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Russia introduces fines for violating Internet Audience Research Law and social advertising obligations

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In April 2022, 80% of the population over the age of 12 (97.5 million people in Russia) used the internet. While this data shows the promising development of the online media business in Russia, the number of regulatory requirements in this area increases every year as well. Since 17 February 2023, there have been new penalties for violations in the fields of advertising and information, which should be taken into account when operating an online media business in Russia.

Internet Audience Research law

Starting 1 October 2021, the Russian Law on Information was supplemented by a new article, article 12.2, which is conventionally called the "Internet Audience Research Law". (1)

The Internet Audience Research Law requires the website owner to provide information about its visitors and content to the authorised organisation chosen by the Federal Service for Supervision of Communications, Information Technology and Mass Media (Roscomnadzor). On 2 February 2022, Roscomnadzor's commission has chosen the company Mediascope to be this authorised organisation.

To comply with the requirements of the Internet Audience Research Law, companies must install a special Mediascope software on their site (a "website checker") or enter into an agreement and provide data to Mediascope.

This law applies to Russian and foreign companies mentioned in the special list of Roscomnadzor. A website may be included in this list if it satisfies the following criteria:

- The site is a news aggregator.
- The site is an audio-visual service.
- The site distributes information in Russian (or any other language spoken in Russia) and:
 - o has an average daily audience of more than 1,000 Russian users within a month;
 - o users have the ability to post information on the site; or
 - o it posts socially significant information.

The list may be updated in the future and currently includes 79 companies, including:

- Netflix;
- · Facebook;
- Instagram;
- · Likee;
- TikTok:
- · Twitter; and
- YouTube.

New fines

Even though the requirements of the Internet Audience Research Law have been in force since 1 October 2021, there were no fines for non-compliance. The new federal law No. 32-FZ on Amendments to the Code of Administrative Offences of the Russian Federation, dated 17 February 2023 (Law No. 32-FZ), has introduced administrative fines prescribed in article 13.40.1. of the Code of Administrative Offenses. On a case-by-case basis, the fines may apply to legal entities and their responsible managers.

A company (ie, the owner of the website subject to audience volume research) may face a fine of 100,000 to 500,000 rubles (approximately \$1250 to \$6250) if it fails to:

- · install a special website checker and/or provide Mediascope with the necessary data; or
- comply with the procedure of providing data to Mediascope.

Responsible managers may face a fine of 30,000 to 100,000 rubles (approximately \$375 to \$1250).

For a repeated offense a responsible manager will pay up to 200,000 rubles (approximately \$2500), while a company will pay up to 1,000,000 rubles (approximately \$12,300).

Ads

In addition to fines on audience research obligations, Law No. 32-FZ introduces fines for violations in the field of social advertising.

For example, ad distributors who distribute advertising on their websites with traffic of more than 100,000 users from Russia per day must provide data, sign a contract with the Internet Development Institute, which has been chosen as the "operator of social advertising", and distribute social advertising on their websites.

Failure to comply with these requirements elicits the following fines:

- for the manager responsible, a fine from 30,000 to 100,000 rubles (approximately \$375 to \$1250);
- for companies, a fine from 200,000 to 500,000 rubles (approximately \$2500 to \$6250);
- for a repeated offense a responsible manager, a fine of up to 200,000 rubles (approximately \$2500); and
- for a repeated offense of a company, a fine of up to 1,000,000 (approximately \$12,300).

Comment

The above amendments are closely connected with large-scale changes in the sphere of online advertising in Russia and the state's desire to have accurate data on the activities of market participants. This area of business has great prospects for growth and development. Therefore, those companies that can demonstrate compliance with all the necessary requirements will hold a competitive advantage.

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Endnotes

(1) Federal Law No. 149-FZ on Information, Information Technology and Information Security, dated 7 July 2006.