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AMENDMENTS TO THE REGULATION OF TRANSACTIONS WITH PERSONS FROM UNFRIENDLY COUNTRIES

Dear Colleagues,

This review is related to the analysis of recent amendments to the Russian legislation governing transactions involving foreign persons from unfriendly countries.

In recent years the regulatory framework has been dynamically developing towards tightening. In this review we examine the evolution of the terms for exiting assets (combining the historical context and current requirements) and separately highlight new corporate relief measures, as well as the mechanisms restricting share buybacks adopted in 2026.

Current situation

It should be reminded that transactions involving shares in companies with participants from unfriendly countries require approval from the Sub-Commission of the Government Commission for the Control of Foreign Investments in the Russian Federation.

The Sub-Commission is authorized to decide on granting permits to Russian residents for transactions with foreign persons from unfriendly countries, as well as for currency transactions.

It should be reminded that [unfriendly states](#) include, among others, Australia, the United Kingdom, Canada, the Republic of Korea, the United States, Ukraine, Switzerland, Japan and all member states of the European Union.

Initially the Presidential Decree No. 618 of the Russian Federation dated September 8, 2022 imposed restrictions on transactions entailing the establishment, modification or termination of rights of ownership, use and/or disposal of shares in the charter capitals of LLCs or other rights allowing control over the management of such companies. Primarily, these are transactions involving the alienation of shares in the charter capital of LLCs - such transactions may only be carried out on the basis of permits issued by the Government Commission.

Since the end of 2022 the alienation of a share held by an "unfriendly" participant in an LLC already required a voluntary contribution to the federal budget of the Russian

Federation, as well as a mandatory discount on the transaction.

The latest update to the conditions for such transactions was issued at the end of October 2024, when the Russian Ministry of Finance published updated regulations (Extract from the Minutes of the Sub-Commission meeting No. 268/1 dated October 15, 2024). Under these regulations the following conditions became mandatory for obtaining approval (see a more detailed overview at the [link](#)):

1. A voluntary contribution to the federal budget in the amount of 35% of the market value of the asset. The payment of the contribution may be made in installments.
2. A mandatory discount. The transaction amount shall include a discount of at least 60% of the market value.
3. If the market value of the assets being alienated exceeds 50 billion rubles, the transaction requires additional approval from the President of the Russian Federation.

Simultaneously the authority to issue permits for the payment of dividends was transferred (previously this fell within the competence of the Russian Ministry of Finance). Since September 9, 2024 such permits are issued by the Government Commission, which may affect the procedure and terms for approving the distribution of profits to participants from unfriendly countries.

New clarifications - July 2026

In July 2026 two significant developments occurred, affecting both corporate procedures and the mechanisms for the return of foreign investors.

One of these developments introduced a procedural relief, while the other concerns the issue of options (the possibility of a buyback of assets by a foreign owner).

1) Official clarifications of the Ministry of Finance of Russia No. 5: relief for corporate procedures

On July 10, 2026 the Russian Ministry of Finance published [official clarifications](#) dated July 1, 2026, which eliminated uncertainty in a number of issues regarding the application of the Decree No. 618 and specified several cases in which the permission of the Government Commission is not required.

According to the clarifications, permission from the Government Commission is not required in the following cases:

1. Changes in the management of an LLC: When the general meeting of participants adopts a resolution to amend the charter regarding the establishment, determination (modification) of competence or termination of the powers of the LLC's management

bodies (e.g., the creation of a Board of Directors or termination of the powers of the Management Board).

2. Cancellation of a treasury share: Change in the size of a participant's share resulting from the cancellation of undistributed or unsold shares held by the LLC itself and the corresponding reduction of the charter capital.

These clarifications simplify standard corporate procedures and reduce the administrative burden on businesses by eliminating the necessity to obtain approvals in cases unrelated to the transfer of control to a foreign person.

2) Draft law on refusal of buyback

The State Duma adopted in the third reading a [draft law](#) that introduces a mechanism to restrict the right of foreign investors from unfriendly countries to buy back their previously sold Russian companies.

As of the publication date of this review, the [draft law](#) has passed the third reading and is pending approval by the Federation Council.

In case of adoption, the new law will allow current Russian owners of assets (or authorized state bodies) to refuse, through judicial proceedings, the former foreign owner the right to exercise a buyback. Claims will be considered by the Arbitration Court of the Moscow Region.

The court will be able to render a judgement to refuse the buyback provided that a number of conditions are met, including:

- Public support by the former owner of anti-Russian sanctions or discreditation of the Armed Forces of the Russian Federation.
- The non-market nature of the sale transaction (the buyback price deviating from the market price by 25% or more).
- The existence of material investments made by the new owner in the asset, without which its operations would have been suspended.

A claim may be filed even if the foreign investor has not yet requested the buyback. Upon termination of the buyback right, the investor will have one year to demand compensation from the new owner. However, the court may reduce the amount of such compensation or deny it entirely (for example, in cases of terrorism financing).

According to the clarifications, the primary function of the law is not the mass cancellation of options, but primarily to increase certainty for current Russian owners.

We will be glad to answer your questions and help you understand the regulatory framework applicable to your specific issue.

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