

VEGAS LEX ON BENEFITS OF NEW PROJECT FINANCE DEVELOPMENT BILL

The main provisions of the project finance development bill have been the focus of a public discussion at the Expert Centre under the Presidential Commissioner for Entrepreneurs' Rights.

On February 5, 2016, the Presidential Business Ombudsman's Expert Centre, jointly with the Business Russia association's analytical center, organized a public discussion of the project finance development bill currently in the works, which included a comparative analysis of the business environments for bank lending.

Junior Associate of the International projects group at VEGAS LEX **Zhanna Britvina**, who is helping draft the new legislation, highlighted the document's main provisions. The current regulations contain uncertainty as to whether specialized project finance societies are allowed to attract funding without issuing bonds. On the one hand, only bondholders are entitled to the benefits of the specialized project finance society. At the same time, bonds are only issued for major projects, while small and medium-sized projects initially attract funding under credit agreements or loan agreements.

According to the lawyer, the new law will stipulate explicitly that financing without issuing bonds is also possible, and give lenders who provide the funding without bonds the same rights as bondholders. In addition, the bill provides for ending the status of a specialized project finance company and turning it into a business entity with a general capacity through changes in the company name and its statute with the consent of the lenders – a possibility the current legislation does not provide.

The participants also conducted a comparative analysis of the business environments in Russia and in other countries in terms of bank lending.

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