

# New Sanctions and Administrative Restrictions for Russian Business

Due to the increasing inquiries from clients in the context of the constantly changing legal regulations we would like to focus on the key restrictions faced by domestic and foreign businessmen in Russia in March.

As of 24.03.2022 Russian legislation temporarily prohibits the following transactions

- transfer of foreign currency by residents to non-residents under loan agreements (Presidential Decree of 28.02.2022 No. 79, Information of the Bank of Russia of 02.03.2022);
- currency transfers to accounts of foreign banks and financial organizations, and any money transfers using foreign electronic means of credit payment (Presidential Decree of 28.02.2022 No. 79).

Execution of the following transactions is effectively frozen (their implementation is not yet possible until the adoption of special procedures for issuing special permits (by the Government Commission for the Control of Foreign Investment or the Central Bank)

- ruble credits and loans to persons from unfriendly countries (Presidential Decree of 01.03.2022 No. 81);
- Securities and real estate transactions with persons from unfriendly loan states (Presidential Decree of 01.03.2022 No. 81);
- transactions with any foreign persons concerning securities and real estate purchased from foreign persons of unfriendly states after February 22, 2022. (Presidential Decree of 01.03.2022 No. 81);
- residents' payments for shares (contributions, participatory interest) in the property (authorized or participatory capital, participatory fund of a cooperative) of non-resident legal entities (Presidential Decree of 18.03.2022 No. 126);
- investment in the form of capital investments made by residents in favor of non-residents under partnership agreements (Presidential Decree of 18.03.2022 No. 126);
- the transfer of funds to persons from unfriendly countries, as well as by these persons to other non-residents in the amount exceeding the amount established by the Central Bank of Russia (Presidential Decree of 18.03.2022 No. 126).

The list of unfriendly states was approved by RF Government Decree of March 5, 2022 No. 430-r. As of March 23, the list includes all EU countries, the US, Great Britain (including Jersey, British Virgin Islands, Gibraltar and Anguilla), Ukraine, Canada, Australia, Japan, the Republic of Korea, Taiwan (China), Switzerland, Norway, New Zealand, Singapore, Liechtenstein, Monaco, San Marino, Iceland, Northern Macedonia, Andorra, Albania, Micronesia.

**Important:** Despite the fact that the restrictions are imposed only on the persons of unfriendly states, now there are difficulties in transactions with the assets of any non-residents. Moreover, the

restrictions may affect not only the assets expressly mentioned in the relevant regulations, but also other assets. For example, transactions with shares in a limited liability company remain blocked, although these assets are not directly mentioned in the prohibitive edicts of the President of the Russian Federation. Therefore, if you are planning to conduct a transaction with a foreign element we recommend that you consult with lawyers on the possibility of the transaction and/or its performance.

We also draw your attention to the fact that any transactions related to sanctioned persons, the list of which regards the Russian is constantly spreading, are fraught with serious penalties, both fixed and turnover fines, imposed by the sanctioning states. For example, in the U.S., the amount of a fixed fine is up to \$1 million, and a turnover fine is double the value of transactions that violate sanctions regulations.

You may order review of counterparty and assessment of possible risks.

Our lawyers surely will help to secure your business and avoid the risks of violating sanctions laws.

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