend to heirs entitled to a compulsory share in the estate.

5. The regulations of the present article shall accordingly extend to the testamentary trust (Article 1137). If the subject matter of a testamentary trust was the performance of certain work for or the provision of a certain service to an unworthy beneficiary, the beneficiary shall reimburse the heir who has discharged the trust for the value of the work or service performed for the unworthy beneficiary.

Chapter 62. Succession by Will

Article 1118. General Provisions

1. Property can be disposed of on death only by means of a will.

2. The will can be created by a citizen who had his full dispositive capacity as of the time when it was created.

3. The will shall be created in person. The will cannot be created through a representative.

4. The will shall contain dispositions of only one citizen. The will shall not be created by two citizens or more.

5. The will is a one-party deal which creates rights and duties after the opening of the inheritance.

Article 1119. The Freedom of Will

1. The testator has the right to bequest the property at his own discretion to any persons, to define in any way the shares of the heirs in the inheritance, to deprive of the inheritance several or all heirs at law, not explaining the reasons for such deprivation, and in the cases stipulated in the present Code to include into the will the other orders. The testator has the right to cancel or to amend the compiled will in conformity with the rules of Article 1130 of the present Code.

The freedom of the will shall be limited by the rules of compulsory share of estate (Article 1149).

2. The deceased shall not be obligated to inform anybody of the content, creation, alteration or revocation of a will.

Article 1120. The Right to Leave Any Property in a Will

The deceased shall be entitled to create a will containing dispositions relating to any property, in particular, a property that he/she might acquire in the future.

The deceased can dispose of his/her property or a portion thereof by means of one or several wills.

Article 1121. The Appointment of an Heir and an Alternate Heir in a Will

1. The deceased can create a will for the benefit of one or several persons (Article 1116) which are or are not his/her legal heirs.

2. In his/her will the deceased can indicate an alternate heir (can sub-appoint an heir) for the case of death of the heir appointed by him/her in the will or death of the legal heir prior to the opening of the inheritance or simultaneously with the deceased's death or after the opening of the inheritance but before accepting the inheritance or the heir's failure to accept the inheritance due to other reasons or refusal to accept it or lack of entitlement or the heir's being refused the inheritance as an unworthy heir.

Article 1122. The Shares of Heirs in Property Left by a Will

1. Property left by will to two or several heirs without their shares in the estate being specified and without an indication as to who is to take the specific items or rights from the estate shall be deemed left by will to heirs in equal shares.

2. In a will an indication of a portion of an indivisible item (Article 133) intended for each of the heirs in kind shall not cause the invalidity of the will. Such item shall be deemed left by will in shares corresponding to the value of these portions. The procedure for the heirs to use this indivisible item shall be established in compliance with the portions of the item intended for them in the will.

In a certificate of the right to inheritance relating to an indivisible item left by will in shares in kind, the shares of the heirs and the procedure for use of such item, given the consent of the heirs, shall be specified in compliance with the present article. If a dispute between the heirs occurs, their shares and the procedure for use of the indivisible item shall be determined by a court.

Article 1123. The Secrecy of a Will

A notary, another person attesting to a will, translator, executor of the will and also a citizen who signs a will on the deceased's behalf shall not disclose information concerning the content of the will, its creation, alteration or revocation before the opening of the inheritance.

If the secrecy of a will is violated, the testator shall be entitled to claim reimbursement for moral harm and also use other remedies to protect civil rights as laid down in the present Code.

Article 1124. General Rules Concerning the Form of and Procedure for the Creation of a Will

1. The will shall be created in writing and attested by a notary. A will can be attested by other persons in the cases specified in Item 7 of Article 1125, Article 1127 and Item 2 of Article 1128 of the present Code.

Failure to observe the rules established by the present Code as concerning the written form and attestation

of a will shall cause the invalidity of the will.

A will can be drawn up in simple written form only in exceptional cases as specified in Article 1129 of the present Code.

2. If under the rules of the present Code witnesses are in attendance when a will is drawn up, signed and attested or when a will is passed to a notary the following persons shall not be such witnesses and shall not sign the will on the testator's behalf:

a notary or other person who attests to the will;

a person being a beneficiary of the will or a testamentary trust, the spouse, children and parents of the person;

citizens without full dispositive capacity;

illiterate persons;

citizens with such physical disabilities that do not allow them to understand the essence of the event in full;

persons without a sufficient degree of command of the language in which the will is written, except for cases of a closed will.

3. In events when under the rules of the present Code the attendance of witnesses is compulsory when a will is drawn up, signed and attested or when a will is passed to a notary, the absence of a witness when the said actions are being committed shall cause the invalidity of the will and the lack of the witness's compliance with the provisions of Item 2 of the present article may be deemed a ground for the will's being recognised as void.

4. The will shall bear an indication of the place and date of its attestation, except for the case specified in Article 1126 of the present Code.

Article 1125. A Will Attested by a Notary

1. A will attested by a notary shall be signed by the testator or written by a notary on the testator's words. Technical facilities can be used to write or record a will (computer, typewriter etc.).

2. A will written by a notary on a testator's words shall be read in full by the testator in the presence of the notary before it is signed. If the testator cannot read the will by himself (herself) the notary shall read out the text for him/her, with a relevant annotation to this effect being entered in the will as including the reasons why the testator could not read the will by himself (herself).

3. The will shall be signed by the testator's own hand.

If a testator, due to physical disability, grave illness or illiteracy, cannot sign a will by his/her own hand the

will can be signed on his/her behalf on his/her request by another citizen with a notary in attendance. The will shall include the reasons why the testator could not sign the will by himself (herself) and also the full name and residential address of the citizen who signed the will on the testator's request, in compliance with the citizen's personal identity document.

4. A witness can be in attendance when a will is drawn up and attested by a notary if the testator so wishes.

If a will is drawn up and attested with a witness in attendance it shall be signed by the witness and it shall bear an indication of the full name and residential address of the witness in compliance with the witness's personal identity document.

5. The notary shall warn the witness and also citizens who signs a will on the testator's behalf of the need for observing the will nondisclosure clause (Article 1123).

6. While attesting to a will the notary shall explain to the testator the content of Article 1149 of the present Code and enter a relevant annotation.

7. Where under law the officials of local government bodies and officials of consular institutions of the Russian Federation have a right to accomplish notarial actions the will can be attested by a relevant official instead of a notary, in compliance with the rules of the present Code concerning the form of a will, the procedure for notarial attestation of a will and secrecy of a will.

Article 1126. Closed Wills

1. The testator shall be entitled to create a will without providing other persons, including a notary, with the chance of familiarising himself with the content thereof (a closed will).

2. The closed will shall be hand-written and signed by the testator. Failure to observe these rules shall cause the invalidity of the will.

3. The closed will shall be passed in a sealed envelope by the testator to a notary in the presence of two witnesses who shall put their signatures on the envelope. The envelope signed by the witnesses shall be put into another envelope and sealed in the presence of the notary, who shall enter an annotation on the envelope with information on the testator from whom the notary has accepted the closed will, on the place and date of acceptance thereof, the full names and residential addresses of each of the witnesses in compliance with their personal identity documents.

When the notary accepts the envelope with the closed will from the testator, the notary shall explain to the testator the content of Item 2 of the present article and Article 1149 of the present Code and shall enter a relevant annotation in the second envelope and shall also issue a document to the testator to confirm the acceptance of the closed will.

4. Upon the presentation of a certificate of death of a person who has created a closed will, a notary shall within 15 days after the presentation of the certificate open the envelope with the will in the presence of at least two witnesses and the persons concerned from among the legal heirs who expressed their desire to attend. After the opening of the envelope the text of the will contained therein shall be immediately read out by the notary, whereafter the notary shall draw up and sign together with the witnesses a protocol which acknowledges that the envelope with the will has been opened and that it contains the full text of the will. The original will shall be kept in the custody of the notary. A copy of the protocol attested by a notary shall be issued to the heirs.

Article 1127. Wills Qualifying as Wills Attested by a Notary

1. The following shall qualify as wills attested by a notary:

1) wills of citizens undergoing medical treatment in in-patient institutions, hospitals, other stationary medical treatment institutions or residing in old-age and disabled nursing houses attested by the chief physicians, deputy chief physicians in charge of medical work or physicians on duty at these in-patient institutions, hospitals and other stationary medical treatment institutions and also the chiefs of the hospitals, directors or chief physicians of old-age and disabled nursing houses;

2) wills of citizens who stay aboard vessels during their navigation, if such vessels navigate under the State Flag of the Russian Federation, attested by the captains of these vessels;

3) will of citizens who are in prospecting, Arctic or other similar expeditions, attested by the chiefs of these expeditions;

4) wills of military servicemen and in the places of deployment of military units where there are no notaries, also wills of civilians employed by these units, members of their families and members of the families of military servicemen, attested by the commanders of the military units;

5) wills of citizens staying at penitentiary institutions, attested by the chiefs of the penitentiary institutions.

2. A will qualifying as a will attested by a notary shall be signed by the testator in the presence of the person attesting to the will and of a witness, who shall also sign the will.

As far as the rest is concerned, such a will shall be subject to the rules of Articles 1124 and 1125 of the

present Code.

3. A will attested in compliance with the present article shall be forwarded, as soon as possible, by the person who has attested it to the place of abode of the testator via the territorial bodies of the federal body of executive power performing the law-enforcement functions and the functions of control and supervision in the sphere of the notariat. If the person who has attested a will knows the place of abode of the testator the will shall be forwarded directly to a relevant notary.

4. If in any of the cases mentioned in Item 1 of the present article a citizen who intends to create a will expresses his/her intention to invite a notary for this purpose and there is a reasonable possibility for satisfying such an intention, the persons who enjoy under the said item the right of attesting a will shall do their best to invite a notary to the testator.

Article 1128. The Testamentary Disposition of Funds in Banks

1. The right to funds paid by a citizen as a bank deposit or in any other bank account of the citizen may be left by will or in compliance with the procedure set out in Articles 1124 - 1127 of the present Code or by means of creation of testamentary dispositions in writing in the branch of bank where the account is located. Such testamentary dispositions shall have the effect of a will attested by a notary in respect of the funds kept in the account.

2. Testamentary disposition of rights to funds in a bank shall be signed by the hand of the testator and include the date of creation and shall be attested by a bank official entitled to accept for execution the client's instructions concerning the funds in his/her account. The procedure for creation of testamentary dispositions in respect of funds in banks shall be set out by the Government of the Russian Federation.

3. Rights to funds in respect of which testamentary dispositions have been created in a bank shall be incorporated in the estate and be generally inherited in compliance with the rules of the present Code. These funds shall be handed out to heirs under a certificate of right to inheritance and in compliance therewith, except for the cases specified in Item 3 of Article 1174 of the present Code.

4. Accordingly, the rules of the present article shall be applicable to other credit organisations entitles to raise citizens' funds in deposit or other accounts.

Article 1129. Wills under Extraordinary Circumstances

1. A citizen who is in a situation that obviously threatens his/her life and who, by the virtue of prevailing extraordinary circumstances, is deprived of an opportunity to create a will under the rules of Articles 1124 - 1128 of the present Code may make his/her last wishes as to the disposition of his/her property in a simple written form.

The citizen's last wishes set out in simple written form shall be deemed his/her will, if the testator has written a document in his/her own hand in the presence of two witnesses the content whereof evidences that it is a will.

2. A will created under the circumstances specified in Paragraph 1 of Item 1 of the present article shall no longer be valid if within one month after the termination of these circumstances the testator fails to create a will in any other form specified in Articles 1124 - 1128 of the present Code.

3. In accordance with the present article a will created under extraordinary circumstances shall be subject to execution only on the condition that a court acting on the request of the persons concerned confirms the fact that the will has been created under extraordinary circumstances. The said claim shall be filed before the expiry of the term set for acceptance of the inheritance.

Article 1130. The Revocation and Alteration of a Will

1. The testator shall be entitled to revoke or alter a will he/she has created, at any time after the creation thereof without an indication of the reason for the revocation or alteration.

No one's consent is required for revoking or altering a will, in particular, of persons appointed as heirs in the will that is being revoked or altered.

2. The testator is entitled, by means of a new will, to revoke a previous will as a whole or to amend it by means of revocation or alteration of specific testamentary dispositions contained therein.

A subsequent will not containing a direct indication concerning revocation of a previous will or specific testamentary dispositions contained therein shall revoke the previous will in full or in as much as it conflicts with the subsequent will.

A will fully or partially revoked by a subsequent will shall not be deemed restored if the subsequent will is revoked by the testator in full or in as much as the relevant portion is concerned.

3. In the case of invalidity of the subsequent will, succession shall take effect according to the previous will.

4. Also a will can be revoked by means of will revocation dispositions. The will revocation dispositions shall

be created in the form established by the present Code for the creation of a will. The will revocation instructions shall be therefore subject to the rules of Item 3 of the present article.

5. A will created under extraordinary circumstances (Article 1129) can only revoke or alter the same kind of will.

6. Testamentary dispositions in a bank (Article 1128) can only revoke or alter testamentary dispositions concerning the disposition of funds in this bank.

Article 1131. Invalidity of a Will

1. In the event of violation of the provisions of the present Code causing the invalidity of a will, depending on the grounds for the invalidity, the will shall be deemed invalid by virtue of having been recognised as such by a court (a contentious will) or irrespective of such recognition (a will that is null and void).

2. A will can be recognised as void by a court on the complaint filed by a person whose rights or lawful interests are violated by the will. A will shall not be subject to contention before the opening of the inheritance.

3. Slips of the pen and other insignificant breaches of the procedure for the creation, signing or attestation of a will shall not serve as grounds for the invalidity of a will if a court has established that they do not affect the construction of the testator's will.

4. Both a will and its specific testamentary dispositions can be void. The invalidity of specific dispositions contained in a will shall not be deemed to affect the rest of the will if one can suppose that it would have been included in the will even if the void dispositions were not there.

5. The invalidity of a will shall not deprive the persons specified therein as heirs or beneficiaries of the right to succession by operation of law or under another will that is valid.

Article 1132. Construction of Wills

While constructing a will a notary, executor or court shall take into account the literal meaning of the words and expressions contained therein.

If the literal meaning of a provision of a will is vague it shall be established by means of comparison with other provisions and the sense of the will as a whole. In such cases the fullest exercise of the testator's will shall be ensured.

Article 1133. Execution of Wills

Execution of a will shall be effected by heirs under the will, except for cases when its execution is fully or partially effected by the executor of the will (Article 1134).

Article 1134. Executor of Wills

1. The testator may appoint a personal representative (executor) specified in the will to execute the will, irrespective of his/her being an heir or not.

The citizen's consent to act as executor shall be expressed by the citizen by means of his signature in the will or in an application attached thereto or in an application filed with the notary within one month after the date of opening of the inheritance.

A citizen shall be deemed to have granted his/her consent to act a the executor of a will if he/she proceeds to execute the will within one month after the date of opening of the inheritance.

2. After the opening of an inheritance the court can relieve the executor of the will from his/her duties either on his/her own request or on the request of heirs if there are circumstances obstructing the execution of his/her duties.

Article 1135. The Powers of the Executor of the Will

1. The powers of the executor of a will shall be based on the will whereby he/she is appointed as executor and they shall be certified by a certificate issued by the notary.

2. Except as otherwise required by the will, the executor of the will shall take the measures required for executing the will, namely:

1) arrange for the passage of assets of estate to the heirs entitled thereto in compliance with the wishes of the testator expressed in the will and law;

2) take measures on his/her own or through the notary for preserving the estate and administering it in the interests of the heirs;

3) receive the amounts of money owed to the testator and other assets for the purpose of passing them to the heirs, unless the assets are subject to transfer to other persons (Item 1 Article 1183);

4) perform testamentary dispositions or demand that heirs perform under testamentary trust provisions (Article 1137) under provisions whereby they are to execute a duty (Article 1139).

3. The executor of a will shall be entitled to act in connection with the execution of the will in his own name, in particular, in court, other governmental bodies and institutions.

Article 1136. Reimbursement of Expenses Relating to the Execution of a Will

The executor of a will shall be entitled to receive a reimbursement on the account of the estate for the necessary expenses incurred in connection with execution of the will and also a remuneration on the account of the estate if there is a provision to this effect in the will.

Article 1137. Testamentary Trust

1. The testator is entitled to vest in one or several heirs a duty by will or by operation of law the execution of a duty of property nature for the benefit of one or several persons (beneficiaries) who acquire a right to claim execution of the duty (testamentary trust).

A testamentary trust shall be established in the will.

A will may contain a testamentary trust only.

2. The object of the testamentary trust can be transferred to a beneficiary into his/her ownership, possession by another right in rem or use of an item incorporated in the estate, transfer to a beneficiary of an item in action incorporated in the estate, acquisition for a beneficiary and transfer thereto of another property, performance of specific work for him/her or the provision thereto of a specific service or the making of periodical payments for his/her benefit etc.

In particular, an heir entitled to a residential house, an apartment or other housing accommodation may be vested by a testator with the duty to grant a right to use this facility or a part thereof to another person for the lifetime of such a person or for another term.

At a subsequent transfer of the title to assets of estate to another person the right of use of such assets granted by a testamentary trust shall remain in effect.

3. Relationships between a beneficiary (creditor) and an heir vested with the duty of executing a testamentary trust (debtor) shall be subject to the provisions of the present Code concerning liabilities, except as otherwise required by the rules of the present section and the essence of the testamentary trust.

4. The right to receive a testamentary trust shall be in effect for a three-year term after the date of opening of an inheritance and shall be non-transferable to other persons. However, an alternate beneficiary may be appointed together with a beneficiary in cases when the beneficiary dies before the opening of the inheritance or simultaneously with the testator or refuses to accept the testamentary trust, did not exercise his/her right to receive the testamentary trust or is deprived of the right to receive the testamentary trust in compliance with the rules of

Item 5 Article 1117 of the present Code.

Article 1138. Execution of a Testamentary Trust

1. An heir vested with the duty to execute a testamentary trust shall execute it within the limits of the value of the portion of estate he/she took less the testator's debts relating to the heir.

If an heir vested with the duty to execute a testamentary trust is entitled to a compulsory share of estate, his duty to execute the testamentary trust shall be limited to the value of the portion of estate he/she took which exceeds the amount of his/her compulsory share.

2. If the duty to execute a testamentary trust is vested in several heirs, such a gift shall be an encumbrance on the right of each of them to the estate commensurately to one's share in the estate, except as otherwise required by the will.

3. If a beneficiary dies before the opening of the inheritance or simultaneously with the testator or refused to receive a testamentary trust (Article 1160), had not exercised his/her right to receive the testamentary trust within a three-year term after the opening of the inheritance or was deprived of the right to receive the testamentary trust in compliance with the rules of Article 1117 of the present Code, the heir with the duty to execute the testamentary trust shall be relieved from the duty, except for cases when an alternate heir has been appointed for this heir.

Article 1139. Private Purpose Trust

1. In a will the testator may vest in one or several heirs a duty by will or by operation of law to commit an action of property or nonproperty nature aimed at attaining a commonly beneficial aim (private purpose trust). Such a duty may also be vested in the executor of a will on the condition that the will allocates a portion of assets of the estate for the purposes of execution of the private purpose trust.

The testator is also entitled to vest in one or several heirs the duty of upkeeping domestic animals belonging to the testator and also of exercising the necessary supervision and care in respect thereof.

2. A private purpose trust whose object is actions of property nature shall be subject to the rules of Article 1138 of the present Code.

3. Persons concerned, the executor of the will and any of the heirs are entitled to claim in court the enforcement of a private purpose trust, except as otherwise required by the will.

Article 1140. Transfer of the Duty to Execute a Testamentary Trust or Private Purpose Trust to Other Heirs

If, as the result of the circumstances specified in the present Code the portion of the estate due to a heir vested with a duty to execute a testamentary trust or private purpose trust is transferred to other heirs the latter shall execute the testamentary trust or private purpose trust, except as otherwise required by the will or law.

Chapter 63. Succession by Operation of Law

Article 1141. General Provisions

1. Legal heirs shall be called upon to inherit in compliance with the priority ranking set out in Articles 1142 - 1145 and 1148 of the present Code.

The heirs of each next category shall inherit if there are no heirs of the preceding categories, i.e. if there are no heirs of the preceding categories

or if neither of them are entitled to inherit or if all of them have been barred from inheritance (Article 1117), or deprived of inheritance (Item 1 Article 1119), if neither of them have accepted inheritance or if all of them have disclaimed inheritance.

2. Heirs of one category shall inherit in equal shares, except for the heirs who inherit by right of representation (Article 1146).

Article 1142. First Category Heirs

1. Legal heirs of the first category are the children, spouse and parents of the testator.

2. The testator's grandchildren and their issue shall inherit by right of representation.

Article 1143. Second Category Heirs

1. If there are no heirs of the first category the legal heirs of the second category shall be the full and half brothers and sisters of the testator, his grandfather and grandmother both on the side of the father and on the side of the mother.

2. The children of full and half brothers and sisters of the testator (nephews, nieces of the testator) shall inherit by right of representation.

Article 1144. Third Category Heirs

1. If there are no heirs of the first and second categories the legal heirs of the third category shall be the full

and half brothers and sisters of the of the parents of the testator (uncles and aunts of the testator).

2. Cousins of the testator shall inherit by right of representation.

Article 1145. Next Category Heirs

1. If there are no heirs of the first, second and third categories (Articles 1142 - 1144), the right to inherit by law shall be acquired by the testator's relatives of the third, fourth and fifth degree of kinship who do not qualify as heirs of the preceding categories.

The degree of kinship shall be determined by the number of births that separate relatives from each other. The birth of the testator in this case does not count.

2. Under Item 1 of the present article the following shall be called upon to inherit:

as heirs of the fourth category: relatives of the third degree of kinship - great grandfathers and great grandmothers of the testator;

as heirs of the fifth category: relatives of the fourth degree of kinship - children of full nephews and nieces of the testator (grandsons and granddaughters once removed) and brothers and full sisters of their grandfathers and grandmothers (grandsons and granddaughters once removed) and full brothers and sisters

of their grandfathers and grandmothers once removed);

as the heirs of the sixth category: relatives of the fifth degree of kinship - children of grandsons and granddaughters of the testator once removed (grand grandsons and grand granddaughters once removed), children of his cousins (nephews and nieces once removed) and children of his grandfathers and grandmothers once removed (uncles and aunts once removed).

3. If there are no heirs of the preceding categories the following shall be called upon to inherit as heirs of the seventh category by law: stepsons, stepdaughters, the stepfather and the stepmother of the testator.

Article 1146. Succession by Right of Representation

1. The share of a legal heir who has died before the opening of the inheritance or simultaneously with the testator shall be passed by right of representation to his relevant issue in the cases specified in Item 2 of Article 1142, Item 2 of Article 1143 and Item 2 of Article 1144 of the present Code and it shall be divided between them in equal shares.

2. The issue of a legal heir who has been deprived of inheritance by the testator (Item 1 of Article 1119) shall not inherit by right of representation.

3. The issue of an heir who has died before the opening of the inheritance or simultaneously with the testator and who would not have had a right of inheritance under Item 1 of Article 1117 of the present Code shall not inherit by the right of representation.

Article 1147. Succession by Adopted Children and Adopters

1. In the case of succession by operation of law an adopted child and his/her issue on one side and the adopter and his/her relatives on the other side shall qualify as relatives by origin (blood relatives).

2. The adopted child and his/her issue shall not inherit by operation of law after the death of the parents of the adopted child and other blood relatives thereof and the parents of the adopted child and other blood relatives thereof shall not inherit by operation of law after the death of the adopted child and his/her issue, except for the cases specified in Item 3 of the present article.

3. In cases when under the Family Code of the Russian Federation an adopted child retains under a court decision relations with one of his/her parents or other blood relatives the adopted child and his/her issue shall inherit by operation of law after the death of these relatives and the latter shall inherit by operation of law after the death of the adopted child and his/her posterity.

Inheritance under the present item shall not exclude inheritance under Item 1 of the present article.

Article 1148. Succession by Disabled Dependants of the Testator

1. Citizens qualifying as the legal heirs specified in Articles 1143 - 1145 of the present Code who are disabled as of the date of opening of the inheritance but not included in the category of heirs are called upon to inherit shall inherit by operation of law together and in equal shares with the heirs of that category if they had been dependants of the testator for at least a one-year term preceding the death of the testator, regardless of whether they resided together with the testator or not.

2. Legal heirs shall be deemed citizens not included in the circle of heirs specified in Articles 1142 - 1145 of the Code but who were disabled when the inheritance was opened who had been dependants of the testator at least for the one-year term preceding the death of the testator and resided together with him/her. If other legal heirs exist they shall inherit together pari passu with the heirs of the category called upon to inherit.

3. If there are no other legal heirs the disabled dependants of the testator shall inherit by themselves as eighth category heirs.

Article 1149. The Right to a Compulsory Share of Estate

1. The minor or disabled children of the testator, his disabled spouse and parents and also the disabled dependants of the testator who are subject to be called upon to inherit under Items 1 and 2 of Article 1148 of the present Code shall inherit irrespective of the content of the will at least half of the share each of them is entitled to in the case of succession by operation of law (compulsory share).

2. The right to a compulsory share in an estate shall be satisfied out of the residual part of the estate even if it is going to diminish the rights of other legal heirs to that portion of estate and if the nonbequeathed part of assets is insufficient to satisfy the right to compulsory share, out of the portion of assets that has been bequeathed.

3. Everything that an heir entitled to a compulsory share takes out of the estate on any ground shall count as part of the compulsory share, in particular, the value of a testamentary trust established for the benefit of such an heir.

4. If the exercise of a right to a compulsory share of an estate is going to cause the impossibility of passing to an heir property which was not used during the testator's lifetime by an heir entitled to a compulsory share and which had been used by an heir by will as his residential facility (a residential house, apartment, other living quarters, dacha etc.) or used as the main source of means of subsistence (means of labour, a creative studio etc.) the court may cut the size of the compulsory share or refuse to award such a share with due regard to the property status of the heirs entitled to a compulsory share.

Article 1150. The Rights of a Spouse to Inheritance

The right of inheritance that the surviving spouse of the testator has by will or by operation of law shall not diminish the spouse's right to the portion of property gained during the period of marriage with the testator and deemed their common property. The share of the deceased spouse in this property determined in compliance with Article 256 of the present Code shall be deemed a part of the estate and it shall pass to the heirs in compliance with the rules established by the present Code.

Article 1151. Escheat

1. If there are no legal heirs and heirs by will or if neither of the heirs has a right to inherit or all heirs have been deprived of their right of inheritance (Article 1117) or neither of the heirs have accepted the inheritance or all the heirs refused their inheritance and neither of them has indicated that the inheritance is waived for the benefit of

another heir (Article 1158) the decedent's estate shall be deemed escheat.

2. Escheat property in the form of living quarters located in the territory of the Russian Federation shall pass by succession by operation of law into the ownership of the municipal entity where these living quarters are located or, if they are located in the constituent entities of the Russian Federation - the cities of federal importance Moscow or Saint-Petersburg, into the ownership of such constituent entities of the Russian Federation. These living quarters shall be included into the appropriate housing stock for social use. Other escheat property shall pass by succession by operation of law into the ownership of the Russian Federation.

3. The procedure for succession and recording of escheat property passing by succession by operation of law into the ownership of the Russian Federation and also the procedure for transferring such property into the ownership of Russian regions or municipal entities shall be set out by a law.

Chapter 64. Acquisition of Inheritance

Article 1152. Acceptance of Inheritance

1. To acquire inheritance a heir shall accept it. No acceptance is required for the acquisition of escheat property (Article 1151).

2. The acceptance of a portion of inheritance by an heir means acceptance of the whole inheritance due to him/her, whatever the nature and the whereabouts thereof.

When an heir is called upon to inherit simultaneously on several grounds (by will and by operation of law or by hereditary transition and as the result of opening an inheritance etc.) the heir may accept an inheritance he is entitled to on one of these grounds, on several of them or on all of them.

No acceptance of inheritance shall be stipulated by conditions or special clauses.

3. The acceptance of an inheritance by one or several heirs shall not mean an acceptance of inheritance by other heirs.

4. An accepted inheritance shall be recognised as owned by the heir from the date of opening of the inheritance, irrespective of the time of the actual acceptance and also irrespective of the time of state registration of the heir's rights to assets of estate where such a right is subject to state registration.

Article 1153. The Methods of Accepting an Inheritance

1. An inheritance is accepted by means of the heir's filing an inheritance acceptance application or an application for a certificate of the right to the inheritance with the notary or personal representative under law at the place of opening of the inheritance.

If an heir's application is passed to the notary by another person or the signature of the heir is mailed on the application shall be attested by a notary, an official empowered to accomplish notarial actions (Item 7 of Article 1125) or a person empowered to attest powers of attorney in compliance with Item 3 of Article 185 of the present Code).

An inheritance can be accepted through a representative if the power of accepting an inheritance is specifically established in powers of attorney. No powers of attorney are required for a personal representative to accept an estate.

2. Until and unless the contrary is proven, an heir shall be deemed to have accepted an inheritance if he has committed actions evidencing an actual acceptance of the inheritance, in particular, if the heir:

has commenced possession or administration of assets of the estate;

has taken measures for preserving assets of the estate, protecting it against third persons' encroachments or claims;

has incurred expenses on his account towards maintenance of assets of the estate;

has paid the testator's debts or received from third persons amounts of money payable to the testator.

Article 1154. The Term for Acceptance of an Inheritance

1. An inheritance can be accepted within six months after the date of opening of the inheritance.

If the inheritance is opened on the date of the alleged death of a citizen (Item 1 of Article 1114) the inheritance can be accepted within six months after the date when the court decision whereby the citizen is announced dead becomes final.

2. If a right of inheritance emerges for other persons as the result of an heir's disclaimer of an inheritance or an heir's disqualification on the grounds established by Article 1117 of the present Code such person can accept the inheritance within six months after the date of occurrence of their right of inheritance.

3. Persons whose right of inheritance occurs only due to an heir's non-acceptance of an inheritance can take the inheritance within three months after the expiry of the term specified in Item 1 of the present article.

Article 1155. Acceptance of an Inheritance upon the Expiry of the Established Term

1. On the application filed late by a heir as concerning the term set for acceptance of an inheritance (Article 1154) the court may reinstate the term and recognise the heir as having accepted the inheritance if the heir did not know and was not supposed to know of the opening of the inheritance or if the heir has missed the term due to other legitimate reasons and on the condition that the heir who missed the term set for acceptance of the inheritance has filed his/her application with the court within six months after the time when the causes/reasons for the lateness ceased to exist.

Having recognised an heir as having accepted an inheritance, the court shall determine the shares of all the heirs in the estate and if necessary shall designate measures for safeguarding the rights of the new heir to his/her entitlement (Item 3 of the present Article). The certificates of a right of inheritance issued earlier shall be recognised by the court as void.

2. An heir can accept an inheritance after the expiry of the term set for the acceptance thereof without resorting to the court if all the other heirs who have accepted the inheritance grant their consent thereto in writing. If such a written consent is granted by heirs in the absence of a notary, their signatures on the documents whereby the consent is granted shall be attested in the manner specified in Paragraph 2 of Item 1 of Article 1153 of the present Code. The heirs' consent shall be deemed a ground for a notary to annul the certificate of right of inheritance issued earlier and to issue a new certificate.

If, under a certificate issued earlier, state registration has been accomplished in respect of a right to immovable property, the notary's decision to annul the certificate issued earlier and the new certificate shall be deemed a ground for amending the state registration records correspondingly.

3. A heir who accepts an inheritance after the expiry of the established term in keeping with the rules set out in the present article shall be entitled to take his/her entitlement in compliance with the rules of Articles 1104, 1105, 1107 and 1108 of the present Code which, in the case specified in Item 2 of the present Article, shall be applicable except as otherwise required by a written agreement concluded by the heirs.

Article 1156. The Transfer of a Right to Accept an Inheritance (Hereditary Transition)

1. If an heir called upon to inherit by will or by operation of law dies after the opening of the inheritance without having accepted it within the established term, the right of accepting his/her entitlement shall pass to his/her legal heirs, or if all assets of the estate have been left by will, to his/her heirs by will (hereditary transition). The right of accepting an inheritance by way of hereditary transition is not incorporated into the estate left after the death of such a heir.

2. The right of accepting an inheritance that belonged to a deceased heir may be exercised by his/her heirs on general terms.

If the portion of the term set for the purposes of inheritance acceptance that remains after the death of an heir is less than three months, the term shall be extended to reach three months. Upon the expiry of the term set for inheritance acceptance purposes the heirs of a deceased heir may be recognised by the court as having accepted the inheritance under Article 1155 of the present Code if the court is of the opinion that the reasons for the lateness are legitimate.

3. The right of an heir to accept a portion of inheritance as a compulsory share (Article 1149) shall not be transferable to his/her heirs.

Article 1157. The Right of Disclaimer

1. The heir is entitled to disclaim the gift he is entitled to, for the benefit of other persons (Article 1158) or without an indication of a person for whose benefit he rejects his/her gift.

No disclaimer shall be possible in the case of escheat.

2. The heir is entitled to disclaim the gift he is entitled to within a term set for acceptance of inheritance (Article 1154), in particular, in cases when he has already accepted the gift.

If the heir has committed actions evidencing the actual acceptance of an inheritance (Item 2 of Article 1153) a court may recognise him/her as having disclaimed the inheritance on the application of such heir, in particular, after the expiry of the set term if the court finds that the reasons for the lateness are legitimate.

3. A disclaimer of an inheritance shall not be subject to alteration or reversed.

4. In the case of a minor heir, an heir lacking dispositive capacity or having a partial dispositive capacity disclaimer of an inheritance shall be admitted on a preliminary consent of the body of tutorship and guardianship.

Article 1158. Disclaimer of an Inheritance for the Benefit of Other Persons and Disclaimer of a Portion of a Gift

1. The heir is entitled to disclaim an inheritance for the benefit of other persons from among the heirs under a will or who belong to any category and who have not been refused inheritance (Item 1 Article 1119), in particular, for the benefit of those who were called upon to inherit by the right of representation or inheritance transition (Article 1156).

No disclaimer shall be for the benefit of any of the above persons:

of assets inherited under a will if the whole of the decedent's estate is left by will for heirs appointed by the decedent;

of a compulsory share of an estate (Article 1149);

if an alternate heir has been appointed for the heir in question (Article 1121);

2. No disclaimer shall be for the benefit of persons who are not specified in Item 1 of the present article.

No disclaimer of inheritance shall be stipulated by conditions or special clauses.

3. An heir shall not disclaim a portion of his/her gift. However, if an heir is called upon to inherit simultaneously on several grounds (by will, by law or by inheritance transition or as a result of opening of an inheritance etc.) he shall be entitled to disclaim the gift he is entitled to on one of these grounds, on several of them or on all of them.

Article 1159. Methods of Disclaimer

1. The disclaimer of an inheritance shall be effected by the heir by means of filing a disclaimer application with a notary or official empowered under law to issue certificates of inheritance at the place of opening of the inheritance.

2. If a disclaimer application is filed with a notary by a person other than the heir or if it is mailed the signature of the heir on such application shall be attested in the manner established in Paragraph 2 of Item 1 of Article 1153 of the present Code.

3. An inheritance may be disclaimed through a representative if disclaimer powers are laid down in the powers of attorney. No powers of attorney is required for a legal representative to disclaim inheritance.

Article 1160. Right of Disclaimer of a Testamentary Trust

1. The beneficiary is entitled to refuse accepting a trust (Article 1137). In this case no trust for the benefit of another person, a trust stipulated by a clause or condition is permitted.

2. If the beneficiary is at the same time an heir his/her right specified in the present article shall not depend on his/her right to accept the inheritance or disclaim it.

Article 1161. Increment of Shares of Estate

1. If an heir does not accept his/her gift, disclaims his/her gift without indicating that the disclaimer is for the benefit of another heir (Article 1158), does not have the right to inherit or if his/her right of inheritance is forfeited on

the grounds established by Article 1117 of the present Code or as a result of invalidity of the will the portion of the estate to which such heir would have been entitled shall pass to the legal heirs called upon to inherit, pro rata to their shares of the estate.

However, if the testator has left all property to the heirs he appointed, the portion of the estate to which an heir who disclaimed his/her gift or who was dropped on the other specified grounds was entitled shall pass to the other heirs by will pro rata to their shares of the estate, except as otherwise required by the will in respect of distribution of that portion of the estate.

2. The rules contained in Item 1 of the present article shall not be applicable if an alternate heir (Item 2 Article 1121) has been appointed for the heir who disclaimed his/her gift or who was dropped on other grounds.

Article 1162. Certificate of Right to Inheritance

1. A certificate of right to inheritance shall be issued at the place of opening of the inheritance by a notary or an official empowered by law to accomplish such a notarial action.

The certificate shall be issued on the application of an heir. If heirs so wish one certificate may be issued for all the heirs or a separate certificate may be issued to each of the heirs, for the whole of the estate or for specific parts thereof.

The same procedure shall be applicable when a certificate is issued in the case of escheat in compliance with Article 1151 of this Code in the Russian Federation, a constituent entity of the Russian Federation or municipal entity.

2. If, after the issue of a certificate of right to inheritance, assets of the estate are discovered which are not covered by such a certificate, an additional certificate of right to inheritance shall be issued.

Article 1163. Term for Issue of a Certificate of Right to Inheritance

1. A certificate of right to inheritance shall be issued to heirs at any time upon the expiry of six months after the date of opening of the inheritance, except for the cases specified in the present Code.

2. In the case of succession both by will and by operation of law a certificate of right to inheritance may be issued before the expiry of six months after the opening of the inheritance if there is reliable information evidencing that there are no other heirs entitled to the inheritance or a portion thereof apart from the persons who have applied

for the certificate.

3. The issuance of a certificate of right to inheritance shall be suspended by the decision of a court and also in the case of existence of a heir conceived but not yet born.

Article 1164. Heirs' Common Ownership

In the case of succession by operation of law if an estate passes to two or several heirs and in the case of succession by will if an estate is left by will to two or several heirs without an indication of specific assets of the estate to be taken by each of the heirs the estate shall be put into the share ownership of the heirs as of the time of opening of the inheritance.

Heirs' common ownership of assets of an estate shall be subject to the provisions of Chapter 16 of the present Code on share ownership with due regard to the rules set out in Articles 1165 - 1170 of the present Code. However, in the distribution of an estate the rules of Articles 1168 - 1170 of the present Code shall be applicable within three years after the opening of the inheritance.

Article 1165. Distribution of Decedent's Estate by Agreement between Heirs

1. The assets of estate in the share ownership of two or several heirs can be divided by agreement between them.

The agreement on distribution of estate shall be subject to the rules of the present Code concerning the form of deals and form of agreements.

2. An agreement on distribution of estate incorporating immovable property, in particular, an agreement on devolution of the share of one or several heirs may be concluded by heirs after a certificate of right to inheritance has been issued thereon.

The state registration of heirs' ownership of immovable property being the subject matter of an agreement on distribution of estate shall be accomplished on the basis of the agreement on distribution of estate and the certificate of a right to an inheritance issued earlier and in cases when the state registration of heirs' rights to immovable property has been accomplished before the heirs entered the agreement on distribution of estate, on the basis of the agreement on distribution of estate.

3. A discrepancy between the way an estate is distributed by heirs in an agreement they concluded and the shares of the estate to which the heirs are entitled as specified in the certificate of right to inheritance shall not cause refusal of state registration of their rights to the immovable property received as the result of distribution of

the estate.

Article 1166. Safeguarding the Interests of a Child in the Case of Distribution of Estate

If there is an heir who has been conceived but not yet born, distribution of an estate shall be accomplished only after the birth of such a heir.

Article 1167. Safeguarding the Lawful Interests of Minors, Citizens Lacking Dispositive Capacity or Having a Limited Dispositive Capacity in the Case of Distribution of Estate

If among the heirs there are minor citizens, citizens without dispositive capacity or having a limited dispositive capacity an estate shall be distributed in compliance with the rules of Article 37 of the present Code.

For the purpose of safeguarding the lawful interests of the said heirs the tutorship and guardianship body shall be notified of the drawing up of an agreement on distribution of estate (Article 1165) has been drawn up and of a court's hearing a case of distribution of estate.

Article 1168. Right in Rem Relating to an Indivisible Item in Cases of Distribution of Estate

1. An heir who had a right of share ownership together with the testator in respect of an indivisible item (Article 133) the share in the right of which is incorporated in the estate shall have a preferential right of obtaining as offsetting his/her share of the estate the thing that was in common ownership, over the heirs who had not been party to the common ownership before, irrespective of their having used the item or not.

2. An heir who had been permanently using an indivisible item (Article 133) incorporated in an estate shall have a preferential right of obtaining as offsetting his/her share in the estate this thing, over the heirs who had not been using the thing and had not been party to the common ownership thereof.

3. If an estate incorporates housing accommodation (residential house, apartment etc.) which cannot be physically divided, the heirs who had been residing in the housing accommodation as of the date of opening of the inheritance and who do not have other housing accommodation shall have the right to enjoy a preferential treatment, in cases of distribution of estate, over the other heirs not being owners of the housing accommodation incorporated in the estate in obtaining this housing accommodation as offsetting their shares of the estate.

Article 1169. Preferential Right to Ordinary Household Articles in Cases of Distribution of Estate

In the case of distribution of estate an heir who had been residing as of the date of opening of an

inheritance together with the testator shall have a preferential right of obtaining as offsetting his/her share of the estate household articles.

Article 1170. Compensation of Mismatch between Received Assets of an Estate and the Share in the Estate

1. A mismatch between the assets of estate claimed by an heir by a preferential right under Articles 1168 or 1169 of the present Code and the heir's share of the estate shall be eliminated by means of his/her transferring other assets of the estate to other heirs or by the provision of another compensation, in particular, disbursement of the relevant amount of money.

2. Except as otherwise required by an agreement between all the heirs, the exercise of a preferential right by any of them shall be possible after the provision of a relevant compensation to other heirs.

Article 1171. Preservation of an Estate and Administration of an Estate

1. For the purpose of safeguarding the rights of heirs, beneficiaries and other persons concerned the executor of a will or the notary at the place where an inheritance is opened shall take the measures specified in Articles 1172 and 1173 of the present Code as well as other necessary measures for preservation and administration of the estate.

2. The notary shall take measures for preservation and administration of the estate on the application of one or several heirs, executor of the will, a local government body, the tutorship and guardianship body or other persons acting in the interests of preservation of the estate. If an executor of the will has been appointed (Article 1134) the notary shall take measures for preservation and administration of the estate in agreement with the executor.

The executor of the will shall take measures for the preservation and administration of the estate on his own or at the request of one or several heirs.

3. For the purpose of ascertaining the subject matter of gifts and preserving it banks, other credit institutions and other legal entities shall inform the notary, at the notary's request, of the information they have concerning assets belonging to the testator. The information so obtained shall be passed by the notary only to the executor of the will and to the heirs.

4. The notary shall take measures for preservation and administration of the estate within a term set by the notary with due regard to the nature and value of the estate and also the time required for the heirs to commence

owning their gifts but not exceeding six months, or in the cases specified in Items 2 and 3 of Article 1154 and Item 2 of Article 1156 of the present Code, not exceeding nine months after the opening of the inheritance.

The executor of the will shall take measures for the preservation and administration of the estate within the term required for executing the will.

5. In cases when assets of the estate are located in different places, the notary at the place where the inheritance has been opened shall forward instructions on the preservation and administration of the assets of the estate to the notary at the place where the relevant portion of the assets is located, via the territorial agencies of the federal executive body exercising law enforcement functions and functions of control and supervision in the notary field. If the notary at the place of opening of the inheritance knows who should take measures for the preservation of the estate, such instructions shall be forwarded to the relevant notary or official.

6. The procedure for preservation and administration of estate, in particular, the procedure for drawing up an inventory of the estate shall be determined by the legislation on notaries. The maximum limits on remuneration payable under an agreement of custody of estate and agreement of trust of estate shall be set by the Government of the Russian Federation.

7. In cases when a right to accomplish notarial actions is granted under law to officials of local government bodies and officials of consular institutions of the Russian Federation the necessary measures for preservation and administration of an estate can be taken by the relevant official.

Article 1172. Measures for Preservation of the Estate

1. For the purpose of preserving an estate the notary shall draw up an inventory of the estate in the presence of two witnesses qualifying under the criteria established in Item 2 of Article 1124 of the present Code.

The executor of the will, heirs and in relevant cases representatives of the tutorship and guardianship body can be in attendance when an inventory of estate is being drawn up.

At the request of persons specified in Paragraph 2 of the present item, the estate shall be valuated by agreement of the heirs. If no agreement is made the estate or the portion thereof not covered by a valuation agreement shall be valuated by an independent appraiser on the account of the person who has demanded the valuation of the estate, with these expenses later being distributed among the heirs pro rata to the value of the assets of estate received by each of them.

2. Money in cash incorporated in the estate shall be deposited with the notary and foreign currency valuables, precious metals and stones, articles made from them and securities that do not require management shall be handed over to a bank into the custody thereof under an agreement in compliance with Article 921 of the present Code.

3. If the notary is aware that weapons make up a portion of the estate he shall notify the bodies of interior affairs accordingly.

4. Assets incorporated in the estate but not specified in Items 2 and 3 of the present article, if it does not require management, shall be passed by the notary under an agreement to an heir into the custody thereof, or if it cannot be passed to a heir, to another person at the notary's discretion.

In the case of succession by a will whereby an executor of the will is appointed, the executor of the will shall be responsible for the custody of the said assets of estate on his own or by means of entering into a custody agreement with an heir or another person chosen at the discretion of the notary.

Article 1173. Management on Trust of the Estate

If the estate incorporates assets that require management apart from preservation (an enterprise, an interest in the authorised (aggregate) capital of a partnership or company, securities, exclusive rights etc.) the notary, acting as a trustee under Article 1026 of the present Code, shall conclude a trust agreement in respect of such assets.

In the case of succession by a will whereby an executor of the will is appointed, the rights of the trustee shall belong to the executor of the will.

Article 1174. Reimbursement of Expenses Incurred Due to the Death of the Testator and Expenses Towards Preservation and Administration of the Estate

1. The necessary expenses incurred due to the pre-death illness of the testator, decent funeral expenses, including the necessary expenses incurred as payment for the place of burial of the testator, estate preservation and administration expenses and also testamentary expenses shall be reimbursable out of the decedent's estate within the value thereof.

2. Claims for reimbursement of the expenses specified in Item 1 of the present article may be presented to heirs which have accepted their gifts and, before the acceptance of a gift, to the executor of the will or satisfied on the account of the estate.

Such expenses shall be reimbursed before the repayment of debts to creditors of the testator and within the limits of value of the portion of the estate taken by each of the heirs. In such cases expenses incurred in connection with the testator's illness and funeral shall rank as first category, estate preservation and administration expenses as second category and testamentary expenses as third category.

3. Any amounts of money owned by the testator, including bank deposits and accounts, may be used to bear the testator's decent funeral expenses.

The banks having in their deposits or accounts the testators' amounts of money shall provide them on the notary's decision to the person specified in the decision for the purpose of making payment towards these expenses.

An heir to whom amounts of money in the testator's deposit or any other bank account have been left by will, in particular in cases when they were left by means of testamentary instructions in a bank (Article 1128), shall be entitled at any time before the expiry of six months after the opening of the inheritance to receive from the testator's deposit or bank account amounts of money required for the funeral of the testator.

The amount of money handed out by the bank in keeping with the present item for funeral purposes to an heir or a person indicated in the notary's decision shall not exceed forty thousand roubles.

The rules of the present item shall be correspondingly applicable to other credit organisation entitled to raise citizens' funds in deposit and other accounts.

Article 1175. Heirs' Liabilities for the Testator's Debts

1. Heirs who have accepted their gift shall be liable together for the debts of the testator (Article 323).

Each of the heirs shall be liable for the testator's debts within the limits of the value of the gift he/she takes.

2. An heir who has accepted his/her gift by way of hereditary transition (Article 1156) shall be liable for the testator's debts within the limits of the value of the gift and the gift shall not be collected for the debts of the heir from which he/she acquired the right to the gift.

3. Testator's creditors are entitled to present their claims to heirs who have accepted their gifts, within the statutory limitation term set for relevant claims. Until the acceptance of the gift creditors' claims may be presented

to the executor of the will or the estate may be collected to satisfy the claims. In the latter case a court shall suspend considering the case until the time when the estate is distributed among the heirs or passed under Article 1151 of this Code to the Russian Federation, a constituent entity of the Russian Federation or municipal entity by way of escheat.

When the testator's creditors file claims, the statutory limitation term established for relevant claims shall not be broken, suspended or reinstated.

Chapter 65. Succession of Specific Types of Assets

Article 1176. Succession of Rights Connected with an Interest in Economic Partnerships and Companies and Production Co-Operatives

1. The estate of a participant in a general partnership or of a general partner in a partnership in commendam, a participant in a limited liability company or a supplementary liability company or a member of a production co-operative shall include the participant's (member's) share of the share (authorised) capital (assets) of the respective partnership, company or co-operative.

If for an heir to join a business partnership or production cooperative or for an heir to acquire a share in the authorised capital of a business company the consent of the rest of the participants in the partnership or company or members of the co-operative is required under the present Code, other laws or the foundation documents of a business partnership or company or a production co-operative, and if the heir has been refused such a consent he/she shall be entitled to receive from the business partnership or company or production co-operative the actual value of inherited share or a portion of the assets pro rata to the share, in the manner established for such cases by the rules of the present Code, other laws or the foundation documents of the legal entity.

2. The estate of an investor in a partnership in commendam shall include his/her share in the share capital of the partnership. The heir to whom this share has been transferred shall become an investor in the partnership in commendam.

3. The estate of a participant in a joint-stock company shall include the shares he/she owned. The heirs by whom these shares have been taken shall become participants in the company.

Article 1177. Succession of Rights Relating to Participation in a Consumer Co-Operative

1. The estate of a member of a consumer co-operative shall include his/her share.

A heir of a member of a housing, dacha or other consumer co-operative shall be entitled to admittance as member of a respective co-operative. Admittance to membership in the co-operative shall not be refused for such a heir.

2. The decision of the issue as to which of the heirs may be admitted to become a member of a consumer co-operative in the case when the testator's share has been taken by several heirs and also the procedure, methods and term for disbursing amounts of money payable to the heirs who have not become members of the co-operative or for handing out assets in kind to them in place of the money shall be governed by the law on consumer co-operatives and the foundation documents of the respective co-operative.

Article 1178. Succession of an Enterprise

A heir who, as of the date of opening an inheritance, had been registered as an individual entrepreneur or a commercial organisation being a heir by will shall enjoy a preferential right in the case of estate distribution to receive an enterprise incorporated in the estate to offset his share of inheritance (Article 132), given the observance of the rules of Article 1170 of the present Code.

If neither of the heirs has the said preferential right or has not exercised such right, the enterprise incorporated in the estate shall not be subject to partition and shall come under the share ownership of the heirs in compliance with the gifts they are entitled to, except as otherwise required by an agreement of the heirs who have taken the estate incorporating the enterprise.

Article 1179. Succession of Property of a Member of a Peasant (Individual) Farm

1. On the death of any member of peasant (individual) farm inheritance shall be opened and succession shall be accomplished on general terms, given the observance of the rules of Articles 253-255 and 257-259 of the present Code.

2. If a heir of a deceased member of peasant (individual) farm is not himself/herself a member of the farm he/she shall be entitled to receive compensation pro rata to the share of the assets in share ownership of members of the farm he/she is entitled to. The term for disbursement of the compensation shall be set by agreement of the heir with the members of the farm, or if there is no agreement, by a court, but it shall not exceed one year after the opening of the inheritance. If there is no agreement between the members of the farm and the said heir to the contrary, the share of the testator in the assets shall be deemed equal to the shares of other members of the farm.

If the heir is admitted as a member of the farm the said compensation shall not be payable for his/her benefit.

3. In cases when on the death of a member of a peasant (individual) farm the farm is terminated (Item 1 of Article 258), in particular, in connection with the fact that the deceased had been the sole member of the farm and neither of his/her heirs wishes to keep running the peasant (individual) farm, the assets of the peasant (individual) farm shall be subject to distribution between the heirs according to the rules of Articles 258 and 1182 of the present Code.

Article 1180. Succession of Items with Limited Alienability

1. Weapons, highly effective and poisonous substances, narcotic drugs and psychotropic substances and other things with limited alienability (Paragraph 2 of Item 2 of Article 129) that had been owned by the testator shall be incorporated in the estate and be inherited on the general terms established by the present Code. No special permission shall be required for taking a gift that includes such things.

2. Until the time when the heir obtains a special permission for such things, measures for ensuring the security of the things with limited alienability shall be taken in keeping with the procedure established by law for this kind of property.

If the heir is refused the said permission his/her right of ownership of such property shall be subject to termination in compliance with Article 238 of the present Code and proceeds from the sale of the property less sales expenses shall be payable to the heir.

Article 1181. Succession of Plots of Land

A plot of land or a right of lifetime inheritable ownership of a plot of land owned by the testator shall be included in the estate and inherited on the general terms established by the present Code. No special permission is required for taking a gift incorporating this property.

In the case of succession of a plot of land or a right of lifetime inheritable ownership of a plot of land, the succession shall also include the surface layer of the plot of land (soil), bodies of water, the plants located thereon, except as otherwise established by a law.

Article 1182. Peculiarities of Partition of a Plot of Land

1. The partition of a plot of land belonging to heirs by the right of common ownership shall be accomplished on the basis of the minimum size of plot of land set for the participants with a relevant purpose.

2. If the plot of land cannot be divided in the manner established by Item 1 of the present article the plot of land shall pass to an heir having a preferential right of obtaining this plot of land as offsetting his/her share of the estate. Compensation shall be provided to the other heirs in the manner established by Article 1170 of the present Code.

If neither of the heirs has a preferential right of obtaining the plot of land or has exercised such his/her right the heirs shall possess, use and dispose of this plot of land by the right of share ownership.

Article 1183. Succession of Outstanding Amounts of Money Granted to a Citizen as Means of Subsistence

1. The right to receive the amounts of wage/salary and payments qualifying as such, pension, stipend, social insurance benefit, damages for harm to life or health, alimony and other amounts of money provided to the testator as means of subsistence which had been payable for his benefit but had not been received in his lifetime shall belong to the members of the testator's family who had been residing together with him and also his disabled dependants, irrespective of their having resided with the deceased or not.

2. Claims for the disbursement of amounts of money under Item 1 of the present article shall be presented to the persons liable within four months after the opening of the inheritance.

3. If there are no persons entitled under Item 1 of the present article to receive outstanding amounts of money that had been owing the testator or if these persons have not presented their claims for the disbursement of such amounts of money within the established term, these amounts of money shall be included in the estate and inherited on the general terms established by the present Code.

Article 1184. Succession of Assets Granted to the Testator by the State or a Municipal Entity on Privileged Terms

Means of transportation and other assets granted by the state or a municipal entity to the testator on privileged terms in connection with his disability or other similar circumstances shall be incorporated in the estate and inherited on the general terms established by the present Code.

Article 1185. Succession of State Awards, Honour and Commemorative Badges

1. The state awards bestowed on the testator and covered by the legislation on the state awards of the Russian Federation shall not be included in the estate. The transfer of the said awards on the death of the decedent to other persons shall be subject to the procedure established by the legislation on state awards of the Russian Federation.

2. The state awards that had belonged to the testator which are not covered by the legislation on state awards of the Russian Federation, honour, commemorative and other badges, including awards and badges being part of collections, shall be included in the estate and inherited on the general terms established by the present Code.

Section VI. International Private Law

Chapter 66. General Provisions

Article 1186. Determining the Law Governing Civil Legal Relations Involving the Participation of Foreign Persons or Civil Legal Relations Complicated by Another Foreign Factor

1. The law applicable to civil legal relations involving the participation of foreign citizens or foreign legal entities or civil legal relations complicated by another foreign factor, in particular, in cases when an object of civil rights is located abroad shall be determined on the basis of international treaties of the Russian Federation, the present Code, other laws (Item 2 of Article 3) and usage recognised in the Russian Federation.

The peculiarities of determining the law subject to application by the international commercial arbitration tribunal shall be established by a law on the international commercial arbitration tribunal.

2. If under Item 1 of the present article it is impossible to determine the law subject to application the law of the country with which a civil legal relation complicated by a foreign factor is most closely related shall apply.

3. If an international treaty of the Russian Federation contains substantive law norms governing a relevant relation, a definition on the basis of law of conflict norms governing the matters fully regulated by such substantive law norms is prohibited.

Article 1187. Construction of Legal Terms in the Definition of Applicable Law

1. When applicable law is being defined legal terms shall be construed in compliance with the Russian law, except as otherwise required by law.

2. If, when applicable law is being defined, legal terms that require qualification are not known to Russian law or are known in another wording or with another content and if they cannot be defined by means of construction under Russian law a foreign law may be applied to the construction thereof.

Article 1188. The Application of the Law of a Country with Several Legal Systems

In cases when the law of a country where several systems of law are in effect the system of law defined in compliance with the law of that country shall apply. If under the law of that country it is impossible to define which of the systems of law is applicable the system of law to which the relation is the strongest shall apply.

Article 1189. Reciprocity

1. A foreign law shall be applicable in the Russian Federation, irrespective of the applicability of Russian law to relations of the kind in the relevant foreign state, except for cases when the application of a foreign law on reciprocal basis is required by law.

2. Where the application of a foreign law depends on reciprocity such a reciprocity shall be deemed to exist unless the contrary is proven.

Article 1190. Reverse Reference

1. Any reference to a foreign law in compliance with the rules of the present section shall be deemed a reference to substantive law rather than the law of conflict of the relevant country, except for the cases specified in Item 2 of the present article.

2. A reverse reference of a foreign law may be accepted in the cases of reference to the Russian law defining the legal status of a natural person (Articles 1195 - 1200).

Article 1191. Establishing the Content of Foreign Law Norms

1. Where a foreign law is applied a court shall establish the content of its norms in compliance with the official construction, application practices and doctrine thereof in the relevant foreign state.

2. For the purpose of establishing the content of norms of a foreign law a court may apply in the established manner to the Ministry of Justice of the Russian Federation and other competent bodies or

organisations in the Russian Federation and abroad for assistance and clarification or may use the services of experts.

Persons being party to a case may present documents confirming the content of foreign law norms to which they refer to substantiate their claims or objections and provide other assistance to a court in establishing the content of these norms.

As concerns claims relating to the pursuance of entrepreneurial activity by parties, the burden of proving the content of foreign law norms may be vested by a court in the parties.

3. If, despite measures taken in compliance with the present articles, the content of foreign law norms fails to be established within a reasonable term, the Russian law shall apply.

Article 1192. Application of Imperative Norms

1. The regulations of the present section shall not affect the applicability of the imperative norms of the legislation of the Russian Federation which, due to indication in the imperative norms themselves or due to their special significance, in particular, for safeguarding the rights and law-protected interests of participants in civil law relations, regulate relevant relations, irrespective of the law that is subject to application.

2. According to the rules of the present section, when the law of any country is applied a court may take into account imperative norms of another country closely related to the relationship if under the law of that country such norms are to govern relevant relations, irrespective of the law that is subject to application. In such cases the court shall take into account the purpose and nature of such norms and also the consequences of their application or non-application.

Article 1193. Public Order Clause

A norm of a foreign law subject to application in keeping with the rules of the present section shall not be applicable in exceptional cases when the consequences of its application would have obviously been in conflict with the fundamentals of law and order (public order) of the Russian Federation. In such a case a relevant norm of Russian law shall be applied if necessary.

A refusal to apply a norm of a foreign law shall not be based exclusively on a difference of the legal, political or economic systems of a relevant foreign state from the legal, political or economic system of the Russian Federation.

Article 1194. Retortions

The Government of the Russian Federation may establish reciprocal limitations (retortions) on the proprietary and personal non-proprietary rights of citizens and legal entities of the states where special limitations exist on the proprietary and personal non-proprietary rights of Russian citizens and legal entities.

Chapter 67. The Law Governing Determination of the Legal Status of Persons

Article 1195. The Personal Law of Natural Persons

1. The personal law of a natural person shall be the law of the country of which the person is a citizen.

2. If, apart from being a Russian citizen, a person also has foreign citizenship, his/her personal law shall be deemed Russian law.

3. If a foreign citizen has place of residence in Russian Federation his/her personal law shall be deemed Russian law.

4. If a person has several foreign citizenships his/her personal law shall be deemed the law of the country in which the person has place of residence.

5. The personal law of a person without citizenship shall be deemed the law of the country where he/she has place of residence.

6. The personal law of a refugee shall be deemed the law of the country where he/she has been granted asylum.

Article 1196. The Law Governing Determination of the Civil Legal Capacity of a Natural Person

The civil legal capacity of a natural person shall be determined by his/her personal law. In such a case foreign citizens and persons without citizenship shall possess civil legal capacity in the Russian Federation in equal measure with Russian citizens, except for the cases established by law.

Article 1197. The Law Governing Determination of the Civil Dispositive Capacity of a Natural Person

1. The civil dispositive capacity of a natural person shall be determined by his/her personal law.

2. A natural person who does not have civil dispositive capacity according to his/her personal law shall have no right to refer to his/her lacking dispositive capacity if he/she has dispositive capacity at the place where the

deal was made, except for the cases in which the other party knew or was obviously supposed to know of the lack of dispositive capacity.

3. The recognition of a natural person in the Russian Federation as having no dispositive capacity or as having a limited dispositive capacity shall be governed by Russian law.

Article 1198. The Law Governing Determination of the Rights of a Natural Person to a Name

Natural person's rights to a name, the use and protection of a name shall be determined by his/her personal law, except as otherwise required by the present Code or other laws.

Article 1199. The Law Governing Tutorship and Guardianship

1. Tutorship and guardianship over minors, adults having no dispositive capacity or having a limited dispositive capacity shall be appointed and terminated according to the personal law of the person over which it is appointed or terminated.

2. The tutor's (guardian's) duty to accept tutorship (guardianship) shall be determined according to the personal law of the person who is appointed a tutor (guardian).

3. Relations between a tutor (guardian) and a person under his/her tutorship (guardianship) shall be determined according to the law of the country whose institution has appointed the tutor (guardian). However, when a person under tutorship (guardianship) has place of residence in the Russian Federation, Russian law shall apply if it is more favourable for such a person.

Article 1200. The Law Governing Cases of a Natural Person's Being Declared Missing or Dead

The declaration in the Russian Federation of a natural person as missing or dead shall be governed by Russian law.

Article 1201. The Law Governing Determination of the Possibility for a Natural Person to Pursue Entrepreneurial Activity

The natural person's right to pursue entrepreneurial activity as an individual entrepreneur, without the formation of a legal entity, shall be determined by the law of the country where the natural person is registered as an individual entrepreneur. If this rule cannot be applied due to lack of a compulsory registration the law of the country of the main place of business shall apply.

Article 1202. The Personal Law of a Legal Entity

1. The personal law of a legal entity shall be deemed the law of the country where the legal entity has been founded.

2. In particular the following shall be determined on the basis of the personal law of a legal entity:

1) an organisation's status as a legal entity;

2) the organisational legal form of a legal entity;

3) the standards governing the name of a legal entity;

4) issues concerning the formation, re-organisation and liquidation of a legal entity, in particular matters of succession;

5) the content of the legal capacity of a legal entity;

6) the procedure for acquisition of civil rights and assumption of civil duties by a legal entity;

7) in-house relations, in particular, relations between a legal entity and its founders;

8) a legal entity's capacity to be liable for its obligations.

3. A legal entity shall not refer to a limitation on the powers of its body or representative to enter into a deal which is not known in the law of the country where the body or the representative has entered into the deal, except for cases when it is proven that the other side in the deal knew or was obviously supposed to know of the said limitation.

Article 1203. The Personal Law of a Foreign Organisation Not Qualifying as a Legal Entity under Foreign Law

The personal law of a foreign organisation not qualifying as a legal entity under foreign law shall be deemed the law of the country where this organisation was founded.

If Russian law is applicable, the activity of such an organisation shall be accordingly subject to the rules of the present Code which govern the activities of legal entities, except as otherwise required by a law, other legal acts or the substance of the relation in question.

Article 1204. Participation of a State in Civil Legal Relations Complicated by a Foreign Factor

Civil legal relations complicated by a foreign factor as involving the participation of a state shall be subject to the rules of the present section on general terms, except as otherwise established by law.

Chapter 68. The Law Governing Proprietary and Personal Non-Proprietary Relations

Article 1205. General Provisions Concerning the Law Governing Rights in Rem

1. The content of a right of ownership and other rights in rem relating to immovable and movable property, the exercise and protection thereof shall be determined according to the law of the country where such property is located.

2. Property shall be classified as immovable or movable in compliance with the law of the country where such property is located.

Article 1206. The Law Governing the Emergence and Termination of Rights in Rem

1. The emergence and termination of a right of ownership and other rights in rem relating to property shall be determined by the law of the country where such property was located as of the time when the action was committed or another circumstance occurred which served as a ground for the emergence or termination of the right of ownership or other rights in rem, except as otherwise required under law.

2. The emergence and termination of a right of ownership or other rights in rem relating to a deal concluded in respect of property en route shall be determined by the law of the country from which the property has been dispatched, except as otherwise required under law.

3. The emergence of a right of ownership or other rights in rem in respect of property by virtue of acquisitive prescription shall be determined by the law of the country where the property was located as of the time of expiry of the acquisitive prescription term.

Article 1207. The Law Governing Rights in Rem Relating to Aircraft, Vessels and Spacecraft

An ownership right and other rights in rem in respect of aircraft, sea vessels, inland navigation vessels, space craft subject to state registration, the exercise and protection of such rights shall be subject to the law of the country where such aircraft, vessels and space craft are registered.

Article 1208. The Law Governing Statute of Limitations

The statute of limitations shall be determined by the law of the country governing a relation in question.

Article 1209. The Law Governing the Form of Transaction

1. The form of transaction shall be governed by the law of place of conclusion. However, a transaction concluded abroad cannot be declared null and void because of a failure to comply with the form, if the provisions of Russian law have been observed.

The rules set out in Paragraph 1 of the present item shall be applicable, in particular, to the form of powers of attorney.

2. The form of a foreign trade transaction in which at least one party is a Russian legal entity shall be governed by Russian law, irrespective of the place where the transaction was concluded. This rule shall be applicable, in particular, in cases when at least one of the parties to such a transaction is a natural person pursuing entrepreneurial activities whose personal law under Article 1195 of the present Code is Russian law.

3. The form of a transaction relating to immovable property shall be governed by the law of the country where the property is located and in respect of an immovable property recorded in a state register of the Russian Federation, by Russian law.

Article 1210. Selection of Law by the Parties to a Contract

1. When they enter into a contract or later on the parties thereto may select by agreement between them select the law that will govern their rights and duties under the contract. The law so selected by the parties shall govern the emergence and termination of a right of ownership and other rights in rem relating to movable property with no prejudice for the rights of third persons.

2. An agreement of parties as to the selection of law to be applicable shall be expressly stated or shall clearly ensue from the terms and conditions of the contract or the complex of circumstances of the case.

3. Selection of applicable law made by parties after the conclusion of a contract shall have retroactive effect and it shall be deemed valid, without prejudice for the rights of third persons, beginning from the time when the contract was concluded.

4. The parties to a contract may select applicable law both for the contract as a whole and for specific parts thereof.

5. If it ensues from the group of circumstances of a case that were in existence as of the time of selection of applicable law that the contract is actually connected with only one country the parties' selection of the law of another country shall not affect the imperative norms of the country with which the contract is actually connected.

Article 1211. The Law Governing a Contract in the Case of Lack of Parties' Agreement on Applicable Law

1. Where there is no agreement of parties on applicable law, the contract shall be subject to the law of the country with which the contract has the closest relation.

2. The law of the country with which a contract has the closest relation shall be deemed the law of the country where the party responsible for the performance under the contract of crucial significance for the content of the contract has its place of residence or main place of business, except as otherwise ensuing from the law, the terms or substance of the contract or the group of circumstances of the case in question.

3. A party responsible for the performance under a contract of crucial significance for the content of the contract shall be a party which, in particular, is the following, except as otherwise ensuing from law, the terms or substance of the contract or the group of circumstances of the case in question:

1) a seller - in a sales contract;

2) a donor - in a donation contract;

3) a lessor/landlord - in a lease;

4) a lender - in a contract of gratuitous use;

5) a contractor - in a contract;

6) a carrier - in a carriage contract;

7) a forwarding agent - in a forwarding contract;

8) a lender (a creditor) - in a loan (credit) contract;

9) a financial agent - in a case in action assignment financing contract;

10) a bank - in a bank deposit contract and bank account contract;

11) a custodian - in a custody contract;

12) an insurer - in an insurance policy;

13) an agent - in a contract of agency;

14) a commission agent - in a contract of commission agency;

15) an agent - in a contract of agency service;

16) a franchisor - in a contract of franchise;

17) a mortgagor - in a mortgage contract;

18) a surety - in a suretyship contract;

19) a licensor - in a licence contract.

4. The law of the country with which the contract has the closest relation shall be as follows, except as otherwise ensuing from law, the terms or substance of the contract or the complex of circumstances of the case:

1) for a contract of independent building contractor work and a contract of independent design and prospecting contractor work - the law of the country where on the whole the results stipulated by the contract are created;

2) for a contract of general partnership - the law of the country where on the whole the activity of the partnership is pursued;

3) for a contract concluded by auction, tender or commodity market - the law of the country where the auction, tender is held or the commodity market is situated.

5. A contract that has features of various types of contract shall be subject to the law of the country with which this contract as a whole has the closest relation, except as otherwise ensuing from law, the terms or substance of the contract or the group of circumstances of the case in question.

6. If internationally accepted trading terms are used in a contract it shall be deemed, unless there are directions to the contrary in the contract, that the parties have agreed on their application to their relations of business transaction usage designated by relevant trading terms.

Article 1212. The Law Governing a Contract with Participation of a Consumer

1. Selection of the law governing a contract whereto a party is a natural person using, acquiring or ordering or intending to use, acquire or order movable things (works, services) for personal, family, household or other purposes and not connected with the pursuance of entrepreneurial activity shall not cause deprivation of the natural person (consumer) of remedies relating to his/her rights which are provided by imperative norms of the law of the country where the consumer has place of residence if any of the below circumstances have occurred:

1) in that country the conclusion of the contract had been preceded by an offer addressed to the consumer or an advertisement and the consumer has committed in the same country actions required for the purpose of entering into the contract;

2) a contract partner of the consumer or a representative of such a partner has received an order from the consumer in that country;

3) an order for acquisition of movable things, performance of works or provision of services has been made by the consumer in another country visited on the initiative of a contract partner of the consumer, if such an initiative was aimed at encouraging the consumer to enter into the contract.

2. If there is no agreement of the parties as to applicable law and if there are the circumstances specified in Item 1 of the present article the law of the country where the consumer has place of residence shall govern the contract with the participation of a consumer.

3. The rules established by Items 1 and 2 of the present article shall not be applicable to:

1) a carriage contract;

2) a work performance contract or a service provision contract if the work is to be performed or the service to be provided exclusively in a country other than the country where the consumer has place of residence.

The exemptions specified in the present item shall not extend to contracts for the provision of the services of carriage and accommodation for a single price (irrespective of the inclusion of other services in the single price), in particular, tourist service contracts.

Article 1213. The Law Governing Contracts Relating to Immovable Property

1. Where there is no agreement of parties on applicable law in respect of immovable property, the law of the country with which the contract has the closest relation shall apply. The right of the country with which the contract has the closest relation shall be deemed the law of the country where the immovable property is located, except as otherwise ensuing from law, the terms or substance of the contract or the set of circumstances of the case in question.

2. Contracts relating to plots of land, tracts of sub-soil and other immovable property located on the territory of the Russian Federation shall be subject to Russian law.

Article 1214. The Law Governing Contracts for the Formation of a Legal Entity with Foreign Interest

A contract for the formation of a legal entity with foreign interest shall be subject to the law of the country in which the legal entity is to be founded.

Article 1215. The Applicability of Law Governing a Contract

The following shall be in particular determined by the law governing a contract in keeping with the rules of Articles 1210 - 1214, 1216 of the present Code:

1) the construction of the contract;

2) the rights and duties of the parties to the contract;

3) performance under the contract;

4) the consequences of a default on performance or improper performance under the contract;

5) the termination of the contract;

6) the consequences of invalidity of the contract.

Articled 1216. The Law Governing Assignment of a Claim

1. The law governing a claim assignment agreement between the initial and new creditors shall be determined in compliance with Items 1 and 2 of Article 1211 of the present Code.

2. The admissibility of a claim assignment, relations between the new creditor and the debtor, the conditions for the claim to be presented to the debtor by the new creditor and also the issue of the debtor's appropriate performance under his obligation shall be determined by the law applicable to the claim being the subject matter of the assignment.

Article 1217. The Law Governing Obligations Emerging from Unilateral Transactions

Except as otherwise required by law, the terms or substance of the transaction or the set of circumstances of the case in question, obligations emerging from unilateral transactions shall be governed by the law of the country where the party assuming obligations under a unilateral transaction has place of residence or main place of business.

The effective term of powers of attorney and the grounds for declaring it null and void shall be determined by the law of the country where the powers of attorney were issued.

Article 1218. The Law Governing the Relations of Payment of Interest

The grounds for collecting, the calculation procedure and the rate of interest on pecuniary obligations shall be governed by the law of the country governing a given obligation.

Article 1219. The Law Governing Obligations Emerging as a Result of Infliction of Harm

1. Obligations emerging as a result of infliction of harm shall be governed by the law of the country where the action or other circumstance that has served as ground for damages claim occurred. In cases when the action or other circumstances caused harm in another country, the law of that country may be applied if the person

causing the harm foresaw or should have foreseen the onset of the harm in that country.

2. Obligations emerging as a result of infliction of harm abroad, if the parties are citizens or legal entities of one and the same country, shall be governed by the law of that country. If the parties to such an obligation are not citizens of one and the same country but have place of residence in one and the same country the law of that country shall apply.

3. After the committing of an action or onset of another circumstance that entailed infliction of harm the parties may come to an agreement that the obligation that has emerged as a result of infliction of the harm is to be governed by the law of the country of the court.

Article 1220. Applicability of the Law Governing Obligations Emerging as a Result of Infliction of Harm

The following, in particular, shall be determined on the basis of the law governing obligations emerging as a result of infliction of harm: 1) a person's capacity to be liable for harm inflicted;

2) the vesting of liability for harm in a person who is not the cause of harm;

3) grounds for liability;

4) grounds for limitation of liability and relief from liability;

5) the methods of compensation for harm;

6) the scope and amount of compensation for harm.

Article 1221. The Law Governing Liability for Harm Inflicted as a Result of Defects of Goods, Works or Services

1. At the discretion of the victim, the following shall be chosen to govern a claim for compensation of harm inflicted as a result of defects of goods, works or services:

1) the law of the country where the seller or manufacturer of the goods or other causer of harm has place of residence or main place of business;

2) the law of the country where the victim has place of residence or main place of business;

3) the law of the country where the works or services have been completed or the law of the country where the goods were acquired.

The selection of the law at the discretion of the victim from the options set out in Sub-items 2 or 3 of the present item may be recognised only in cases when the causer of harm fails to prove that the goods were brought into the given country without his consent.

2. If the victim did not exercise his right to choose applicable law as specified in the present article the applicable law shall be determined in compliance with Article 1219 of the present Code.

3. Accordingly, the rules of the present code shall be applicable to claims for compensation of harm inflicted as a result of unreliable or insufficient information on goods, works or services.

Article 1222. The Law Governing Obligations Emerging as a Result of Unfair Competition

Obligations emerging as a result of unfair competition shall be governed by the law of the country whose market has been affected by the competition, except as otherwise required by law or the substance of the obligation.

Article 1223. The Law Governing Obligations Emerging as a Result of Unjust Gains

1. Obligations emerging as a result of unjust gains shall be governed by the law of the country where the enrichment has taken place.

The parties may come to an agreement that the law of the court is to govern such obligations.

2. If an unjust gain occurs in connection with a legal relation that exists or is assumed to exist due to which property was acquired, the obligations emerging as a result of the unjust enrichment shall be governed by the national law that governed or could have governed this legal relation.

Article 1224. The Law Governing Succession Relations

1. Succession relations shall be determined by the law of the country where a testator had his last place of residence, except as otherwise required by the present article.

Immovable property succession shall be governed by the law of the country where property is located and succession of immovable property recorded in a state register of the Russian Federation shall be governed by Russian law.

2. The capacity of a person to create a will or revoke it, in particular, in relation to immovable property and also the form of such a will or will revocation act shall be governed by the law of the country where the testator had place of residence as of the time of creation of such a will or act. However, a will or revocation of a will shall not be declared void because the form has failed to be observed if the form meets the requirements of the law of the place of creation of the will or will revocation act or the provisions of Russian law.

~~* Chapter 17 of the Code shall be put into force from the date of the enforcement of the Land Code of the Russian Federation, endorsed by the State Duma of the Federal Assembly of the Russian Federation.~~