

## Newsletter

### *New restrictions on transactions with participatory interests in Russian Limited Liability Companies and other transactions under Decree No. 618 "On Special Procedure for Consummation (Execution) of Certain Types of Transactions (Operations) between Certain Persons"*

08 September 2022

Dear Ladies and Gentlemen,

As a matter of important update that may impact potential and scheduled transactions in Russia, please be advised that on 8<sup>th</sup> of September 2022 the President of the Russian Federation has signed Decree No. 618 "On Special Procedure for Consummation (Execution) of Certain Types of Transactions (Operations) between Certain Persons" ("**Decree No. 618**").

Decree No. 618 introduces a special regime for consummation (execution) of the transactions (operations) that lead to direct and/or indirect creation, modification, and/or termination of rights of possession, use, and/or disposal of participatory interests in Limited Liability Companies (except for credit and non-credit financial institutions) or other rights allowing to exercise control over the management of Limited Liability Companies and/or their business activities, by and between ("**Prohibited Transactions**"):

1. Russian residents and foreign persons related to "unfriendly" states (including if an "unfriendly" state constitutes such foreign person's citizenship, place of registration, primary place of business activity or earning profit) or persons which are controlled by such foreign persons ("**Foreign Persons of "Unfriendly" States**");
2. Foreign Persons of "Unfriendly" States and Foreign Persons of "Unfriendly" States; and
3. Foreign Persons of "Unfriendly" States and foreign persons which are not Foreign Persons of "Unfriendly" States.

Effective immediately, the Prohibited Transactions can be consummated (executed) only subject to a special permission of the

Governmental Commission for Control over Foreign Investments, and such a permission may (if necessary) stipulate terms and conditions for consummation (execution) of the Prohibited Transactions.

The procedure for issuance of special permissions for the purposes of Decree No. 618 shall be established by the Government of the Russian Federation within 10 days from 8<sup>th</sup> of September 2022.

It is expressly provided that Decree No. 618 does not apply to transactions (operations) which are regulated by or are subject to the special regime established by ("**Special Regulations**"):

1. Decree of the President of the Russian Federation No. 416 "On the Application of Special Economic Measures in the Fuel and Energy Sector related to Unfriendly Actions of Certain Foreign States and International Organizations" dated 30 June 2022; and/or
2. Decree of the President of the Russian Federation No. 520 "On Application of Special Economic Measures in Finance and Fuel and Energy Areas related to Unfriendly Actions of Certain Foreign States and International Organizations" dated 05 August 2022.

Therefore, unless the Prohibited Transactions are subject to Special Regulations, Decree No. 618 will apply, and special permission of the Governmental Commission for Control over Foreign Investments will be required for consummation (execution) of the Prohibited Transactions.

We hope that the information provided herein will be useful for you. If any of your colleagues would also like to receive our newsletters, please send them the link to complete a [Subscription Form](#). If you would like to learn more about our [Crisis Management, Economic Sanctions and Compliance Practice](#), please let us know in reply to this email. We will be glad to provide you with our materials.

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Sincerely,  
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