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Investments in Russia

When a Special Cut Is Required



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Introduction

Dear Colleagues,

Despite the geopolitical and economic turbulence of recent years, the Russian market still offers a wide and sophisticated range of financing and investment options that can be tailored to various business needs – from traditional lending and joint ventures to innovative structures using SPVs and structured notes, making Russia an attractive destination for foreign investments.

The legal and regulatory framework has made good progress while continuing to encourage carefully planned transactions involving lending, securities and capital investment.

In this overview, we highlight key investment and financing opportunities, along with major regulatory considerations to keep in mind when conducting business in Russia.

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Advantages
of the Russian market

Notwithstanding certain objective limitations and restrictions on operations in Russia, the following advantages of the current Russian market are worth noting:



Russia's financial and corporate legislation largely reflects established international transactional practices. Russian loan documentation, including syndicated lending, consistently incorporates concepts familiar to global lenders, such as financial and information covenants, representations and warranties, undertakings events of default, cross-default and cross-acceleration, intercreditor waterfalls, and facility-agency or security agent arrangements. The widespread use of Loan Market Association (*LMA*) documentation in the Russian market led to the creation by the Association of Banks of Russia ("**ABR**") of a national standard similar to the LMA's templates⁰¹. Similarly, local derivatives documentation has been adapted to ISDA standards, enhancing legal consistency and market efficiency. Moreover, Russian legislation and credit institutions are familiar with Islamic financing. From September 01, 2023 to September 01, 2028, an experiment is being carried out in Russia to introduce special regulation for financing according to the principles of Islamic law. The experiment takes place in the republics of Bashkortostan, Dagestan, Tatarstan and Chechnya. The goal is to create conditions for working with the financing models employed by Islamic partners. The largest Russian banks are participating in the experiment.



Various sectors of the Russian market have been extensively digitized, encompassing everything from fully electronic execution of certain transaction types to the trading of digital financial assets. Interactions with government authorities have also largely been digitalized; for instance, transfers of real estate titles or participatory interests in the charter capital of limited liability companies are typically carried out through electronic communication with the relevant state agencies. Overall, there is a clear trend toward conducting all transactions online on a cashless basis.

01 <https://www.asros.ru/en/>



Investor protection mechanisms in Russia are continuously being enhanced, as demonstrated by the ongoing improvements in domestic safeguards. The Federal Law on the Protection of Investors in the Securities Market⁰² has been progressively amended to strengthen protections, primarily for non-professional investors. Concurrently, Russia has enacted specialized legislation⁰³ aimed at protecting and supporting capital investments, including provisions such as stabilization clauses and mechanisms for state support.



Alongside these domestic efforts, Russia is actively maintaining and revising its network of bilateral investment treaties and other international investment agreements. These treaties offer enforceable guarantees, including fair and equitable treatment, protection against unlawful expropriation, and access to international arbitration—underscoring that both internal and external layers of investor protection are evolving through legislative and policy initiatives. Notably, in 2025, Russia signed bilateral agreements with China, the United Arab Emirates, Congo, and Myanmar, further reinforcing its international investment framework.

⁰² Federal Law No. 46-FZ of March 05, 1999 “On Protection of the Rights and Legitimate Interests of Investors in the Securities Market”.

⁰³ Federal Law dated April 01, 2020 No. 69-FZ “On Protection and Promotion of Investments in the Russian Federation”.

Key advantages of the Russian market include:

International Commitments

Russia follows international standards with widespread use of LMA and ISDA, national templates and a regulatory experiment for Islamic financing, supported by major Russian banks and supervised by the Bank of Russia.

Digitalization

The Russian market is highly digitized.

Investor Protection

Continuous refinement of Russian legislation enhances safeguards for investors.

Recent Developments

Russia continues to actively develop relations with many countries, among which are China, UAE, Congo, and Myanmar, evincing ongoing international engagement.

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Status of foreign
investment and financing
by foreign participants



Prior to 2022, foreign investors from all over the world were deeply engaged in virtually all major financing avenues available to Russian borrowers and issuers. They utilized cross-border bilateral and syndicated lending structures governed by UK or other foreign laws. International capital markets also formed a crucial funding channel: eurobond issuances were a common component of corporate and quasi-sovereign financing strategies, with foreign investors actively participating in public offerings and follow-on placements. In the equity sphere, foreign institutional and strategic investors played a key role in initial public and secondary offerings on both Russian and international exchanges—often combining primary capital raising with secondary sell-downs and lock-up arrangements. Additionally, foreign participants were deeply involved in cross-border joint ventures and strategic alliances, contributing not only capital but also technology, governance standards, and sector expertise. This collective activity greatly contributed to integrating Russian issuers and borrowers into global financial and transactional practices, fostering a more interconnected and sophisticated investment environment.



The geopolitical events of 2022 triggered a major exit of European and American businesses from Russia and led to a significant decline in relevant cross-border capital flows with certain countries. In response, and as a direct consequence of tightening international sanctions, Russia implemented a broad package of “countersanctions” measures that further curtailed foreign investments. These measures are largely temporary but effectively open-ended, affecting multiple regulatory areas, including financing transactions and foreign investments.



Broadly, the countersanctions framework targets foreign persons (*non-residents*) associated with states that have imposed restrictive measures against Russia—referred to as “unfriendly” states. Such persons include the nationals of these states, entities incorporated or the principal place of business of which is there, those deriving the majority of their revenues from activities in such states, or entities controlled by such persons, regardless of their incorporation or primary location. These individuals and entities are commonly termed “unfriendly non-residents.” Currently, the list of “unfriendly” states includes member states of the European Union, the United States and several other jurisdictions.



Despite these developments, foreign investors have not exited the Russian market entirely. Investors from “friendly” jurisdictions have maintained and expanded their activities in Russia. Leaders of Russian investment institutions have confirmed increasing interest from Asian and Middle Eastern partners in Russian deals. Notably, the share of non-resident transactions on the Russian stock market more than tripled in the second half of 2025 compared to previous years, and there is growing enthusiasm for projects in the Arctic region. Additionally, some investors from “unfriendly” states continue to operate through local structures under the new regulatory environment. As a result, the Russian market is not closed to foreigners but has been reconfigured. Opportunities still exist, particularly where transactions are structured under Russian law, utilize Russia’s financial infrastructure, and carefully consider current approval and payment procedures. This environment can be especially advantageous for investors willing to adopt a more technical, well-documented approach to deal execution.



Domestic banks play a central role in financing Russian businesses and projects. Moreover, non-bank institutions, investment funds, and strategic investors are increasingly getting involved through more tailored structures. This variety allows investors to choose between direct exposure to a borrower or asset and more structured participation, which can involve adjusted risk allocation, governance rights, and return mechanisms.



The legal feasibility of each investment route largely depends on the status of the parties involved, particularly whether a non-resident investor is from a “friendly” or “unfriendly” jurisdiction. This distinction impacts whether prior consent is required, how payments can be made, whether special accounts need to be used, and how exits or profit distributions are structured.



Consequently, transaction planning has become a critical legal exercise. Investors must now analyze not only the commercial attractiveness of a structure but also the processes for obtaining approvals, settling transactions, managing income flows, and executing exits.

The most common investment options in Russia include lending, securities purchases, and equity investments. Each of these options will be examined in detail below.

Key takeaways regarding the status of foreign investments and financing by foreign participants in Russia include:

Impact of Geopolitical Developments in 2022

Geopolitical changes and the subsequent sanctions triggered a large-scale exit of businesses, primarily from Europe and the United States, leading to the tightening of international sanctions and countersanctions measures.

Countersanctions Framework

Russia introduced broad restrictions targeting “unfriendly” jurisdictions and entities aimed at limiting foreign investment and financing involving foreign persons associated primarily with the European Union and the United States.

Persistence of Foreign Investment

Despite the restrictions, foreign investors from “friendly” countries continue and even expand their activities in Russia. Certain “unfriendly” investors maintain local structures and operations by structuring transactions under Russian law and using Russia’s financial infrastructure.

Emerging Trends

There is a notable shift towards increased direct foreign investment from Asian and Middle Eastern countries, with rising activity in the Arctic and a substantial increase in non-resident transactions on the Russian stock market.

Strategic Approach

Investors should carefully assess the geopolitical risks, understand the evolving legal landscape, and consider structuring deals to align with Russia’s regulations to access remaining opportunities in the market.

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Lending



Lending continues to be one of the most practical and accessible financing options in the Russian market. Both Russian and foreign lenders can participate in loan transactions, subject to certain restrictions described in the section “**Countersanctions applicable to lending**” below. The legal framework governing Russian lending employs concepts and terminology familiar to international market participants, facilitating cross-border transactions. Both bilateral and syndicated facilities are widely available, and highly sophisticated security arrangements can be crafted to meet diverse structuring needs.



Bilateral lending

Under Russian legislation, a loan agreement typically involves one party (*lender*) transferring or committing to transfer funds, assets with defined monetary characteristics, or securities to another party (*borrower*), who in turn undertakes to return or repay them. These arrangements often include terms for repayment schedules, time-bound obligations, and interest payments. Russian law offers considerable flexibility, allowing a wide range of conditions for the use, terms of repayment, and other relevant aspects of the loan, tailored to specific needs.

Russian legislation also provides an opportunity to enter into a convertible loan agreement, under which the lender gains the right to demand repayment of the financing provided or to convert the debt into the borrower's equity, thereby becoming its shareholder. This instrument allows the terms for future stock acquisition, such as the value and quantity of the shares, to be fixed as of the date the agreement is concluded.



Syndicated lending

Russian law establishes a regulatory framework for syndicated lending, a financing structure where multiple lenders jointly extend a credit facility to a single borrower. This approach enables investors and financial institutions to participate in large-scale, capital-intensive projects that might otherwise surpass the risk appetite or financial capacity of a single lender. By pooling their resources, lenders can diversify risks, increase the total financing available to the borrower, and benefit from shared due diligence and coordinated decision-making processes.

In a typical syndicated loan transaction, one or several banks act as arrangers, structuring the deal and inviting other lenders to join the syndicate. The relationships between the parties—including the allocation of rights and obligations, voting procedures, and enforcement mechanisms—are governed by detailed contractual documentation. Russian banking legislation provides the legal framework for such transactions, ensuring their enforceability and clarifying key legal concepts, such as the roles of the facility and security agents. Lenders under a syndicated loan transaction can be, inter alia, Russian or foreign banks, international financial organizations and foreign legal entities.

Syndicated lending is primarily governed by the Law on Syndicated Loans⁰⁴, which establishes the legal framework for the formation, execution, and administration of syndicated loan agreements. This law addresses key aspects such as the rights of creditors within the syndicate, procedures for transferring participation interests, and the functioning of common representatives of creditors. As a result, syndicated lending has become a vital instrument for financing major infrastructure, industrial, and investment projects in the Russian market.

⁰⁴ Federal Law No. 486-FZ dated December 31, 2017 “On Syndicated Loans and Amendments to Certain Legislative Acts of the Russian Federation”.



Sub-participation agreements

The largest Russian banks are now taking measures to reduce their credit exposure by attracting smaller banks to syndicated loans through sub-participation agreements, according to which an external participant (*for example, a regional bank*) undertakes to provide a member of a creditor syndicate (*for example, a large bank which wants to reduce its credit exposure*) a certain amount of money, and a member of a creditor syndicate undertakes to conclude a syndicated loan agreement, to exercise, on its own behalf, the rights and obligations thereunder, and to transfer funds and / or other property to an external participant upon the performance of its requirements under a syndicated loan agreement.

The legislator supports this trend, and, on August 03, 2025, amendments to the Law on Syndicated Loans came into force⁰⁵. The purpose of these changes is to expand market participants' opportunities in syndicated lending by allowing unfunded sub-participation, which entails the transfer of funds by an external participant to a creditor syndicate member only upon the occurrence of certain pre-agreed conditions.



Countersanctions applicable to lending



Lending by a foreign investor

A Russian resident is permitted to receive loans from any foreign individual or legal entity ("*friendly*" or "*unfriendly*") in any currency. However, under Decree 95⁰⁶, restrictions have been introduced on the repayment of loans to "*unfriendly*" entities if the borrower's obligations under the loan exceed RUB 10 million (*approximately EUR 110,000 / USD 130,000*) per month:

⁰⁵ Federal Law No. 245-FZ dated July 23, 2025 "On Amendments to the Federal Law on Syndicated Loans and Amendments to Certain Legislative Acts of the Russian Federation and Article 15.1 of the Federal Law on the Securities Market".

⁰⁶ Decree of the President of the Russian Federation No. 95 dated March 05, 2022 "On the Temporary Procedures for the Performance of Obligations to Certain Foreign Creditors".

- (A) The Sub-Commission of the Government Commission for Control over Foreign Investments in the Russian Federation (the “**Sub-Commission**”), or the Bank of Russia if the borrower is a financial institution, must approve the transaction; or
- (B) The funds must be deposited into a C-type account, a special account introduced by Decree 95. Under the C-type Account Regulations⁰⁷, withdrawals from C-type accounts held in the name of “unfriendly” non-residents are only permitted for limited purposes, primarily for use within the Russian Federation. Currently, there is no procedure allowing withdrawals from C-type accounts to ordinary accounts, even with approval.



Borrowing by a foreign investor

For investors considering loans from Russian residents, it is important to understand that the ability of Russian residents to grant loans depends not only on the borrower’s jurisdiction but also on the currency of the loan:

- (A) Loans denominated in RUB to an “unfriendly” non-resident requires prior approval from the Sub-Commission under Decree 81;
- (B) Loans denominated in any foreign currency are subject to restrictions under Decree No. 79 irrespective of the borrower’s jurisdiction. Such loans may only be released with prior approval from the Sub-Commission, subject to certain limited exceptions.

⁰⁷ Decision of the Board of Directors of the Bank of Russia dated November 21, 2022 “On the Establishment of a C-type Account Regime for Settlements and Execution of Transactions (Operations) Subject to the Procedure for Fulfilling Obligations Provided for by Decree of the President of the Russian Federation dated March 05, 2022 No. 95 “On the Temporary Procedure for Fulfilling Obligations to Certain Foreign Creditors”.

Key takeaways on lending in Russia include:

Lending as a Key Financing Channel

Bilateral and syndicated loans are widely available and legally supported, within frameworks familiar to international market participants.

Syndicated Lending

The Law on Syndicated Loans provides clear rules on syndicate structure, parties' roles, and rights transfer, facilitating large-scale project financing.

Expansion of Sub-participation

Recent amendments allow unfunded sub-participation, automatic rights transfer upon creditor distress and new forms of intercreditor agreements, improving market liquidity and risk-sharing.

Current Countersanctions Regulation

Russian residents may receive loans from foreigners in any currency, but repayments exceeding RUB 10 million monthly to “unfriendly” entities require the approval of the Sub-Commission or the Bank of Russia, or the use of a C-type account. Loans from Russian residents to “unfriendly” non-residents denominated in RUB or to any foreigners in any foreign currency are restricted and require Sub-Commission approval in certain cases.

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Securities and other
investment vehicles



Securities issuance is becoming an increasingly attractive method for raising capital in Russia, offering flexibility and access to a diverse pool of investors. In 2025, foreign demand for Russian debt instruments surged, notably from China, the Middle East, and CIS, particularly in purchasing federal loan bonds (*OFZ*). Beyond traditional instruments such as shares and bonds, the popularity of using units in closed unit investment funds and structured notes issued by specialized financial organizations is growing. These options provide investors with opportunities for private and confidential capital increases, expanding the range of financing options in the Russian market.



In-type Accounts — new opportunities for foreign investors

Decree 436⁰⁸ has introduced new opportunities for foreign investors in Russia by establishing a new type of investment account called “*In-type accounts*”. These accounts enable foreign investors, including non-residents from “unfriendly” jurisdictions, to invest new money in the Russian market without being subject to the countersanctions regulations, and, notably, without the need to open restricted C-type accounts.

Both cash (*RUB and foreign currencies*) and Russian securities (*such as shares, bonds and investment fund units*) can be held in In-type accounts. Funds credited to these accounts must originate from the investors’ offshore bank accounts or from proceeds of new investment operations in Russia; cash from existing C-type accounts cannot be used for this purpose. There are no restrictions on transferring cash abroad from In-type accounts, allowing repatriation without involving C-type accounts.

While cash withdrawals from In-type accounts are prohibited, conversion operations are permitted, and transfers between different In-type accounts are also possible.

⁰⁸ Decree of the President of the Russian Federation No. 436 dated July 01, 2025 “On Additional Guarantees of the Rights of Foreign Investors”.

In-type accounts can be used for the following operations:

- (A) Acquisition of Russian securities through Russian brokers on stock exchanges (*including IPOs and secondary sales*);
- (B) Disposal of Russian securities through Russian brokers;
- (C) Receiving income from securities purchased via In-type accounts;
- (D) Placing funds into deposits with Russian credit institutions and fulfilling deposit obligations;
- (E) Investments in derivatives.

This regime applies only to foreign investments made after July 01, 2025. Since the use of In-type accounts is still evolving, it is important to monitor developments. Based on publicly available information, foreign investors first made transactions on the Moscow Exchange involving the purchase of Russian financial instruments with funds credited to In-type accounts in April 2026.



Investment funds

Units in unit investment funds represent some of the most rapidly evolving instruments within Russia's securities regulation. These funds allow market participants to effectively structure the passive ownership of pooled assets under trust management while also attracting both venture and strategic investments. A key advantage of financing through unit investment funds is the enhanced confidentiality it offers; disclosure of information about the fund's investors in public registers is not required, providing a significant privacy benefit for investors.

Recent legislative updates have significantly increased the flexibility of unit investment funds in Russia. Amendments to the legislation concerning unit investment funds, particularly those affecting the regime of units in closed unit investment funds ("**ZPIF**"), have brought these units closer in functionality to shares. The innovations provide the investors with the opportunity of tailoring ZPIF to specific needs by providing for different levels of rights for the unit holders.

ZPIF provides an additional advantage for investors – a high level of confidentiality for the unit. Considering that ZPIF can own virtually any property, ZPIF is a frequently used instrument in structured financing and M&A transactions.



SFOs

A specialized financial organization (“**SFO**”) can serve as an effective investment vehicle, especially in structured financing transactions and projects demanding a high degree of legal flexibility and risk isolation. The SFO model is designed to facilitate asset securitization and the issuance of structured notes, while ensuring bankruptcy remoteness and safeguarding investors’ interests through a strictly limited legal capacity and a streamlined corporate structure.

A core aspect of the SFO regime is the statutory restriction on its activities, intended to prevent the entity from assuming risks outside its core function and to reduce insolvency risk. This is achieved through limitations on the types of transactions in which it can engage, the absence of employees, outsourcing management functions to specialized service providers, and provisions limiting recourse and preventing petitioning for insolvency. As a result, the SFO operates as a bankruptcy-remote entity with a predictable and transparent risk profile.

Depending on its structure, an SFO may operate under one of the following regimes:

- (A) It may acquire monetary claims, including receivables under loan agreements, leases, or other contractual obligations, and finance these acquisitions through bond issuance secured by pledges over the acquired assets.
- (B) Alternatively, an SFO may issue a special type of debt instrument—structured notes—which are not principal-protected but secured by collateral. These notes allow the flexible structuring of payment obligations, often linked to the performance of underlying assets or external indicators, and can be either equity-linked or debt-linked.

Structured notes issued by an SFO offer significant regulatory and contractual flexibility, enabling investors to tailor cash flows and risk allocations to their investment strategies. Control over the SFO's activities can be exercised through the ownership of these bonds, as their terms often embed detailed governance and decision-making mechanisms.

From an investment standpoint, an SFO can serve as an intermediary vehicle for investors seeking to provide financing to third parties. This can be achieved through various structures, including:

- (i) the SFO entering into bilateral loan agreements as a lender;
- (ii) participating as a creditor under syndicated loan agreements;
- (iii) acting as a sub-participant under sub-participation agreements; or
- (iv) purchasing shares in the target entity.

Each of these arrangements allows investors to customize their exposure, risk participation, and return profile.

An additional benefit of the SFO model is its high level of confidentiality. Using an SFO can limit the disclosure of the ultimate investors and the internal structure of the transaction, as the SFO acts as the formal counterparty to borrowers and other market participants. This makes the structure particularly attractive for transactions where confidentiality and controlled disclosure are essential.



Investment partnership

Another instrument that can be used in investment projects that require confidentiality is an investment partnership (“IP”). The IP is a contractual form of joint investment in which several investors pool their funds to achieve a common goal – to generate profits. The use of IP structure does not entail significant costs, but it allows flexible customization of the rights of the parties involved and can be considered a tool for providing financing.

Legally, the IP is formalized by an agreement, not by registering a new company. Therefore, the IP is not a legal entity, unlike, for example, a limited liability company. All relations between IP's participants are based solely on the investment partnership agreement (*IPA*) concluded between them.



Current issues with countersanctions relating to securities



C-type securities accounts

Under Decree 95, all securities owner accounts opened in the name of “unfriendly” non-residents, as well as all foreign nominee accounts registered to both “friendly” and “unfriendly” non-residents, have effectively been classified as restricted C-type accounts.

Similar to the C-type cash accounts, securities held in a C-type account are subject to a narrowly defined and exhaustively specified set of permitted operations outlined in the C-type Account Regulations.



Countersanctions consents

Decree 81 has introduced a requirement for Russian residents to obtain the consent of the Sub-Commission before engaging in certain transactions with “unfriendly” non-residents. This includes any operations that result in the transfer of title to securities—such as sales and title transfers—between “unfriendly” non-residents and Russian residents.

However, Decree 844⁰⁹ exempts transactions involving non-Russian securities from this requirement, provided that:

- (A) The title to such foreign securities is registered outside of Russia with a foreign registrar (*custodian*); and
- (B) Settlements for these transactions are made from bank accounts opened in the names of Russian residents outside Russia, with proper disclosure of information on such accounts to the Russian tax authorities.

This exemption is not applied to units in unit investment funds.

⁰⁹ Decree of the President of the Russian Federation No. 844 dated November 08, 2023 "On Additional Temporary Economic Measures Related to the Circulation of Foreign Securities".

Key takeaways on securities and other investment vehicles in Russia include:

In-type Accounts

They allow foreign investors, including those from “unfriendly” jurisdictions, to invest new funds in Russia despite countersanctions restrictions. The regime applies only to investments made after July 01, 2025, and is still evolving, requiring ongoing monitoring of the practical developments. In-type accounts facilitate a range of operations—buying and selling securities, receipt of income, deposits, and derivatives—potentially expanding investment options for foreign investors.

Effective Investment Vehicles

ZPIF, SFO or IPs can serve as effective investment vehicles in structured financing transactions providing confidentiality, a high degree of legal flexibility and risk isolation. Each of them may be considered for a particular transaction based on the advantages they provide.

Current Countersanctions Regulation

All securities accounts of “unfriendly” non-residents and foreign nominee accounts for both “friendly” and “unfriendly” non-residents are classified as restricted C-type accounts under Decree 95, subject to strict operational limitations; transactions involving the transfer of title to securities between Russian residents and “unfriendly” non-residents require Sub-Commission consent under Decree 81 as a general rule.

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Capital investments



Subject to normal corporate and regulatory consent (*e.g., antitrust, strategic investments, the Bank of Russia's consent for the acquisition of banks and financial companies etc.*), investors from “friendly” states enjoy full access to capital investments, including the establishment of joint ventures, acquisition of shares or participatory interests in the charter capital of Russian companies, entering into shareholder agreements, the disposal of shares and the winding up of businesses. They are also entitled to freely receive dividends from legal entities established in Russia, where they participate or hold shares, and to repatriate such dividends to foreign accounts.

Capital investments by “unfriendly” investors subject to the same corporate and regulatory consent, as well as the receipt of dividends, are restricted under Russia’s countersanctions regulations.



Current issues with countersanctions relating to capital investments



Share deals

A direct or indirect acquisition and disposal of shares or participatory interests in Russian joint stock companies or limited liability companies by “non-friendly” non-residents may require either the consent (“*special decision*”) of the Russian President or of the Sub-Commission.

(A) Presidential permit

Decree 520¹⁰ prohibits, until December 31, 2027, transactions of “unfriendly” non-residents or persons under their control which result in the “*establishment, modification, termination or encumbrance of the ownership rights, use and / or disposal*” in relation to specific categories of entities’ shares, including, inter alia, shares in Russian strategic joint companies specified in Decree 1009¹¹, shares in Russian companies in the fuel and energy sector or Russian credit institutions. Such transactions may be carried out based on a special decision of the Russian President.

(B) Sub-Commission’s consent

If a transaction does not meet the criteria for Presidential consent as specified above, consent of the Sub-Commission may still be required under Decrees 618¹² or 737¹³ for any transaction concerning participatory interests in, or management rights over, Russian joint stock companies or Russian limited liability companies (*except for banks and non-credit financial organizations*). In the event of transactions concerning banks and some non-credit financial institutions, a special regulation for the Sub-Commission’s consent shall be considered.

It should be noted that the Presidential or Sub-Commission’s consent is required not only for the initial investments but also for any further disposal of shares or participatory interests as well as for the Russian entities’ reorganization or liquidation or for a share pledge.

10 Decree of the President of the Russian Federation No. 520 dated August 05, 2022 “On the Application of Special Economic Measures in the Financial and Fuel and Energy Sectors due to the Unfriendly Actions of Certain Foreign Countries and International Organisations.

11 Decree of the President of the Russian Federation No. 1009 dated August 04, 2004 “On the Approval of the List of Strategic Enterprises and Strategic Joint Stock Companies”.

12 Decree of the President of the Russian Federation No. 618 dated September 08, 2022 (“On the Special Procedure for the Implementation (Execution) of Certain Types of Transactions (Operations) between Certain Persons”).

13 Decree of the President of the Russian Federation No. 737 dated October 15, 2022 “On Certain Issues of Implementation (Execution) of Certain Types of Transactions (Operations)”.



Dividend issues

Dividend payments to “unfriendly” non-residents exceeding RUB 10 million (*approximately EUR 110,000 / USD 130,000*) are also restricted and shall be made to C-type cash accounts or otherwise require the approval of the Sub-Commission (*or the Bank of Russia – only for credit and non-credit financial institutions*) to bypass such accounts.

Withdrawals from C-type cash accounts are strictly limited, as described above. However, the C-type account regime allows for certain exemptions including payments between “unfriendly” non-residents and residents under “*asset swap transactions*” which require consent under the countersanctions legislation of both Russia and the non-resident’s jurisdiction.

Specific procedures exist for the payment of dividends to foreign nominee accounts holders (*e.g., global custodians’ accounts*) which require the mandatory disclosure of information concerning ultimate beneficial owner, tax matters etc., on the owners of the securities by the foreign nominee accounts holder to the respective custodians. If the required information is not provided, the owner of the securities themselves can file the relevant information with the Russian custodian within a certain deadline, failing which, payments should be forwarded to the C-type bank accounts of the foreign nominee accounts holders or, subject to the permission of the authorities, to their unrestricted non-C-type bank accounts.

Key takeaways on capital investments include:

Access to Capital Investments

Investors from “friendly” countries have full access to capital investments in Russia, while investors from “unfriendly” countries face certain restrictions under Russia’s countersanctions regulations.

Current Countersanctions Regulations

The acquisition or disposal of shares or participatory interests in Russian joint stock or limited liability companies by “unfriendly” non-residents requires either a Presidential “special decision” or Sub-Commission consent; dividend payments exceeding RUB 10 million to “unfriendly” non-residents must be made to C-type accounts or otherwise require approval under the countersanctions rules.

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Why legal structuring
matters



In the current Russian environment, successful financing and investment transactions require robust legal structuring integrated from the outset of commercial design.



Key legal and regulatory factors—such as permit requirements, account types, repayment channels, dividend mechanisms, and investor status—can determine whether a transaction is practical and executable.



Foreign investors should recognize that financing and investment opportunities in Russia exist and are evolving:

- “Friendly” investors can fully leverage the current market conditions to access key investment and financing opportunities and grow their businesses effectively.
- “Unfriendly” investors must engage in precise legal engineering to navigate the market.

Success for “unfriendly” investors depends on realistic expectations, strong local legal expertise, and structuring that aligns with the current regulations.

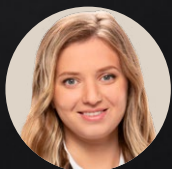


Full legal compliance and commercial viability are essential for any investment in Russia today. Legal support must extend beyond document drafting to include strategic input on transaction architecture. Legal counsel plays a critical role in assessing deal feasibility, identifying the required approvals, evaluating alternative structures, and ensuring compliance with the current legal and regulatory framework.

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