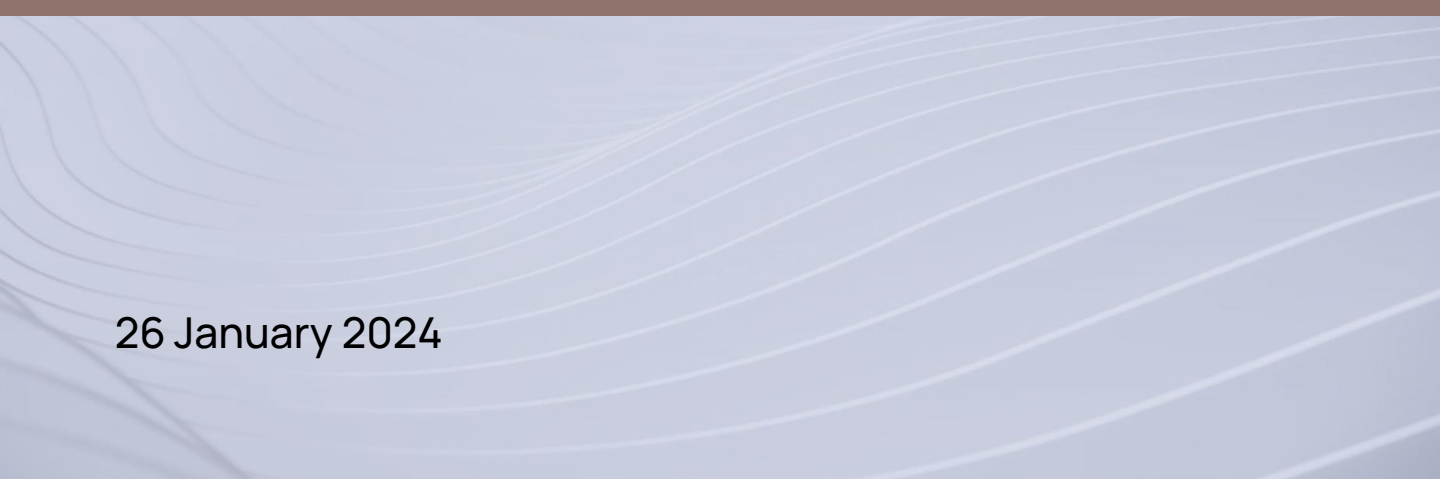




APPROVAL OF TRANSACTIONS BY THE GOVERNMENT COMMISSION: RECENT DEVELOPMENTS



26 January 2024

On 23 January 2024, Resolution of the Government of the Russian Federation No. 40 dated 22.01.2024 On Amendments to Resolution of the Government of the Russian Federation No. 295 dated 6 March 2022 (the "**Resolution**") was published. The Resolution clarifies the rules for approval by the Government Commission for Control over Foreign Investments in the Russian Federation (the "**Government Commission**") of transactions requiring approval after countersanctions Presidential decrees.

The Resolution requires that the following information be included in an application for consent to a transaction in relation to the shares (equity interests) in a Russian company:

1. a report on the market value of the shares (equity interests) prepared by a recommended appraiser; and
2. key performance indicators (including, if applicable, their target values) for buyers ("**KPIs**").

Previously, valuation reports and KPIs were also required to be included in applications, but that was pursuant to the relevant decisions of the Sub-Commission of the Government Commission, which were not the law; now, the Resolution made these requirements a rule of law.

Noteworthy is that the Resolution, unlike the extract from Decision of the Sub-Commission of the Government Commission No. 171/5, dated 7 July 2023, does not specifically require that, in addition to the valuation report, an expert opinion on the report prepared by a member of a self-regulated organisation of appraisers be included in applications. However, in the absence of official clarifications regarding this point, it is still advisable to submit such expert opinions as part of application packages.

Also, the Resolution provides for an exemption from the above requirements for intragroup transactions and transactions where both counterparties are associated with unfriendly states (in other words, transfers between two "unfriendly"): the valuation report and KPIs are no longer viewed as a condition for approval of such transactions and do not need to be included in relevant applications. This is clearly a positive development.

The Resolution, and the changes discussed above, came into effect on 23 January 2024.

For more information, please contact:



Mikhail Loktionov

Partner

T: +7 495 785 30 05

E: mikhail.loktionov@stonebridgelegal.ru



Alexander Viktorov

Counsel

T: +7 495 785 30 00

E: alexander.viktorov@stonebridgelegal.ru



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