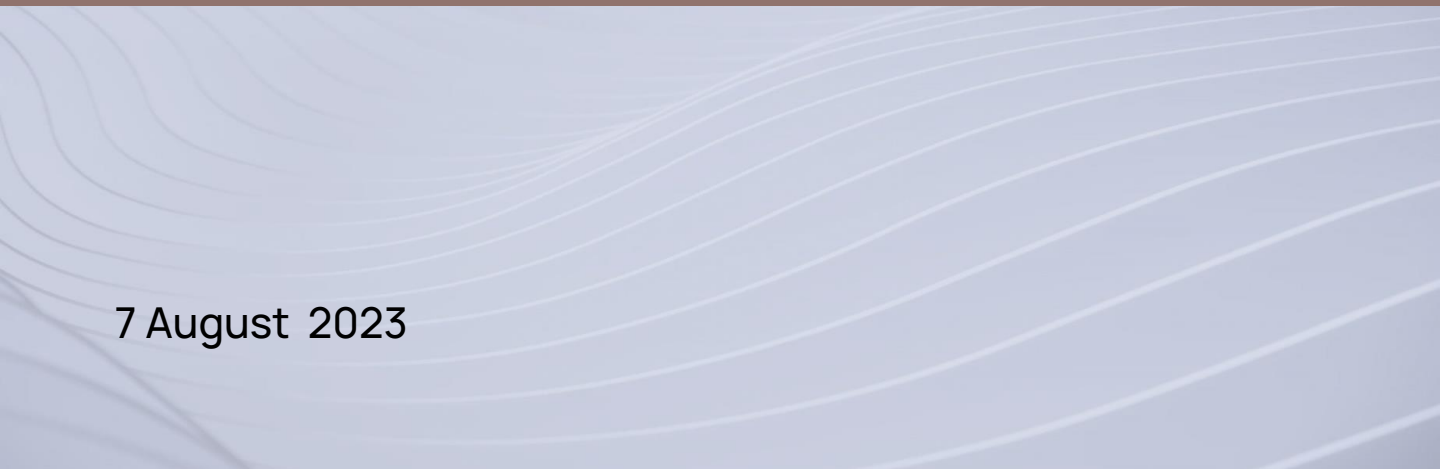




**RUSSIAN COUNTER-SANCTIONS MEASURES:
NEW DEVELOPMENTS**



7 August 2023

On 4 August 2023, Federal Law No. 422-FZ (the **Law**) was published. The Law introduced amendments to, among others, Federal Law No. 281-FZ On Special Economic Measures and Coercive Measures dated 30 December 2006.

These amendments create additional economic restrictions for persons associated with unfriendly states. Such restrictions are similar to restrictions under US and EU personal sanctions in relation to Russian persons and are, in fact, a response to those.

The affected persons include foreign states, foreign companies, foreign nationals and persons without citizenship, as well as legal entities controlled thereby. For these purposes, 'control' means the right, directly or indirectly, solely or jointly, to manage more than 50% of the votes in the highest governing body of the legal entity concerned.

The mechanism for the introduction of the special economic measures against affected persons remains the same: the decision is taken by the President based on a proposal by the Security Council, the Federation Council, the State Duma or the Russian Government. The list of specific restrictions and prohibitions will be approved by the Government.

The affected persons will be prohibited from carrying out financial operations, and such persons' funds and/or other assets may be frozen. Furthermore, other restrictions of a financial and non-financial nature may be imposed on such persons, including suspension of cooperation programmes, changes in customs duties, a ban on entry into Russian ports and use of Russian airspace, and limitations on tourism.

However, the affected persons will have, among other rights, the right to:

- credit funds to their Russian bank accounts, including interest on their savings accounts;
- receive pensions, allowances, and social payments;
- pay taxes and levies;
- receive salary and spend it in an amount of up to 10 thousand roubles (or equivalent) per month for each family member;
- pay for medical services rendered to the affected person or his/her family members in Russia in an amount of up to 10 thousand roubles (or equivalent) per month for each family member; and
- pay salaries in an amount not exceeding the minimum cost of living (for employers).

The entities that will have to implement the restrictions include, among others, banks, registrars, depositories, securities brokers, insurers, private pension funds, leasing companies, and operators of financial and investment platforms.

The Central Bank of Russia will enforce compliance with the restrictions and will have the right to impose sanctions on entities which fail to comply, including suspension of operations for up to six months and fines of up to five million roubles.

The Law will come into effect 180 days after the date of its publication.



The information contained in this document is intended for general guidance and should not be considered as legal advice or opinion.