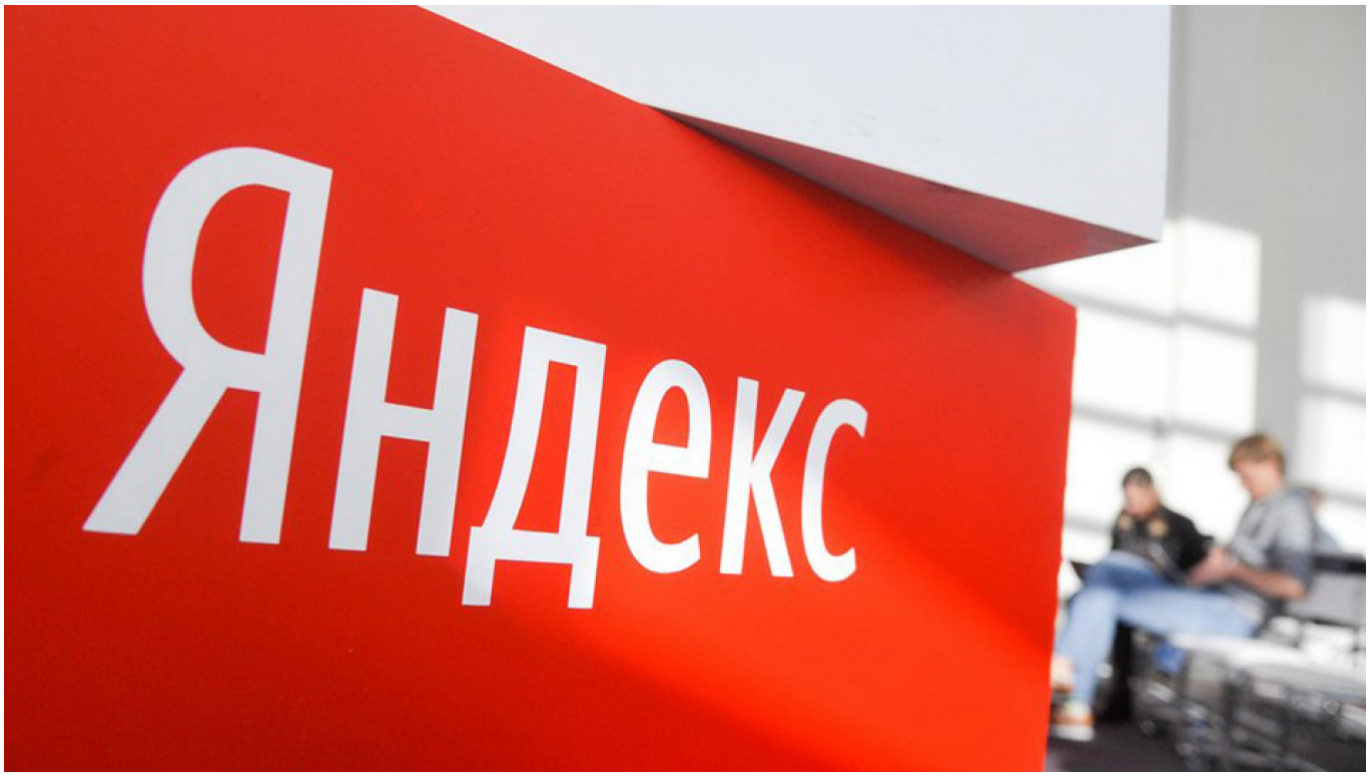
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Yandex Shares Drop on Draft Foreign Ownership Law

The draft law proposes to limit foreign ownership in significant IT companies to 20%.

By Reuters

July 29, 2019



Yandex and Mail.ru are among those companies most likely to be affected. **Alexander Avilov / Moskva News Agency**

Shares in Yandex, Russia's answer to Google, fell by more than 3% Monday after a draft law proposed limiting foreign ownership in "significant" Russian IT companies to 20%.

It is not clear whether the draft law submitted Friday will be approved or amended. But if it is introduced, Moscow-listed Yandex and Mail.ru are among those companies most likely to be affected.

Critics say Russian authorities have taken steps to tighten control of the internet, threatening to stifle individual and corporate freedom. But the Kremlin says it is trying to protect the

integrity of the internet's Russian-language segment.

"The adoption of this bill could destroy the unique ecosystem of Internet businesses in Russia, where local players successfully compete with global companies," Yandex said.

Related article: Yandex, Uber Joint Venture to Buy Vezet Group Call Centers in Russia

Mail.ru has also warned against adopting the law in its current form. "Mail.ru Group plans to take part in the discussion and is confident that the state will find a solution acceptable to all sides," it said in a statement.

Analysts at VTB Capital said there was a good chance, however, that the draft law would be softened, given mixed reactions from various quarters.

Konstantin Noskov, minister of communications, has said he opposes the initiative which he fears would hurt Russian companies by damaging their ability to compete globally.

"I absolutely don't support this idea," Noskov said. "The companies against which the bill is directed, in particular, Yandex and Mail.ru, are our national treasure," he told Reuters on Monday.

Under the draft law, which if approved would come into force from Jan. 1, 2020, any companies which did not comply would not be allowed to promote themselves or others inside Russia.

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