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Sanctions and practical advice in a crisis

Roman Malovitsky, Counsel

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1. **New Approach to Interpretation of Laws**
 - a. No Hierarchy of Laws
 - b. Broad Interpretation instead of Black Letter of Law
 - c. Ultraconservative Approach
 - d. Queries outnumber Replies
 - e. Lack of Clarity

2. Categories of Persons

- a. Resident vs Non-resident
- b. Persons of Unfriendly States
- c. Persons of Non-Unfriendly States
- d. Controlled Persons
- e. Non-Consistency and Lack of Clarity:
 - i. Dual Nationality
 - ii. International Companies
 - iii. Tax residence

3. Loans & Facilities

- a. Loans in Foreign Currency to Non-Residents: subject to Governmental Commission pre-approval (including new loans under existing agreements)
- b. Loans in Rubles to a “Person of Unfriendly State”: subject to Governmental Commission pre-approval (including new loans under existing agreements)
- c. Payment of Interests under existing loans permitted

4. Securities & Real Estate

- a. Any transaction with securities or real estate requires consent of Governmental Commission
 - i. Exemption: if UBO is a Russian person (duly disclosed)
- b. Securities owned by any foreign company is blocked by the Bank of Russia (in spite of exemption)
- c. Not applicable to LLC (practical issues)

5. Payments

- a. No payment from resident outside of Russia to its account out of Russia
- b. No payments from non-resident abroad
- c. Decree 95 rules:
 - i. Mandatory
 - ii. Above 10 mln Rubles per month
 - iii. Payments in Rubles
 - iv. Payments in Blocked Account
 - v. Permissions of Central Bank or Ministry of Finance
- d. No limitations of payments under SPA / Services agreement / etc.

6. Bill on External Administration

- a. Under review now
- b. External Administration is triggered by discontinuation of business
- c. Thresholds: assets 1 bln Rubles or 100 employees
- d. 25% share of foreign
- e. External Administration replaces CEO
- f. Very broad list of repercussions
- g. No liability of External Administration (save for willful breach or gross negligence)
- h. Informal List of Companies. Prosecution Office reaction.

7. Liability for Breach

- a. No Explicit Rules on Liability
- b. Void Transactions with mutual restitution (Art. 168 or 173.1 or 174.1).
- c. Risk of Art. 169 (contradictory to basic principals of public order). Forfeiture of assets to the Treasury
- d. Anti-Money Laundering Rules
- e. Blocking of Transactions



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**THANK YOU
FOR YOUR
ATTENTION!**

21, 1st Tverskaya-Yamskaya Str.,
Moscow, 125047, Russia

Tel.: +7 (495) 935 80 10

Fax: +7 (495) 935 80 11

www.epam.ru



Roman Malovitsky,
Counsel,

roman_malovitsky@epam.ru