

**OVERVIEW OF THE MOST SIGNIFICANT CHANGES
IN THE RULES FOR FINANCIAL AND CORPORATE TRANSACTIONS**

In view of numerous requests from its clients, the ALUMNI Partners law firm has prepared this overview of the key restrictions in the rules for financial and corporate transactions that were introduced by various authorities of the Russian Federation from 1 March to 15 April 2022 (does not include currency restrictions/obligations).

Transaction/operation	Settlement possibility	Period	Document
FINANCIAL TRANSACTIONS			
Extension of loans by residents			
Provision of foreign currency to <u>any non-residents</u> under new/existing loan agreements	Only with the Government Commission's consent	Since 1 March 2022	Decree No. 79 of the President of the Russian Federation dated 28.02.2022
Extension of RUB credits/loans to: a) Unfriendly Foreign Parties;	Only with the Government Commission's consent Without consent – to Special Foreign Parties	Since 2 March 2022	Decree No. 81 of the President of the Russian Federation dated 01.03.2022
b) Russian parties controlled by Unfriendly Foreign Parties;	Allowed	Since 18 March 2022 (there were restrictions from 2 March to 18 March 2022) ¹	Decree No. 126 of the President of the Russian Federation dated 18.03.2022
c) Friendly Foreign Parties or Russian parties controlled by Friendly Foreign Parties	Allowed	–	–
Fulfilment of credit/loan obligations by residents			
Fulfilment of obligations under credits/loans extended by <u>any foreign parties</u> in the amount of up to RUB 10 million per month (equivalent thereof in another currency) ²	Allowed in the debt currency	Since 5 March 2022	Decree No. 95 of the President of the Russian Federation dated 05.03.2022, Clarification of the

¹ From 2 March 2022 to 18 March 2022, the consent of the Government Commission was required to extend *credits/loans* to Russian parties controlled by Unfriendly Foreign Parties (except for (since 5 March 2022) Special Foreign Parties) (Decree No. 81 of the President of the Russian Federation dated 01.03.2022). Since 9 March 2022, credit institutions have gained the right to extend *credits* to Russian parties controlled by Unfriendly Foreign Parties without the Government Commission's consent, provided that newly extended credit resources are allocated for production business in the Russian Federation (Minutes No. 5 of the Meeting of the Government Commission dated 09.03.2022). Both restrictions have been lifted by now.

² At that, provisions of Decree No. 95 of the President of the Russian Federation dated 05.03.2022 regarding the limit on operations may be interpreted in several ways. In particular, there are now no clarifications that would unequivocally confirm whether the limit of RUB 10 million per month is considered (a) an amount that is not subject to the requirement to make settlements through account "C" in any case (and then, for example, a payment of RUB 12 million would require only a portion of RUB 2 million to be settled through account "C") or (b) the minimum amount required to apply the rules for settlement through account "C" (in that case, in the same example, settlements through account "C" would be required for the entire amount of RUB 12 million). In view of the above, the approach to be applied to subsequent payments within the same calendar month may differ.

Transaction/operation	Settlement possibility	Period	Document
<p>Fulfilment of credit/loan obligations for an amount exceeding RUB 10 million per month (or equivalent thereof in another currency)⁴ if such credits/loans have been extended by:</p> <p>a) Friendly Foreign Parties or residents of the Russian Federation;</p> <p>b) Unfriendly Foreign Parties (<i>inter alia</i>, if claims under such obligations have been assigned after 1 March 2022 to Friendly Foreign Parties or residents of the Russian Federation)</p>	<p>Allowed in RUB. In the debt currency only with the consent of the Central Bank of the Russian Federation (for financial institutions) or the Ministry of Finance (for other debtors)</p> <p>Allowed only in RUB to accounts of type "C" (the list of operations with funds credited to an account of type "C" is limited). Another procedure – with the consent of the Central Bank of the Russian Federation (for financial institutions) or the Ministry of Finance (for other debtors)</p>		Central Bank of the Russian Federation dated 06.03.2022 ³
Fulfilment of obligations under derivatives (options, futures, forwards, and/or swaps) by residents			
Fulfilment of obligations in the amount of up to RUB 10 million per month (equivalent thereof in another currency)	Allowed in the debt currency/by transferring securities to any account		
<p>Fulfilment of obligations in the amount of over RUB 10 million per month (equivalent thereof in another currency) to:</p> <p>a) Friendly Foreign Parties or residents of the Russian Federation (except for those that have acquired claims under derivatives from Unfriendly Foreign Parties after 1 March 2022);</p> <p>b) Unfriendly Foreign Parties;</p> <p>c) Friendly Foreign Parties or residents of the Russian Federation that have acquired claims under derivatives from Unfriendly Foreign Parties after 1 March 2022;</p>	<p>Allowed in RUB. In the debt currency only with the consent of the Central Bank of the Russian Federation (for financial institutions) or the Ministry of Finance (for other debtors)</p> <p>Allowed only in RUB to bank accounts of type "C" / custody accounts of type "C" (the list of operations with funds credited to such account is limited). Another procedure – with the consent of the Central Bank of the Russian Federation (for</p>	Since 5 March 2022	Decree No. 95 of the President of the Russian Federation dated 05.03.2022

⁴ The comment above is accordingly relevant to that limit application.

³ <https://www.cbr.ru/eng/press/event/?id=12736>.

Transaction/operation	Settlement possibility	Period	Document
	financial institutions) or the Ministry of Finance (for other debtors)		
Amendment/restructuring of loan/credit agreements (resident creditor, foreign currency) entered into before 1 March 2022			
No restriction ⁵			Clarification of the Central Bank of the Russian Federation dated 18.03.2022
Bank account (deposit) agreements			
Credit institutions subject to foreign sanctions may fulfil their obligations denominated in a foreign currency under bank account (deposit) agreements entered into with resident legal entities in RUB		From 18 March 2022 to 1 September 2022	Decree No. 126 of the President of the Russian Federation dated 18.03.2022 (as amended on 31.03.2022)
CORPORATE TRANSACTIONS AND OPERATIONS			
Settlement (performance) of transactions (operations)* by residents entailing the transfer or emergence of title to <u>Russian or foreign securities</u> , with: a) Unfriendly Foreign Parties; b) Russian parties controlled by Unfriendly Foreign Parties; c) Friendly Foreign Parties that have acquired the relevant securities after 22 February 2022 from the parties specified in Paragraphs a) or b) above. * Controlled transactions (operations) do not include: a) conversion of depository receipts into shares of a Russian issuer (provided that there is no change of the securities holder); b) return of securities from a trust or from a broker being the title owner; c) operations of securities transfer without transfer of title thereto;	Only with the Government Commission's consent. Without consent: • transactions (operations) with Special Foreign Parties / Russian persons controlled by Special Foreign Parties; • transactions (operations) with securities held by a foreign depository, foreign bank, or another foreign financial market institution, provided that settlements under such transactions (operations) are carried out on accounts opened for residents with foreign banks, other foreign financial market institutions, information whereof is disclosed by residents to the tax authorities of the Russian Federation; • settlement (performance) of transactions (operations) with residents by resident management companies of unit investment funds (UIF) with some of the investment unit		Decrees Nos. 81 and 95 of the President of the Russian Federation dated 01.03.2022 and 05.03.2022, Clarification of the Central Bank of the Russian Federation dated 18.03.2022, Minutes of the Government Commission dated 04.04.2022

⁵ At the same time, please note that the restriction related to the mandatory use of account "C" for settlements with creditors that are not Unfriendly Foreign Parties continues to apply if claims under such obligations have been assigned to such creditors by Unfriendly Foreign Parties after 1 March 2022, as well as other applicable restrictions.

Transaction/operation	Settlement possibility	Period	Document
d) operations against the will of the securities holder (enforcement of court decisions, conversion of securities, etc.); e) write-off of securities from a custody account of the nominal holder and their crediting to another custody account of the nominal holder.	holders being Unfriendly Foreign Parties and/or parties controlled by Unfriendly Foreign Parties at the expense of UIF's property, resulting in the title to securities.		
Operations by residents for: a) payment for an interest, contribution, unit in the property (authorized or share capital, unit fund of a cooperative) of a non-resident legal entity; b) contribution to a non-resident under a simple partnership agreement with investment in the form of capital investments.	Only with the consent of the Central Bank of the Russian Federation	From 18 March 2022 to 31 December 2022	Decree No. 126 of the President of the Russian Federation dated 18.03.2022 (as amended on 31.03.2022)
Payment of dividends, income on interests (units) by Russian legal entities, as well as distribution of profits between founders (members)	Not allowed, except in cases where the relevant legal entity has waived the moratorium on bankruptcy against it ⁶	From 1 April 2022 to 1 October 2022	Decree No. 497 of the Government of the Russian Federation dated 28.03.2022
Payments by residents for securities including derivatives (Eurobonds, depositary receipts)* to: a) Unfriendly Foreign Parties ⁷ ;	Up to RUB 10 million per month (or equivalent thereof at the rate of the Central Bank of the Russian Federation as of the 1st day of each month) – without restrictions on the currency of payment / over 10 million per month – only in RUB and only to accounts of type "C". Another procedure – with the consent of the Central Bank of the Russian Federation (for	Since 5 March 2022	Decree No. 95 of the President of the Russian Federation dated 05.03.2022

⁶ The moratorium does not apply to developers of apartment buildings and/or other real estate items included in the unified register of problematic facilities as of the date hereof in accordance with Article 23.1 of the Federal Law "On Participation in Shared Construction of Apartment Buildings and Other Real Estate Items and On Amendments to Certain Legal Acts of the Russian Federation".

⁷ Provisions of Decree No. 95 of the President of the Russian Federation dated 05.03.2022 may be interpreted like payments over 10 million per month by Friendly Foreign Parties or residents of the Russian Federation having purchased securities from Unfriendly Foreign Parties after 1 March 2022 must only be made in RUB and only to accounts of type "C".

Transaction/operation	Settlement possibility	Period	Document
<p>b) Friendly Foreign Parties or residents of the Russian Federation.</p> <p>* taking into account restrictions on the payment of dividends established due to imposition of a moratorium on bankruptcy</p>	<p>financial institutions) or the Ministry of Finance (for other debtors) Up to RUB 10 million per month (or equivalent thereof at the rate of the Central Bank of the Russian Federation as of the 1st day of each month) – without restrictions on the currency of payment / over 10 million per month – only in RUB. Another procedure – with the consent of the Central Bank of the Russian Federation (for financial institutions) or the Ministry of Finance (for other debtors)</p>		
<p>Redemption/acquisition by residents of outstanding shares, payment of the actual value of an interest, allocation of an interest (unit) in property due to withdrawal from the founders (members)</p>	<p>Not allowed, except in cases where the relevant legal entity has waived the moratorium on bankruptcy against it</p>	<p>From 1 April 2022 to 1 October 2022</p>	<p>Decree No. 497 of the Government of the Russian Federation dated 28.03.2022</p>
<p>PJSCs may acquire shares they issued (except for acquisition of issued shares in order to reduce their total number) if the following conditions are met in the aggregate:</p> <ul style="list-style-type: none"> a) the acquired shares are admitted to organized trading; b) the shares are acquired at organized trading on the basis of bids addressed to an unlimited number of trading participants; c) the shares are acquired by a broker on behalf of the PJSC; d) the Board of Directors of the PJSC decided to acquire the shares it issued in accordance with the above procedure. <p>At that, the provisions of Clauses 4, 5, 7, 8, Article 72 of Federal Law No. 208-FZ dated 26 December 1995 "On Joint-Stock Companies" do not apply.</p>		<p>Through 31 August 2022</p>	<p>Federal Law No. 46-FZ dated 08.03.2022 (as amended on 26.03.2022) "On Amendments to Certain Legal Acts of the Russian Federation"</p>

Transaction/operation	Settlement possibility	Period	Document
JSCs and LLCs may hold any general meetings in absentia		From 1 March 2022 to 31 December 2022	Federal Law No. 25-FZ dated 25.02.2022
The minimum percentage of voting shares entitling a shareholder to take a number of actions, in particular to challenge major transactions in court, has been increased from 1% up to 5%.		From 14 March 2022 to 31 December 2022	Federal Law No. 55-FZ dated 14.03.2022
REAL ESTATE TRANSACTIONS			
<p>Settlement (performance) of transactions (operations)* by residents entailing the transfer or emergence of title to <u>real estate located in the Russian Federation or abroad</u>, with:</p> <ol style="list-style-type: none"> Unfriendly Foreign Parties; parties controlled by Unfriendly Foreign Parties; Friendly Foreign Parties that acquired the relevant real estate after 22 February 2022 from the parties specified in Paragraphs a) or b) above. 	<p>With the Government Commission's consent. Without the Government Commission's consent:</p> <ul style="list-style-type: none"> real estate items (including those under construction) are located outside the Russian Federation, provided that settlements under such transactions (operations) are carried out on accounts opened for residents with foreign banks, or other foreign financial market institutions, information whereof is disclosed by residents to the tax authorities of the Russian Federation; acquisition of real estate from residents by individuals associated with Unfriendly States; acquisition of real estate by residents from individuals from Unfriendly States subject to money transfer to accounts of type "C"; entering into a co-investment agreement/performance of obligations thereunder by residents with Unfriendly Foreign Parties; settlement (performance) of transactions (operations) resulting in the title to apartment buildings and/or 		Decree No. 81 of the President of the Russian Federation dated 01.03.2022, Clarification of the Central Bank of the Russian Federation dated 18.03.2022, Minutes of the Government Commission dated 17.03.2022, 24.03.2022, and 04.04.2022

Transaction/operation	Settlement possibility	Period	Document
	<p>other real estate items built (developed) and commissioned in accordance with Federal Law No. 214-FZ dated 30.12.2004 by residents controlled by Unfriendly Foreign Parties;</p> <ul style="list-style-type: none"> • settlement (performance) of gratuitous transactions (operations) resulting in the title to real estate by resident individuals with foreign individuals associated with Unfriendly States, provided that the parties to those transactions (operations) are spouses or close relatives in accordance with the Family Code of the Russian Federation; • settlement (performance) of transactions (operations) with residents by resident management companies of unit investment funds (UIF) with some of the investment unit holders being Unfriendly Foreign Parties and/or parties controlled by Unfriendly Foreign Parties at the expense of UIF's property, resulting in the title to real estate. 		
OTHER TRANSACTIONS			
<p>Enforcement of the pledged property of Russian legal entities and individuals</p> <p>Offset of counterclaims in case of violation of the priority of creditors' claims (Clause 4, Article 134 of Federal Law No. 127-FZ dated 26 October 2002)</p> <p>Accrual of forfeits (fines, penalties) and other financial sanctions for non-fulfilment or improper fulfilment of financial obligations and</p>	<p>Not allowed. Possible only in relation to those legal entities and individuals that have waived the moratorium on bankruptcy against them</p>	<p>From 1 April 2022 to 1 October 2022</p>	<p>Decree No. 497 of the Government of the Russian Federation dated 28.03.2022</p>

Transaction/operation	Settlement possibility	Period	Document
non-payment of mandatory fees, except for current payments			
<p>Payment by residents (except for individuals not being individual entrepreneurs, Russian credit institutions, VEB.RF state development corporation) of advances to foreign legal entities or individuals in an amount exceeding 30% of the contract price under the following types of contracts:</p> <p>a) contracts providing for service rendering by a non-resident;</p> <p>b) contracts providing for work performance by a non-resident, transfer of information or intellectual property, including exclusive rights thereto, by a non-resident.</p>	<p>Now allowed without the Government Commission's consent</p> <p>Restrictions on the amount of advances do not apply to some contracts, in particular:</p> <ul style="list-style-type: none"> • contracts under USD 15,000; • contracts to purchase financial services from non-residents; • contracts for international transportation of goods; • contracts for services related to the purchase of food, material stock, bunker fuel; • contracts for tourism services⁸; • contracts for building and equipment repair and maintenance services⁹; • contracts with Friendly Foreign Parties for services related to international exhibitions and fairs¹⁰. 	Since 2 April 2022	Resolution of the Board of Directors of the Central Bank of the Russian Federation dated 01.04.2022, Resolution of the Board of Directors of the Central Bank of the Russian Federation dated 01.04.2022, 15.04.2022

Definitions:

Unfriendly States shall mean foreign states that have imposed sanctions against the Russian Federation. The list of those states was approved by Decree No. 430-p of the Government of the Russian Federation dated 05.03.2022 and includes Australia, Albania, Andorra, Great Britain (including Jersey, Anguilla, British Virgin Islands, Gibraltar), EU member states, Iceland, Canada, Liechtenstein, Micronesia, Monaco, New Zealand, Norway, Republic of Korea, San Marino, North Macedonia, Singapore, USA, Taiwan (China), Ukraine, Montenegro, Switzerland, and Japan;

Unfriendly Foreign Parties shall mean foreign parties associated with Unfriendly States (including if such foreign parties are nationals of those states, or their place of registration or business activities or making profit is located in those states);

Special Foreign Parties shall mean parties that simultaneously meet the following requirements:

- a) they are controlled (directly or indirectly) by Russian legal entities or individuals (the ultimate beneficiaries are the Russian Federation, Russian legal entities or individuals);
- b) information on control over them is disclosed by the Russian legal entities or individuals specified above to the tax authorities of the Russian Federation;

⁸ Since 16 April 2022.

⁹ Since 16 April 2022.

¹⁰ Since 16 April 2022.

Friendly Foreign Parties shall mean foreign parties other than Unfriendly Foreign Parties and Special Foreign Parties;

Government Commission shall mean a subcommission of the Government Commission for the Control of Foreign Investment in the Russian Federation;

Residents shall mean:

- a) individuals being nationals of the Russian Federation (including persons with dual citizenship);
- b) foreign nationals and stateless persons permanently residing in the Russian Federation on the basis of a residence permit;
- c) legal entities established in accordance with the laws of the Russian Federation (except for foreign legal entities registered in accordance with the Federal Law "On International Companies") and branches, representative offices, and other divisions of such legal entities located outside the Russian Federation;
- d) diplomatic missions, consular offices of the Russian Federation, permanent missions of the Russian Federation at international (interstate, intergovernmental) organizations, other official missions of the Russian Federation and missions of the federal executive authorities located outside the Russian Federation;
- e) the Russian Federation, constituent entities of the Russian Federation, municipalities that act in relations regulated by the federal laws and other regulatory legal acts adopted thereunder.

		
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