



## Rusnano and Dentons prepare Concept for regulating the alternative finance market in Russia

**October 2019** — Dentons global law firm has prepared a Concept for legal regulation of alternative finance methods\* in Russia. The Concept was commissioned by the Fund for Infrastructure and Educational Programs, which is part of RUSNANO Group.

The Concept is based on the first major research in this area in Russia. Carried out by a Dentons team led by Partners **Victor Naumov** and **Evgenia Teterevkova**, the research involved analyzing ideas, regulatory approaches and solutions in the development of alternative finance in five jurisdictions: France, Germany, Japan, the United Kingdom and the United States, as well as sector-specific statutes of the European Union. The Concept can be used in the future to amend sector-specific legislation.

**Evgenia Teterevkova**, Partner and Head of Dentons' St. Petersburg Corporate and M&A practice said: "The approach we chose and set out in the Concept is aimed at developing convenient financing tools, an efficient investment environment and government incentives. We are certain that these measures will be able to create the necessary conditions for promoting private venture capital investment, for simplifying share purchases and using modern financial technologies."

**Victor Naumov**, Dentons St. Petersburg Managing Partner, Head of Russia IP, IT and Telecommunications practice and Co-Head of Europe Internet and & Tech Regulatory, said: "We were given a unique, international-level interdisciplinary assignment. In addition to the corporate, financing and tax tools prioritized in the Concept, we suggested introducing a new subject to a legal relationship, the digital person. With no precedents in foreign law, the digital person will help to avoid uncertainty in the status of some participants in investment processes."

**Alexei Kachai**, Deputy CEO for Strategy of the Fund for Infrastructure and Educational Programs said: "Individuals and companies have new opportunities to invest and raise funds using existing and new investment platforms—opportunities opened up by the adoption of Federal Law No. 259-FZ on Raising Investments via Investment Platforms and on Amendments to Certain Legislative Acts of the Russian Federation of August 2, 2019. Dentons' research presents mechanisms based on the experience of leading economists for raising venture capital investment in the innovation sector that will facilitate further development of the sector and help to achieve long-term objectives in the Russian Federation. The tools proposed have already been supported by the representatives of investment platforms and experts. I am grateful to my colleagues from Dentons and look forward to fruitful cooperation with them in the future in making proposals to improve regulation of the innovation sector and boost investment in the Russian Federation."

The Concept does not touch on crowdfunding because there is already a special law regulating that alternative finance tool (Federal Law No. 259-FZ on Raising Investments via Investment Platforms and on Amendments to Certain Legislative Acts of the Russian Federation of August 2, 2019).

*\* Alternative finance methods are not related to traditional financial instruments (e.g., credit facilities, loans) and institutional investors (e.g., banks, insurers). They allow innovation entrepreneurs to raise investment to set up and develop a business when classic tools are unavailable.*

#### **About the Fund**

The Fund for Infrastructure and Educational Programs is one of the key tools for implementing state innovation policy. It occupies an important place in the system for state support of innovation. The Fund was created on October 22, 2010 on the basis of Federal Law No. 211-FZ on Reorganization of the Russian Corporation of Nanotechnologies of July 27, 2010. It provides financial and other support to the nanotechnologies and related high-tech sectors, shapes the innovation infrastructure, creates a market for skilled personnel and a system of professional development, and helps to market technological solutions and finished products. The Fund is part of RUSNANO Group together with Rusnano JSC and Rusnano Management Company. [www.fiop.site](http://www.fiop.site)

#### **About Dentons**

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*\*The American Lawyer 2018 – Ranking of 100 international law firms by number of lawyers (Global 100).*