

BIRCH LEGAL

Legal alert

15 going on 35 or changes in
conditions of clearing
transactions with foreign
shareholders



Extract No. 268/1 (“**Extract**”) from the minutes of the meeting of the subcommission of the Government Commission for Control over Foreign Investments in the Russian Federation (the “**Subcommission**”) dated 15 October 2024 has been published. For transactions that require permission from the Subcommission, this document updates the list of recommended conditions to be met concerning their implementation (execution).

When considering the question of issuing approvals for the implementation (execution) of transactions (operations) aimed at the alienation of securities, including shares, stakes (contributions) in the authorized (contributed) capital of Russian legal entities (“**Assets**”) by “unfriendly” foreign persons, the Subcommission should proceed from the expediency of establishing updated conditions for the implementation (execution) of such transactions.

The term “unfriendly” foreign persons designates:

- persons associated with foreign states who commit unfriendly acts against the Russian Federation, Russian legal entities and individuals (including if such foreign persons have citizenship of these states, the place of their registration, their predominant place of business activity or the place of their predominant extraction of profit from their activity are these states)
- persons who are under the control of these foreign persons regardless of their place of registration or the place where they predominantly conduct their business activities

Updated conditions

Below are the updated conditions for the implementation (execution) of transactions aimed at the alienation of Assets:

Condition	Current version	Updated version
Sale of Assets at a discount	In the amount of not less than 50% of the market value of the Assets, as indicated in the independent appraisal report	In the amount of not less than 60% of the market value of the Assets, as indicated in the independent appraisal report
The amount of the obligation to carry out voluntary transfer of funds to the federal budget	Not less than 15% of the market value of the Assets indicated in the independent appraisal report	Not less than 35% of the market value of the Assets indicated in the independent appraisal report
The deadline for fulfilling the obligation to carry out voluntary transfer of funds to the federal budget	Within 1 month from the date of execution (performance) of the transaction (operation)	<ul style="list-style-type: none"> • 25% – within 1 month from the date of execution (performance) of the transaction (operation) • 5% – within 1 year from the date of execution (performance) of the transaction (operation) • 5% – within 2 years from the date of execution (performance) of the transaction (operation)

Other adjustments

According to the Extract, transactions for the purchase and sale of Assets with a market value indicated in the independent appraisal report of more than **RUB 50 bn** are carried out only with the consent of the President of the Russian Federation.

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