

**CONDITIONS FOR AUTHORIZING TRANSACTIONS WITH COMPANY SHARES  
AND DIVIDEND PAYMENTS HAVE BEEN UPDATED**

**05.09.2023**

**Dear colleagues,**

On 12.07.2023 an extract from the decision of the sub-commission of the Government Commission for Control of Foreign Investment in the Russian Federation [dated 07.07.2023 No. 171/5](#) was published on the official website of the Russian Ministry of Finance which:

- has updated the conditions for authorizing transactions with company shares and dividend payments;
- has declared the minutes of the meetings of the sub-commission [dated 22.12.2022 No. 118/1](#) and [dated 02.03.2023 No. 143/4](#), which we informed you about earlier, as invalid.

To be more specific, now the conditions for granting permissions by the Government Commission for transactions with company shares are as follows:

- 1) a **report on independent assessment of the market value of the assets** carried out by an appraiser that works in private practice and [is listed among the appraisers \(appraisal organizations\)](#) that are recommended by the sub-commission, or by an appraiser who has concluded the employment agreement with a legal entity that is included in this list.
- 2) an **expert opinion** prepared by an expert or by experts from an appraiser's self-regulatory organization [listed among the appraiser's self-regulatory organizations](#) that have been recommended by the sub-commission to prepare an expert opinion;
- 3) sale of assets **at a discount of at least 50% of the market value** of the relevant assets as indicated in the assets assessment report;
- 4) the obligation to make a **voluntary contribution to the federal budget** within three months from the date of the transaction in the amount of:
  - *at least 10% of half of the market value* of the relevant assets – if the assets are sold *at a discount of less than 90% of the market value* of the relevant assets, or
  - *at least 10% of the market value* of the relevant assets – if the assets are sold *at a discount of more than 90% of the market value* of the relevant assets.
- 5) **establishment of key performance indicators** for purchasers and (or) the OOO acquired by them, which should provide for:
  - preservation of the technological potential and the main type of economic activity of such OOO;
  - preservation of jobs;
  - discharge of contract obligations under agreements with other legal entities.
- 6) buyback transaction at the market value on the date of exercise of such option, economic benefit to the holder of the asset who is a Russian resident, and restriction of the period of validity of the permission (generally, no longer than two years from the date of the primary transaction) – **for a transaction that provides for the buyback transaction;**
- 7) **settlement of the transaction:**
  - either using a C-type account (more details [here](#));
  - or in rubles within the banking system of the Russian Federation without transfer of money out of the Russian Federation;

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- or by transfer of money to the vendor's account in a foreign bank, but in case of installment payment.
- 8) the **applicant has any other permissions** required for the transaction under Russian law, details of which are provided by the applicant (*e.g., the approval of the Federal Antimonopoly Service of Russia*).

When decisions are made on granting permissions for dividend payments to foreign creditors, the followings shall be taken into account:

- 1) the amount of dividends to be paid is **no higher than 50%** of the amount of net profit for the previous year;
- 2) **the results of retrospective analysis of** dividend payments for previous periods shall be taken into account;
- 3) **readiness** of participants (shareholders) who are foreign creditors to **continue commercial activities** in the territory of the Russian Federation;
- 4) accounting of the positions of federal executive authorities on the **assessment of the importance** of the organization's activities and the **influence** of the organization's activities on the technological and industrial independence of the Russian Federation and the social and economic development of the Russian Federation (constituent entities of the Russian Federation);
- 5) applicant's **performance** of its obligations to meet the **key performance indicators that has been confirmed** by the federal executive authorities;
- 6) the opportunity for dividends to be paid on **a quarterly basis**, if the established key performance indicators are met.

We would like to draw your attention to the fact that the abovementioned conditions for dividend payments have been mitigated according to the extract from the minutes of the sub-commission of the Government Commission for Control of Foreign Investment in the Russian Federation dated [09.08.2023 No. 182/5](#) which was published on the official website of the Ministry of Finance of Russia on 23.08.2023.

In particular, residents may now be authorized to pay dividends to foreign creditors **without meeting** these conditions, as a rule, **in cases where after 01.04.2023 foreign creditors make investments in the Russian economy**, including the expansion of production in the Russian Federation, development of new technologies, and **in the amount not exceeding the amount of such investments**.

We will be happy to answer your questions!

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