

14.08.2025

## UPDATES IN CORPORATE LAW

Dear colleagues,

the summer of 2025 has been very busy in terms of legislative initiatives and changes. The field of corporate law is no exception.

We would like to inform you about the updates in this area. For your convenience, we have summarized the key updates and innovations for LLCs and JSCs in the overview below.

We have previously written about other important new developments that took effect [in September 2024](#) and [March 2025](#).

### Matryoshka companies

Previously, Article 66 of the Civil Code of the Russian Federation, Article 7 of the Federal Law No. 14-FZ dd. February 8, 1998 "On Limited Liability Companies" and Article 10 of the Federal Law No. 208-FZ dd. December 26, 1995 "On Joint-Stock Companies" provided that *a company cannot have another business entity consisting of one person as its sole participant/shareholder*.

This comprehended a "matryoshka" ownership structure: when one company owns 100% of the shares in the authorized capital of another, the latter owns 100% of the shares in the authorized capital of a third, and so on.

One of the important reasons for this prohibition was to prevent risks to the state due to the nontransparency of such a structure.

It was assumed that the "matryoshka" structure made it difficult to identify the ultimate beneficiary and could be used to evade taxes, hide assets, or avoid liability for obligations. In practice, to get out of this situation, many companies brought in a nominal participant with a minimal share (for example, 1% or less). Having such participant helped get around the legal ban, but when the company's ownership structure changed, this participant sometimes had to be removed from the list of participants.

On August 1, 2025, amendments to the abovementioned legal acts came into force.

Now, individuals and legal entities can establish "matryoshka" companies and be their sole owners.

The current wording of the law is as follows: *a company **may** have as its sole participant/shareholder another business entity consisting of one person, unless otherwise provided by [federal law]*.

The ban was lifted to make it easier for businesses to operate under sanctions. Of course, the reduced risk of violations due to the development of law (like liability for subsidiaries and controlled companies, as well as liability of controlling persons) and instruments of state control, including tax authority oversight, also played a role.

According to the explanatory note to the amendments, this type of business structuring can be an effective tool for separating areas of activity, clearly dividing areas of responsibility among management, and creating a more transparent and logical business management system.

It should be noted that the permission to create "matryoshka" structures was captured in the law without any restrictions.

**Certification of resolutions passed by the sole shareholder**

Also, on August 1, 2025, amendments to the legislation on joint-stock companies regarding the adoption of resolutions by the sole shareholder came into force.

Clause 6 of Article 47 of the Federal Law No. 208-FZ dd. December 26, 1995 "On Joint-Stock Companies" now expressly states that, unless otherwise provided by the company's articles of association, resolutions of the sole shareholder are not subject to notarization.

Thus, it will no longer be necessary to amend the articles of association to exclude the requirement for such resolutions to be certified in a joint-stock company.

Please note that no such updates have been made with regard to LLCs.

**Preemptive right to purchase a share**

Article 21 of the Federal Law No. 14-FZ dated February 8, 1998 "On Limited Liability Companies" has been amended with regard to the procedure for exercising the preemptive right to purchase a share in the authorized capital of such company.

The main update is that the relevant rules provided for by law can now be changed in the company's articles of association.

Previously, a company participant who decided to leave was obliged to first offer his/her share for purchase to other LLC participants. If they refused to purchase the share, the participant was entitled to sell the share to third parties.

Now, with the consent of all participants, the LLC's articles of association may

- exclude the preemptive right to purchase a share;
- limit the circle of participants who can exercise this right;
- determine the conditions under which participants may exercise their preemptive right to purchase a share or, on the contrary, be deprived of it.

For example, the possibility of exercising the preemptive right by participants may be linked to the presence or absence of certain circumstances or certain deadline.

At the same time, a prohibition or restriction on the preemptive right to purchase a share that was established by the articles of association personally in relation to the former participant does not apply to the new owner of his/her share.

Amendments to the LLC articles of association regarding the preemptive right to purchase a share may be made by a unanimous resolution of all the participants. To exclude these amendments from the articles of association, at least 2/3 of the participants' votes are required (unless a larger number of votes is provided for in the articles of association). These resolutions must be notarized.

The amendments shall enter into force on September 01, 2025.

We will be happy to provide additional comments at your request and advise you on this or any other topic.

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