

## Newsletter

### *New criteria to be met for the transactions with “unfriendly persons”*

December 23, 2022

Dear Ladies and Gentlemen,

In the course of regular updates on Russian counter-sanctions measures, we would like to provide you with information on the new requirements issued by the Subcommittee of the Governmental Commission of the Russian Federation that apply to transactions/operations with “unfriendly persons”.

#### New Criteria for the transactions

The Subcommittee will consider approving transactions/operations the amount exceeding **USD 100,000,000 and that involve sale of shares of Russian companies by “unfriendly persons”**, only if all the following criteria are met:

- An independent appraisal report re. fair market value of assets to be sold prepared by a professional Russian independent appraiser is attached to the application to the Subcommittee stating the value of assets transferred;
- The sale price of assets transferred represents at least a 50% discount to the fair market value indicated in the independent appraisal report prepared by a professional Russian independent appraiser;
- Key performance indicators (KPI) for the acquirer with respect to the business to be purchased are established;
- A deferred payment condition is introduced, namely payment of the purchase price has to be made in installments during 1-2 years, and (or) an obligation is undertaken to voluntarily transfer to the federal budget funds in the amount of at least 10% of the transaction/operation amount.

#### Conclusions

The criteria indicated above are obligatory to be met only for the transactions exceeding USD 100,000,000. Please note that it is expressly stated in the Subcommittee new regulations that the Subcommittee has full discretion to apply any of the abovementioned conditions to transactions with the amount less than USD 100,000,000. It is our general understanding (based on the wording of the new Subcommittee regulations) that those requirements will apply only to transactions where an “unfriendly person” disposes of Russian assets, and not to the transactions where the “unfriendly person” acts as a purchaser and acquires assets sold by “friendly” persons.

The provisions of the current counter-sanctions regulations are still quite vague and are prone to broad interpretation. We will inform you once there appear any additional clarifications.

*Note: Please be aware that all information provided in this letter was taken from open sources. Neither ALRUD Law Firm, nor the author of this letter bear any liability for consequences of any decisions made in reliance upon this information.*

Sincerely,  
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