

BIRCH LEGAL

Legal Alert

Russian government clarifies the procedure for approval of transactions with shares in Russian LLCs for foreign companies



On 19 September 2022, following the directive given by Presidential Decree No. 618, the Government of the Russian Federation adopted amendments to the previously enacted Resolution of 6 March 2022 No. 295 (“**Resolution No. 295**”) clarifying the approval procedure for transactions with shares of Russian Limited Liability Companies (“**LLC**”).

In accordance with the newly introduced amendments to the previously enacted Resolution, the procedure of approval applicable to the transfer of shares in Joint Stock Companies (“**JSC**”) now similarly applies to transactions involving shares in LLCs.

The procedure itself is quite straightforward and consists of only one step: the applicant, which could be any of the parties to the transaction, **must submit a set of documents** for the consideration of the Government Commission on Monitoring Foreign Investment.



In addition to the standard documents usually prepared for transactions with shares, the following documents and information will be required:

1. statement describing the transaction and its validity
2. information about the beneficiaries of the foreign party to the transaction

Currently, obtaining permissions for JSCs may take anywhere **from several weeks to several months**, and the maximum period for the consideration of applications by the Government Commission is not limited by law. The timeline for LLCs will fall under the same regulations entailing certain risks for the timeline of the transactions as a whole as it cannot be estimated.

For your convenience, we’ve prepared a detailed description of the whole procedure and requirements laid out by Resolution No. 295 below in table format on the following pages.



Submission of the application to Government Commission on Monitoring Foreign Investment in the Russian Federation

Submitting party	The resident or the person of a foreign state committing unfriendly activities
Receiving state authority	Ministry of Finance of the Russian Federation
Application and other documents	<ul style="list-style-type: none">• <i>application for permission to fulfill (perform) a transaction (operation) containing information about the purpose, subject, content and material conditions of the transaction (operation), and the estimated effective period of such permission</i>• <i>document confirming the state registration / incorporation of the applicant in accordance with the legislation of the relevant state</i>• <i>constituent documents of the applicant (if it is a legal entity)</i>• <i>a document containing information on the beneficiaries, beneficial owners, and person exercising control over a party to the transaction (participating in the transaction), which is a person of a foreign state committing unfriendly activities, and containing information on indicators reflecting that such person exercises the relevant control</i>
Requirements for documents	The application and other documents must be submitted in Russian. In case the original language of the documents differs, they must be accompanied with certified translations into Russian. The documents issued outside of the Russian Federation must be apostilled.
	The documents must be compiled together.
	The person submitting documents on behalf of the applicant must have a notarized proxy or other document confirming their authority to represent the applicant.
	The documents could be submitted in paper or electronic format (including in the form of electronic documents signed with the use of an electronic digital signature).
	The applicant should indicate whether the application and the documents contain information constituting a state, commercial, official or other secret protected by law, and if yes, the applicant should indicate what information and which documents actually contain such secret protected by law and submit such documents in accordance with the requirements stipulated by Russian legislation.

Note: Although Resolution No. 295 indicates that state registration / incorporation and constituent documents are submitted regarding the applicant only, we recommend submitting the documents regarding both the resident and the other party to the transaction

Requirements for information provided	The information and the documents submitted should be complete and accurate (authentic). If the applicant is unable to submit the information and documents in full, such information and documents should be submitted in the amount available to the applicant with an indication of the reason for the applicant's inability to submit the relevant information and documents and from where such information and documents may be requested.
Amendments to application other documents	The information about changes to the information and the documents included in the application should be submitted by the applicant to the receiving state authority within 3 days from the day when the applicant became aware of such changes.



Issue of permission by the Government Commission on Monitoring Foreign Investment in the Russian Federation

Subcommission	<p>The subcommission under the Government Commission is constituted by one representative from each of the following:</p> <ul style="list-style-type: none"> • Administration of the President of the Russian Federation • Ministry of Finance of the Russian Federation • Central Bank of the Russian Federation <p>The subcommission is headed by the head of the Ministry of Finance of the Russian Federation.</p>
Consideration by the subcommission	The subcommission makes decisions on a transaction (operation) at the meetings of the subcommission or by absentee voting. The decisions adopted by the subcommission shall be made unanimously.
Permission term	The subcommission is entitled to determine the effective period of the Commission's permission to fulfill (perform) a transaction (operation).

Note: Resolution No. 295 does not contain any term limit for the consideration by the Government Commission or its subcommission of the submitted applications or the frequency of the subcommission's meetings

For further information please contact



Mikhail Timonov
Co-Managing Partner, CEO

M: +7 921 415 0475
mikhail.timonov@birchlegal.ru



Anton Bakov
Partner, Head of TMT

M: +7 921 300 4126
anton.bakov@birchlegal.ru



Leyla Ibragimova
Principal Associate

M: +7 921 643 5568
leyla.ibragimova@birchlegal.ru



Ksenia Petrovets
Senior Associate

M: +7 921 090 8942
ksenia.petrovets@birchlegal.ru

Subscribe to our
Telegram channel



birchlegal.ru

© BIRCH LEGAL 2022. All rights reserved. BIRCH LEGAL LLC's Taxpayer Identification Number (INN) is 7703618107. The information provided in this legal alert may not be considered as professional advice or legal services and is not advice related to a specific situation. This information is intended for the general review of the users in relation to issues that may be of interest to them. BIRCH LEGAL is not liable for incomplete information.