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Russian counter-sanctions regulations: conditions for exit tightened

11 October 2024

Whilst this has not been formally announced yet, we understand that 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, has resolved, pursuant to the relevant instructions of the Russian President, that the conditions for clearing transactions whereby non-Russian companies associated with unfriendly states sell their Russian securities, including shares/equity interests in Russian companies, should be materially tightened.

The changes, to our knowledge, are as follows:

- 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.

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