

## Russia introduces rules allowing persons from "unfriendly" states to be precluded from participating in decision-making by the governing bodies of certain Russian companies

On 17 January 2023, [Presidential Decree No. 16\\*](#) (the "**Decree**") came into force, allowing, under certain conditions, the votes of persons from so-called "unfriendly" states to be disregarded in the course of decision-making by the governing bodies of Russian limited liability companies and joint-stock companies that are major market players. The measure is in response to the restrictions imposed on Russian individuals and entities by "unfriendly" states.

The rules set out in the Decree apply only to those Russian companies that meet **all** of the following criteria:

- the company is engaged activities in the field of energy, mechanical engineering or trade;
- the company (or the group to which it belongs) has annual revenues of more than RUB 100bn (EUR 1.3bn);
- sanctions have been imposed on the company's controlling person or beneficial owner by "unfriendly" states; and
- persons from "unfriendly" states (including persons under their control) ("**Persons from Unfriendly States**") own up to 50% of the company's shares or participatory interests.

Under the Decree, if a company's participants/shareholders or the members of its board of directors/supervisory board or collegial executive body are:

- Persons from Unfriendly States; or
- individuals appointed from among candidates nominated by Persons from Unfriendly States;

then the votes of those persons may be disregarded when determining the quorum and results of voting at meetings of the governing body in question.

The rules set out in the Decree will be valid until 31 December 2023, but they do not apply automatically. A separate decision implementing this procedure at the company must be taken additionally by those participants or shareholders who are not Persons from Unfriendly States by a majority vote out of the total number of votes they hold.

This decision-making procedure can be implemented irrespective of the provisions of the company's constitutive documents and corporate/shareholders agreement.

\* *In Russian*

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