

Russian counter-sanctions regulations: the tightening of the exit conditions confirmed

31 October 2024

Our previous alert of 11 October 2024 dealt with (then unconfirmed) information on the tightening of the conditions the Sub-Commission of the Government Commission for Control over Foreign Investments in Russia (the *Sub-Commission*), which is one of the ultimate decision-makers in counter-sanctions matters, applies when clearing transactions whereby non-Russian companies associated with unfriendly states sell their Russian securities, including shares/equity interests in Russian companies.

Now, this information has been officially confirmed: on 30 October 2024, an excerpt from Minutes No.268/1 of the meeting of the Sub-Commission, dated 15 October 2024, was published on the website of the Russian Ministry of Finance, which lists the new rules that the Sub-Commission will follow when reviewing the transactions mentioned above.

The new rules are exactly the same as we advised in our previous alert, namely:

- the sale price of the asset concerned must now be discounted at minimum 60% (rather than 50%, as was the case previously) from the fair market value the asset set out in a valuation report prepared by an independent appraiser;
- the amount of the voluntary contribution to the state budget is increased: previously, such contribution was to be not less than 15% of the fair market value of the asset, and now it should be not less than 35%. Also, the timeframe within which the contribution must be made has been clarified: 25% of the fair market value must be paid within one month after closing, another 5% within one year after closing, and the remaining 5% within two years after closing; and
- any transaction that concerns assets with a market value, as determined by an independent appraiser, exceeding 50 billion roubles (currently, approximately US\$515 million), now requires approval by the Russian President, rather than the Sub-Commission; previously, Presidential approval was only required for transactions that involved certain assets defined in Presidential Decree No.520, dated 5 August 2022, which we covered in one of our previous alerts.

We will continue monitoring the situation.