



Implementation of provisions of the rule of law on personal data in the Russian Federation

BearingPoint consultants studied various scenarios for implementing provisions of Federal Law 152 of 27.07.2006 On Protection of Personal Data relating to the storage of databases containing personal data of Russian Federation citizens in the country's territory. The scenarios are based on the solutions implemented by company's clients as well as the recommendations prepared by the Association of European Businesses and the Russia-Germany Chamber of Trade and Industry. The requirements are expected to become effective from September 1, 2015, and will apply to all personal data operators.

With regard to this bill, all market participants are recommended to seek guidance primarily from their corporate lawyers and/or base decisions on law enforcement practices. The reason for this is the lack of clarity in the personal data definition in the legislation ("what we consider to be personal data"), and the lack of clear understanding about what would be considered as a breach of these provisions.

A number of companies started their implementation journey with an inventory of their information systems and information items that might be suspected as a personal data. All market participants dealing with this issue may be classified into the following categories:

1. "Address books" – companies where the number of personal data records in databases may vary from one to several hundred; these are mainly the records of sole entrepreneurs, distributors and contractors, as well as individuals served as the customers.

2. "Bookshelves" – companies with a few hundred to several thousand records, typical examples are pharmaceutical companies managing records of their medical representatives; also included in this group are affiliates of multinational companies with HR functions based on a foreign server environment.

3. "Libraries" – companies with large arrays of customer data specific to their activities. These are social networks, search services, e-commerce, IT developers, etc., i.e. operators processing massive volumes of personal data.

Many library-size companies have confirmed their plans to move their personal data servers to the Russian Federation, and as we approach September 1, 2015, more representatives of this segment will be vocal about such intentions.

Companies with one to several thousand records, Address Books and Bookshelves, represent the largest group and are in the least certain situation. These companies are likely to have their core databases (ERP, CRM, etc.) on servers outside the Russian Federation, and the migration to and storage of this data in the Russian Federation will be in conflict with their global IT-policy. The level of effort and time required for this exercise are still open questions.

Companies are considering three main scenarios to achieve compliance.

Under the **first scenario**, all databases including those containing personal data would be completely migrated to servers based in the Russian Federation. This may be a bold and not the most affordable solution that may also require updating global IT policy. The time available until the deadline may not be sufficient to implement this approach. According to the Federal Service for Supervision of Communications, Information Technology, and Mass Media (Roskomnadzor) the intent of this provision does not imply complete migration of corporate servers to the Russian Federation.

The **second scenario**, a variation of the first scenario, would be a partial migration of data containing only personal data records of Russian nationals; as a result only parts of the database containing personal data of Russian citizens will be located in the Russian Federation. The feasibility of this option depends on the number of personal data records and company operational practices. This option would be more applicable to the Bookshelves type of companies.

Under **scenario three**, a company would undertake targeted collection and classification of all records containing personal data of Russian citizens and move. The data will be pulled from all corporate systems available and migrated to a single database based on servers on Russian territory; then this database would be converted to a Master database with pull feeds to corporate applications (Fig.1)

One of our proposal based on our experience, experience of our clients and big IT company

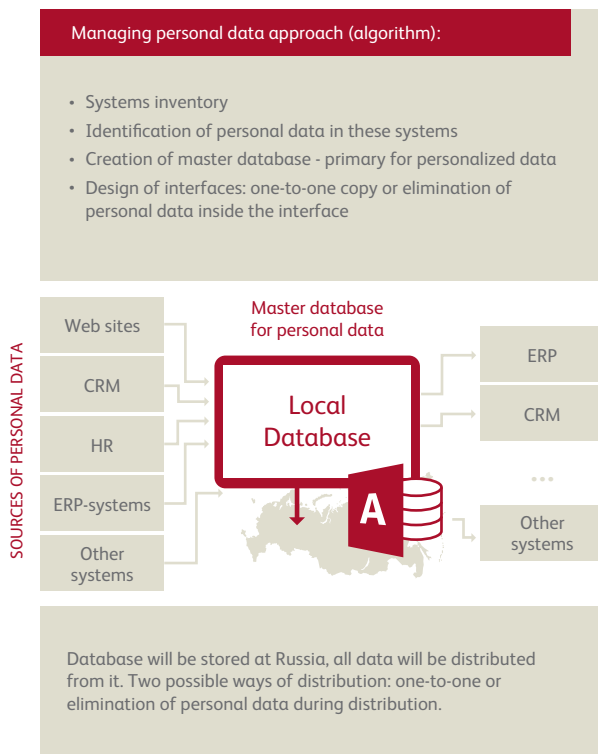


Figure 1. Scenario 3. Implementation of legal requirement to locate personal data of Russian citizens in the territory of the Russian Federation.

In this case, full compliance would be achieved since the law imposes no restrictions on cross-border transfers of personal data to other databases including those outside of the country. At the same time, the key principle will be adhered to, personal data will be captured and stored in the territory of the Russian Federation.

The fourth option on the list may be **the depersonalization of personal data** stored on servers outside the Russian Federation. In this case, the

information will be stored in a depersonalized form and will not be clearly attributed to any particular individual. Additional software will be required to access this information. Depersonalized data does not qualify to be considered as personal data.

It is worth mentioning that solution options are not limited to the above scenarios and there are some non-conventional options like rejecting from business process when it will not be possible to provide the required handling of personal data. Most companies also favor solutions that have been already tested in the market and therefore require fewer resources for implementation.

Every client is like no other. That is why BearingPoint specialists are ready to suggest the optimum solution for implementing provisions of law on personal data tailored to the client's particular business situation, requirements and realistic possibilities of every client.

Committed consultants with adaptive intelligence

BearingPoint consultants understand that the world of business changes constantly and that the resulting complexities demand intelligent and adaptive solutions. Our clients, whether in commercial or financial industries or in government, experience real results when they work with us. We combine industry, operational and technology skills with relevant proprietary and other assets in order to tailor solutions for each client's individual challenges. This adaptive approach is at the heart of our culture and has led to long-standing relationships with many of the world's leading companies and organizations. Our global consulting network of 9,700 people serves clients in more than 70 countries and engages with them for measurable results and long-lasting success.

BearingPoint is an active member of the Association of European Businesses and the Russia-Germany Chamber of Trade and Industry.

BearingPoint OOO

Presnenskaya Nab., 10
Block C, 21 Floor
123317 Moscow
Russia

T +7 495 580 97 25

F +7 495 580 97 24

www.bearingpoint.ru

