

MOSKAU MINSK



OVERVIEW OF RUSSIAN CURRENCY LEGISLATION AND RUSSIAN COUNTER-SANCTIONS (ANTI-CRISIS MEASURES)

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MOSKAU: POKROVSKIJ BUL. 4/17, GEB. 1
101000 MOSKAU
RUSSISCHE FÖDERATION
TEL.: +7 (495) 662 33 65
FAX.: +7 (963) 966 33 66
INFO@BBPARTNERS.RU

MINSK: TIMIRJAZEWA STRASSE 67-202
220035 MINSK
BELARUS
TEL.: +375 173 96 39 75
FAX.: +375 173 96 39 75
INFO@BBPARTNERS.RU

INTRODUCTION

This brochure addresses the key issues of Russian currency legislation and Russian counter-sanctions (anti-crisis measures).

The first part covers the key issues of Russian currency legislation, while the second part addresses the main Russian counter-sanctions restrictions affecting transactions, payments and certain types of foreign economic operations.

RUSSIAN CURRENCY LEGISLATION

Russian currency legislation regulates transactions involving the movement of funds and other currency valuables and applies to both Russian and foreign participants in economic activities. For foreign investors, Russian companies and other participants in foreign economic activity, as well as management, this area remains one of the key areas of risk despite a number of measures aimed at liberalizing currency legislation.

Currency legislation consists of **Federal Law No. 173-FZ dated 10 December 2003 "On Currency Regulation and Currency Control"**, as well as a number of subordinate regulations issued by the Central Bank of the Russian Federation, the Government of the Russian Federation and the President of the Russian Federation. The key regulations include:

- **Instruction of the Central Bank of the Russian Federation No. 181-I dated 16 August 2017** on the procedure for registering contracts with banks;
- **Presidential Decrees No. 430 dated 5 July 2022 and No. 529 dated 8 August 2022** concerning repatriation and the sale of foreign currency proceeds;
- **Federal Tax Service Order No. SD-7-14/349@ dated 26 April 2024** approving the forms of notifications of bank accounts abroad;
- **Government Resolutions No. 1365 dated 12 December 2015 and No. 819 dated 28 December 2005** on the forms and procedure for completing reports on the movement of funds in foreign bank accounts.

This overview covers the main issues of Russian currency legislation that are of practical importance for legal entities conducting cross-border transfers or other transactions

involving a foreign element. The overview addresses resident and non-resident status, documentation of currency transactions, repatriation and proper settlement of obligations, as well as reporting on foreign accounts.

General Provisions of Russian Currency Legislation

For the purposes of currency legislation, the concepts of "resident" and "non-resident" are used; however, they do not correspond to the analogous categories under tax legislation.

Currency residents include:

- Russian legal entities;
- individuals who are citizens of the Russian Federation;
- foreign individuals holding a residence permit in the Russian Federation.

Non-residents, accordingly, include:

- foreign individuals without a residence permit in the Russian Federation;
- foreign legal entities;
- branches and representative offices of foreign companies conducting activities in the Russian Federation.

This concept is also used for the purpose of applying counter-sanctions.

A key concept of currency regulation is a "**currency transaction**". Such transactions mainly include settlements between a resident and a non-resident (regardless of the currency of the transaction) and, in certain cases, certain transactions between residents.

In practice, this means that most cross-border payments fall within the scope of currency regulation, including intra-group settlements between Russian and foreign companies. Accordingly, such transactions should be checked in advance for compliance with currency legislation requirements.

Russian currency legislation is based on a permissive principle. In other words, only transactions expressly permitted by law are considered permissible, while other transactions are treated as impermissible.

For example, subject to certain exceptions, currency transactions between residents and non-residents are permitted. Conversely,

currency transactions between residents are generally not permitted, although a number of exceptions and restrictions also apply in this area.

Currency legislation regulates the rules for crediting funds to residents' foreign accounts. At the same time, pursuant to Official Clarification No. 4-OR of the Central Bank of the Russian Federation dated 29 June 2023, funds received by residents into foreign accounts from non-residents are currently not restricted; nor are transfers by residents to their own foreign accounts restricted (except for dividends on interests/shares in Russian companies). Settlements between residents using foreign accounts are permitted only in cases expressly provided for by currency legislation. For example, transfers between resident individuals who are spouses or close relatives are permitted.

Currency Control

Compliance with currency legislation is monitored within the currency control system. Authorized banks play a key role in this system, acting as currency control agents when processing settlements and servicing customers. Banks are generally the first to check payment, request supporting documents and assess whether a transaction complies with the applicable requirements.

Direct currency control, namely inspections and the imposition of liability, is carried out by the tax and customs authorities. In practice, tax authorities primarily monitor currency transactions, reporting on foreign accounts, compliance with notification obligations and compliance with currency legislation in other respects.

Authorized banks are also required to report identified violations to the tax authorities. For businesses, this means that errors in documents or transaction structuring may result in questions not only from the bank at the payment stage but also from the tax authorities at a later stage.

Documentation of Currency Transactions

Any currency transaction must be properly documented. In practice, this means that each transaction must have a legal basis and be supported by a set of documents enabling its economic substance, parties, amount and terms of performance to be identified.

Where settlements between residents and non-residents are made under a contract, such contracts are subject to registration with an authorized bank. Registration is required where the contract amount exceeds:

- RUB 3 million — for import contracts and loan agreements;
- RUB 10 million — for export contracts.

During the performance of such a contract, the resident must submit to the authorized bank documents confirming the relevant currency transactions. Such documents include, in particular:

- invoices;
- acts;
- bills;
- other documents confirming performance of obligations.

If a payment is made not under a contract but on the basis of corporate resolutions, for example, when paying dividends, such transactions must also be supported by the relevant documents. When dividends are paid, the bank must be provided with the shareholders' resolution on profit distribution.

As a general rule, supporting documents must be submitted to the bank within 15 business days from the beginning of the month following the month in which the relevant document was issued. If amendments are made to a registered contract that affect the information in Section I of the bank control statement (for example, a change in the counterparty's name or the contract currency), the resident must generally submit an application for amendments and supporting documents to the bank no later than 15 business days after the date on which they were issued.

The main risks in this area are usually associated not with the absence of a contract as such, but with discrepancies between the contract, primary documents and the actual economic substance of the settlements. экономическим смыслом расчетов.

Violations may include, in particular:

- submission of documents **containing incorrect or incomplete information**;

- situations where the **substance of a transaction does not correspond to its documentary form**;
- cases where the **tax authorities reclassify transactions/deals** as part of tax control;
- **delayed submission of documents** to the bank.

In such cases, a currency transaction may be deemed unlawful, resulting in administrative liability under Part 1 of Article 15.25 of the Code for Administrative Offences of the Russian Federation, with a fine for companies and officials of up to 40% of the transaction amount (for officials, not more than RUB 30,000).

In addition, the risk of criminal liability of company management (those involved in decision-making) under Article 193.1 of the Criminal Code of the Russian Federation must be taken into account. This provision establishes liability for conducting currency transactions using knowingly forged documents. There is no minimum amount of violation required for criminal liability under this article. There are also no special grounds for exemption from liability (for example, by compensating for the damage or through other active repentance).

Accordingly, correct and timely documentation of currency transactions should be regarded as one of the basic elements of currency compliance.

Repatriation and Proper Settlement of Obligations

For a long time, repatriation was one of the central institutions of Russian currency regulation. As a general rule, it required a resident to ensure that funds due under a foreign trade contract were credited to an account in the Russian Federation, as well as the return of previously transferred advances if the non-resident failed to perform its obligations.

At present, this regime has been substantially liberalized: pursuant to Presidential Decree No. 529 dated 8 August 2022, mandatory repatriation requirements do not apply. However, this does not mean that the performance of international contracts has ceased to be subject to currency control.

The requirement for proper settlement of obligations under international contracts remains in force. In other words, obligations end:

- within the time limits stipulated by the contract;
- by means permitted under civil legislation.

In addition to direct monetary performance, depending on the transaction structure, this may include, for example, offset of mutual claims or debt forgiveness.

Violation of this obligation may result in administrative liability under Part 4.3 of Article 15.25 of the Code for Administrative Offences of the Russian Federation. The fine may amount to up to 30% of the relevant transaction amount.

Such liability applies only to obligations providing for the receipt of funds by a resident from a non-resident.

In practice, this means that even in the absence of a traditional repatriation obligation, companies should monitor not only the fact of settlements under international contracts, but also the deadlines for performance of obligations and the legal method chosen to terminate them.

Reporting on Foreign Accounts

Russian residents (both legal entities and individuals) must comply with currency legislation requirements concerning notifications and reporting for accounts (deposits) opened with foreign banks and other financial market organizations, such as brokers, depositories, insurers and asset management companies. In addition, residents must submit reports on the movement of funds and other financial assets in such accounts, as well as on transfers without opening a bank account using electronic means of payment provided by foreign payment service providers.

A resident must notify the tax authority:

- of the **opening** of a foreign account;
- of the **closure** of such account;
- of a **change** in the account details.

Such notification must be submitted to the relevant tax authority within one month from the date of the relevant event. Accordingly, any changes relating to a foreign account must promptly be reflected in reporting to the tax authorities.

In addition, residents must submit reports on the movement of funds in foreign accounts. Such reports are submitted for the relevant reporting period and include information on receipts and debits to the account, as well as opening and closing balances. Supporting bank documents enabling transactions in the account to be identified can be attached to the report.

It is important to note that foreign citizens holding a residence permit in the Russian Federation are considered currency residents and are therefore also subject to the above obligations.

However, an important exception applies to resident individuals: these requirements do not apply to resident individuals whose total period of stay outside the Russian Federation during a calendar year exceeded 183 days. If a resident individual stayed outside the Russian Federation for 183 days or less, the general notification and reporting procedure must be followed. Foreign citizens holding a residence permit in the Russian Federation are also subject to these obligations.

For resident individuals, there is another exception to the obligation to submit reports on the movement of funds in foreign accounts. Such a report is not required if the account is opened with a bank or other financial market organization located in an EAEU (Eurasian Economic Union) member state or in a state with which automatic exchange of financial information is carried out, provided that the total amount of credits or debits to the account during the reporting year does not exceed RUB 600,000 or the account balance at the end of the reporting year does not exceed RUB 600,000. This exception does not eliminate the separate obligation to notify the tax authority of the opening, closure or change in the details of the account.

Russian legal entities that are members of an MNE (Multinational enterprise) Group are required to notify the tax authorities of the opening, closure and changes in the details of accounts of non-resident group members with foreign banks and other financial market organizations, and to submit reports on the movement of funds and other financial assets in such accounts and on transfers without opening a bank account using foreign electronic means of payment. For these purposes, the concept of an MNE Group established by

the Russian Tax Code is used. The law provides for a number of exceptions, including cases where more than 50% of the group's assets are located outside the Russian Federation. From a practical perspective, Russian members of an MNE Group should regularly check whether this condition is met and prepare documentary support of the assets share in advance.

RUSSIA'S ANTI-CRISIS MEASURES

Russian anti-crisis measures — the so-called “counter-sanctions” — are special economic measures aimed at supporting the Russian economy under sanctions pressure. They have significantly complicated the activities of foreign and Russian companies and have also affected both Russian and foreign individuals. Prohibitions and restrictions have affected, in particular, transactions involving shares in Russian companies, real estate transactions, the granting of loans, payment of dividends, interest and license fees, other transactions, as well as the export of goods from the Russian Federation.

Scope of Application of Anti-Crisis Measures

The restrictions introduced in connection with sanctions imposed against the Russian Federation are primarily aimed at persons in one way or another connected with the so-called “unfriendly” countries. The list of “unfriendly” countries is set out in Government Order No. 430-r dated 5 March 2022. It includes:

- Albania;
- Andorra;
- Australia;
- Bahamas;
- Canada;
- European Union member states;
- Iceland;
- Japan;
- Liechtenstein;
- Micronesia;
- Monaco;
- Montenegro;
- New Zealand;
- North Macedonia;
- Norway;
- Republic of Korea;
- San Marino;
- Singapore;
- Switzerland;
- Taiwan;
- Ukraine;
- United States of America;
- United Kingdom (including the Crown Dependencies and British Overseas Territories).

The restrictions discussed in this overview apply to the following categories of persons:

- **“unfriendly non-resident”** – a person connected with one of the countries included in the list of “unfriendly” countries (i.e. an individual who is a citizen thereof, a legal entity incorporated there, etc.);
- **“controlled person”** – a person controlled by a person connected with an “unfriendly” country (for these purposes, “control” includes, among other things, ownership of more than 50% of an entity’s interest);
- **“friendly non-resident”** – a person connected with a country not included in the list of “unfriendly” countries (including the UAE, Serbia and India);
- **“resident”** – a currency resident of the Russian Federation (Russian citizens, foreign citizens holding a Russian residence permit, and legal entities incorporated in the Russian Federation).

It should be noted that persons who have acquired the status of a currency resident of the Russian Federation (for example, foreign nationals who are citizens of “unfriendly” states and have obtained a residence permit in the Russian Federation) are not considered “unfriendly non-residents”.

Restrictions under the anti-crisis measures can be broadly divided into four types:

- transactions / payments subject to a **special and /or permit procedure**;
- restrictions on **granting loans to “unfriendly” non-residents**;
- prohibitions on **bank and other money transfers**;
- **customs restrictions**.

Special and Permit Procedures

Russian legislation may establish a prohibition, a special procedure for performing obligations, or a permit procedure for certain transactions and payments involving a foreign element.

A transaction carried out under the **“special procedure”** involves crediting funds to a special rouble-denominated account opened in the Russian Federation in the name of an “unfriendly” non-resident. Funds held in such accounts are effectively frozen and may be used only for a limited list of transactions.

A transaction carried out under the **“permit procedure”** makes it possible not to apply the “special procedure” and requires prior approval

from one of the authorized authorities. Approval for certain transactions are issued by:

- the Subcommittee of the Government Commission for Control over Foreign Investments in the Russian Federation (the "**Subcommission**") in accordance with Government Resolution No. 295 dated 6 March 2022;
- the Ministry of Finance of the Russian Federation;
- the Central Bank of the Russian Federation (as a rule, for credit institutions).

The essence of the permit procedure is the submission of an application to the relevant authority. The application must be accompanied by a number of documents concerning the parties to the transaction, as well as a justification for the need to obtain permission to carry out the relevant transaction.

In practice, obtaining approval from the Subcommittee or the Ministry of Finance of the Russian Federation is often a multi-stage procedure. Depending on the type of transaction or payment, the applicant may need to obtain preliminary approval from the relevant federal executive authority, after which the matter is submitted to the Subcommittee or the Ministry of Finance of the Russian Federation for consideration.

Transactions with Shares in Russian Companies

Pursuant to Presidential Decree No. 618 dated 8 September 2022, a **permit procedure** was introduced for transactions by "unfriendly" non-residents and controlled persons that directly and/or indirectly establish, change or terminate rights to own, use and/or dispose of shares in the charter capital of limited liability companies (except credit institutions and non-bank financial institutions), or other rights enabling them to determine the terms of management of such limited liability companies and/or the terms of their business activities.

The permit procedure applies not only to transactions involving the sale and purchase of shares, but also to other transactions, such as an increase in charter capital or a contribution to a company's assets where an "unfriendly" non-resident / controlled person is a participant (including companies with a sole participant).

The Subcommittee issues the approval for such transactions. To obtain approval, it may be necessary to meet a number of criteria:

- an independent valuation report on the market value of the assets, prepared by an independent appraiser included in the list of recommended appraisers (appraisal organizations), or by an appraiser employed by an organization included in such list;
- sale of the assets at a discount of at least 60% of the market value of the relevant assets stated in the valuation report;
- an undertaking to make a voluntary payment to the federal budget of at least 35% of the market value of the relevant assets stated in the valuation report;
- establishment of key performance indicators for the new owners;
- a payment installment period of 1-2 years.

These criteria are applied at the discretion of the Subcommittee. For transactions providing for a buyback of the asset, additional conditions apply. The buyback price must be determined based on the market value of the asset on the date on which the relevant right is exercised; the buyback must provide an economic benefit to the Russian owner of the asset; and the term of the relevant approval generally may not exceed two years from the date of the initial transaction.

In addition, on 24 July 2026, the Federation Council approved draft law No. 12065808, providing for the possibility of judicial termination of an unfriendly foreign investor's right to buy back a previously disposed Russian asset. The new mechanism applies to assets disposed of after 22 February 2022 and where a combination of circumstances specified by law exists. In particular, the foreign investor's actions after disposal of the asset, a deviation of the buyback price from its market value of at least 25%, and additional investments by the Russian purchaser or other measures taken by it, without which the relevant business could have been reduced, suspended or terminated, are taken into account. Termination of the buyback right is carried out through court proceedings.

In addition, transactions involving assets with a market value exceeding RUB 50 billion require the consent of the President of the Russian Federation. In practice, such consent is formalized by a separate executive order. For example, Executive Order No. 403-pn dated 17 October 2025 authorized the transfer of an

8.5% interest in PJSC SIBUR Holding from Sinopec's Cyprus entity SOIHL Cyprus Investment Ltd to Sinopec's Hong Kong entity Sinopec Soihl Hong Kong Holding Ltd. Executive Order No. 456-pn dated 25 November 2025 authorized JSC EVRAZ Kachkanarsky Mining and Processing Plant to acquire from UK-based EVRAZ plc 93.2418% of the shares in PJSC Raspadskaya and 51.00001042% of the shares in CJSC Mining and Metallurgical Company "Timir".

The issue of applying the above criteria to transactions that are not traditional purchase and sale transactions (for example, an increase in charter capital, a gift, transactions without a change of control, etc.) is resolved with the Subcommission on a case-by-case basis.

These restrictions do not apply to foreign persons controlled by Russian legal entities or individuals, provided that information on such control has been properly disclosed, or to persons controlled by persons from foreign states that are not considered "unfriendly", provided that such control was established before 1 March 2022.

Real Estate Transactions

Presidential Decree No. 81 dated 1 March 2022 established a **permit procedure** for the following real estate transactions:

- transactions with "unfriendly" non-residents or controlled persons resulting in the acquisition of ownership rights to real estate;
- transactions with friendly non-residents involving real estate acquired by such non-residents after 22 February 2022 from unfriendly non-residents or controlled persons.

The Subcommission issues approvals for such transactions.

It should be noted that no specific criteria for obtaining approval for such transactions have been established; however, in practice, depending on the circumstances, transactions may be subject to requirements similar to those established for transactions involving shares, such as an obligation to pay a "voluntary contribution" of at least 35% of the market value of the real estate.

The following transactions may be carried out without restrictions:

- gratuitous transactions involving "unfriendly" non-residents, provided that such transactions are between spouses or close relatives;
- residents entering into shared-equity construction agreements with "unfriendly" non-residents;
- participation of "unfriendly" non-residents in the shared-equity construction of apartment buildings and other real estate.

These restrictions also do not apply to foreign persons controlled by Russian legal entities or individuals, provided that information on such control has been disclosed, as well as to persons controlled by persons from "friendly" states, provided that control was established before 1 March 2022.

Restrictions on Certain Transactions

Presidential Decrees

- No. 95 dated 5 March 2022;
- No. 254 dated 4 May 2022;
- No. 737 dated 15 October 2022;
- No. 377 dated 1 June 2026.

provide for a **special or permit procedure** for certain payments by residents to "unfriendly" non-residents, namely:

- repayment of loans and payment of interest under loan agreements;
- dividend payments;
- payments related to a reduction in charter capital or the liquidation of a Russian company.

The **special procedure** provides that these payments may be made without restrictions only if their aggregate amount does not exceed RUB 10 million per month (or the equivalent in foreign currency, converted at the official Central Bank of the Russian Federation exchange rate as of the first day of the month). If the threshold is exceeded, the funds must be credited to a special type "C" rouble account, with the credit made in roubles at the Central Bank of the Russian Federation exchange rate applicable on the payment date.

Separately, it should be noted that Extract from the Minutes of the Subcommission meeting No. 182/5 dated 9 August 2023 provides for the possibility of paying dividends to

foreign persons without restrictions within the amount of that person's investments in the Russian economy made after 1 April 2023. At the same time, there is no guidance on how this mechanism should operate in practice, including how the amount of investments should be calculated and what documents should support it.

Funds credited to a type "C" account may be used only for:

- payment of taxes, duties, fees and other mandatory payments in Russia;
- purchase of federal loan bonds issued by the Ministry of Finance of Russia at auctions, as well as transactions involving such bonds;
- payment of commissions to the authorized bank, depository or broker that opened the type "C" account, and other commissions;
- transfers of funds to other type "C" accounts;
- payments to a resident in connection with the payment of a penalty (fine, late-payment interest) under transactions subject to the special procedure for performance of obligations established by Decree No. 95;
- transfers to a resident in connection with the transfer of securities owned by the resident and recorded in the securities account of a foreign nominee holder of type "C", opened with a foreign organization recording rights to securities at a Russian depository, to the resident's securities accounts opened with a Russian depository.

A permit from the Subcommittee is required to carry out other transactions using a type "C" account.

These restrictions do not apply to Russian legal entities, currency residents of the Russian Federation, or foreign persons controlled by Russian legal entities or individuals, provided that information on such control has been properly disclosed.

At the same time, the legislation provides for the possibility of making the above payments in an amount exceeding RUB 10 million directly, without using a type "C" account, subject to the **permit procedure**. Permission for such transactions is issued by the Ministry of Finance of the Russian Federation in coordination with the Central Bank of the Russian Federation, taking into account the criteria contained in Extract from the Minutes of the

Subcommission meeting No. 118/1 dated 22 December 2022, namely:

- the amount of profit (dividends) paid does not exceed 50% of the net profit for the previous year;
- the results of a retrospective analysis of profit (dividend) payments for previous periods are taken into account;
- the foreign participants (shareholders) of the entity are willing to continue commercial activities in the Russian Federation;
- the positions of federal executive authorities and the Central Bank of the Russian Federation regarding the significance of the entity's activities and their impact on the technological and production sovereignty of the Russian Federation and on the social and economic development of the Russian Federation (its constituent regions) are taken into account;
- federal executive authorities establish quarterly key performance indicators for the entities;
- profits (dividends) may be paid on a quarterly basis provided that the entity meets the established key performance indicators.

As in the case of the permit procedure with respect to transactions involving shares in Russian companies, the wording of Extract from the Minutes of the Subcommittee meeting No. 118/1 dated 22 December 2022 indicates that the criteria are applied at the discretion of the Ministry of Finance of the Russian Federation.

License Payments

Pursuant to Presidential Decree No. 322 dated 27 May 2022 (the "**Decree No. 322**"), a **special procedure** has been established for the performance of obligations to "unfriendly" non-residents and rights holders who:

- publicly supported restrictive measures consisting of the introduction or extension of political or economic sanctions against the Russian Federation, or publicly called for such measures;
- after 23 February 2022, prohibited the use in Russia of results of intellectual activity (means of individualization) due to restrictive measures or for other reasons unrelated to economic feasibility;
- after 23 February 2022, terminated, suspended or materially restricted production (supply) of goods or provision of services

(performance of works) in Russia due to restrictive measures or for other reasons unrelated to economic feasibility;

- engaged in public actions aimed at discrediting the use of the Armed Forces of Russia, the exercise by Russian state authorities of their powers abroad, or publicly disseminated, under the guise of reliable reports, knowingly false information about the use of the Armed Forces of the Russian Federation and/or the exercise by Russian state authorities of their powers outside the Russian Federation;
- disseminated through information and telecommunications networks, including the Internet, information expressed in an indecent form that insults human dignity and public morality and shows clear disrespect for society, the state, official state symbols of the Russian Federation, the Constitution of the Russian Federation or public authorities of the Russian Federation.

Pursuant to Decree No. 322, payments under monetary obligations to these categories of creditors are made to a special type "O" rouble account. This account is opened with a Russian bank regardless of the rights holder's consent.

In practice, responsibility for compliance with this restriction rests primarily with the payer. The payer must determine whether the relevant rights holder falls within the scope of Decree No. 322 and, accordingly, whether the payment may be made in the ordinary manner or whether settlements must be made using a type "O" account.

Funds may be debited from a type "O" account only subject to prior approval from the Subcommission.

There are, however, a number of exceptions to this restriction for "unfriendly" non-residents:

- the rights holder is controlled by Russian persons and information on such control has been disclosed (in the form of a notification of controlled foreign companies);
- the rights holder duly performs its obligations under the license agreement;
- in relation to license agreements concluded for the purposes of importing medical devices into the Russian Federation, providing communications services, or creating and/or using software.

However, if the rights holder takes one or more of the above actions triggering the restrictions under Decree No. 322, payments under license agreements with such rights holder may be made only using a type "O" account.

The special procedure does not apply to payments by a Russian debtor to a Russian person that is itself not a rights holder subject to Decree No. 322, for example, a Russian sub-licensee. However, a subsequent transfer of funds by such Russian person to a foreign rights holder subject to Decree No. 322 must be made under the special procedure.

Restrictions on Granting Loans to "Unfriendly" Non-Residents

The application of these restrictions depends on the currency of the loan.

In particular, Presidential Decree No. 79 dated 28 February 2022 **prohibits** residents from granting loans denominated in foreign currency to "unfriendly" non-residents.

In addition, pursuant to Decree No. 81, a **permit procedure** was established (with approvals issued by the Subcommission) for transactions involving the granting by residents of rouble-denominated credits and loans to "unfriendly" non-residents.

Loans may be granted in roubles without restrictions to residents that are controlled persons, as well as to "friendly" non-residents.

Prohibition of Bank and Other Money Transfers

As of the date of this overview, restrictions remain in place for certain categories of persons with respect to the following financial transactions:

- transfers of funds to foreign accounts (deposits);
- transfers of funds without opening bank accounts, including electronic money, outside the Russian Federation (for example, transfers using electronic wallets such as PayPal, WebMoney, etc.).

The prohibition applies to transfers made by individuals not working in Russia who are "unfriendly" non-residents, as well as legal entities from "unfriendly" states. These restrictions are in effect through 7 December 2026 inclusive

(in practice, such periods are regularly extended). The restriction does not apply to foreign companies controlled by Russian legal entities or individuals. Non-resident individuals from “unfriendly” states who work in Russia may transfer abroad funds in roubles and foreign currency in the amount of their salary or remuneration for works and services, and may also transfer such funds abroad without opening a bank account.

Thus, for example, an organization that is an “unfriendly” non-resident may not transfer funds from its bank account in the Russian Federation (including accounts of its branches and representative offices in the Russian Federation) to any foreign accounts (including accounts opened with banks in “friendly” states), regardless of the payment basis.

At the same time, resident individuals and non-resident individuals from states not considered “unfriendly” may transfer funds abroad to their own account or to another person without restrictions.

Disposal of Received Dividends

Pursuant to Presidential Decree No. 430 dated 5 July 2022 “On Repatriation by Residents – Participants in Foreign Economic Activity of Foreign Currency and Currency of the Russian Federation”, residents are prohibited from transferring or crediting foreign currency to foreign bank accounts (deposits) if the funds were received as dividends on shares in Russian joint-stock companies or from the distribution of profits of Russian limited liability companies, business partnerships or production cooperatives.

Liability for Violation of Economic Anti-Crisis Measures

At present, no specific statutory liability measures have been established for violations of the above measures.

In practice, a transaction carried out in circumvention of an established prohibition or permit procedure is treated by Russian regulatory authorities as void. Such a transaction may be qualified as contrary to law. The consequence of such qualification will be bilateral restitution (the parties must return to each other everything received under the transaction). If there are indications of a deliberate circumvention of restrictions, the transaction may be qualified

as having been made for a purpose contrary to the foundations of public order or morality. This, in turn, may result in the proceeds received under the transaction being recovered in favour of the state; in practice, recovery is made from the Russian party to the transaction.

At present, the question of whether a violation of counter-sanctions restrictions results in liability for violating currency legislation has no unambiguous answer. Accordingly, in addition to civil-law consequences, depending on the nature of the violation, the risk of administrative liability for conducting an unlawful currency transaction under Part 1 of Article 15.25 of the Code Administrative Offences of the Russian Federation cannot be excluded. The fine for such violation may amount to up to 40% of the amount of unlawful currency transactions.

In certain cases, criminal-law risks under Article 193.1 of the Criminal Code of the Russian Federation cannot be excluded. This concerns situations where documents containing knowingly false information about the grounds, purposes or designation of a transfer are submitted to a bank for a currency transaction. There is no minimum amount of unlawfully transferred funds required for liability; nor are there any special grounds for exemption from liability.

Restrictions on the Export of Certain Types of Goods

Pursuant to Government Resolution No. 311 dated 9 March 2022, a ban was introduced on the export outside the territories of the member states of the Eurasian Economic Union (the “EAEU”) of certain types of goods, primarily high-tech and industrial equipment. The applicable regulations provide for a number of exceptions to this prohibition.

First and foremost, these restrictions affect high-tech products. This measure is intended to prevent the outflow of relevant goods from Russia under foreign economic restrictions.

More stringent restrictions on the export of goods were established by Government Resolution No. 312 dated 9 March 2022, which introduced a permit procedure for exporting certain goods outside the Russian Federation (including to EAEU member states).

Government Resolution No. 312 dated 9 March 2022 provides for six separate lists of goods within the following categories:

- agricultural machinery and parts thereof (Ministry of Agriculture);
- vehicles, their parts and components (Ministry of Transport);
- industrial products (Ministry of Industry and Trade);
- telecommunications equipment (Ministry of Digital Development, Communications and Mass Media);
- laboratory, mining, geological exploration and geophysical equipment and parts thereof (Ministry of Natural Resources and Environment);
- medical products (Federal Service for Surveillance in Healthcare).

For goods subject to the above permit procedure, the relevant authorized authority may issue an export permit.

Government Resolution No. 312 dated 9 March 2022 also provides for a number of exceptions, including certain cases of exports to the Republic of Belarus.

Government Resolution No. 313 dated 9 March 2022 established a ban on the export of certain types of goods to “unfriendly” states and territories, including, in particular, steel, timber, tungsten and certain other goods.

All of the above restrictions are effective until 31 December 2027.

CONTACTS



Thomas Brand

Partner

E-Mail: thomas.brand@bbpartners.de

Mobile: +7 965 106 56 11

Phone: +7 495 662 33 65



Valeria Khmelevskaya

Partner, Lawyer, Tax Advisor, LL.M.

E-Mail: valeria.khmelevskaya@bbpartners.de

Mobile: +7 916 171 67 56

Phone: +7 495 662 33 65



Alexey Abramov

Senior Lawyer, Tax Advisor

E-Mail: alexey.abramov@bbpartners.de

Phone: +7 495 662 33 65



Gleb Stepanov

Lawyer, Tax Advisor, LL.M.

E-Mail: gleb.stepanov@bbpartners.de

Phone: +7 495 662 33 65

Note:

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